

Annual Report
Hydrotek Public Company Limited

2012



รายงานประจำปี 2555 | บริษัท ไฮโดรเทค จำกัด (มหาชน)



HYDROTEK

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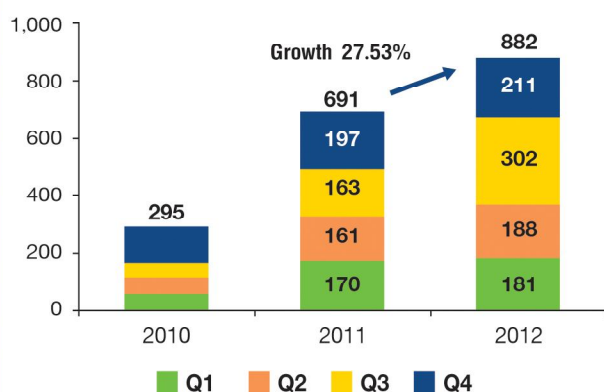
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Financial Highlight

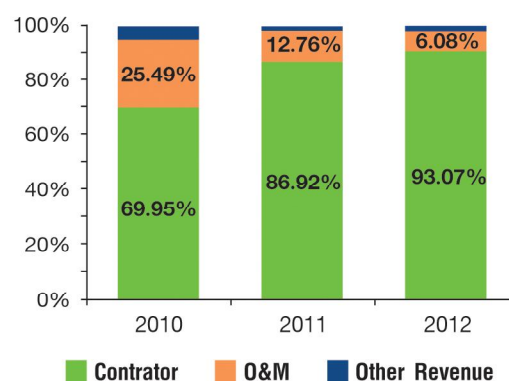
	Audited		
	Ended 31 Dec 2010 (Reclassified)	Ended 31 Dec 2011	Ended 31 Dec 2012
	Million Baht	Million Baht	Million Baht
Total Assets	325.98	522.89	541.56
Total Liabilities	193.36	266.60	262.58
Shareholders' Equity	132.62	256.29	278.98
Total Revenue	295.10	691.25	881.57
Net Profit	18.84	47.91	56.49
Net Profit Margin (%)	6.18%	6.93%	6.41%
Debt to Equity Ratio (times)	1.46	1.04	0.94

TOTAL REVENUE

(Million Baht)

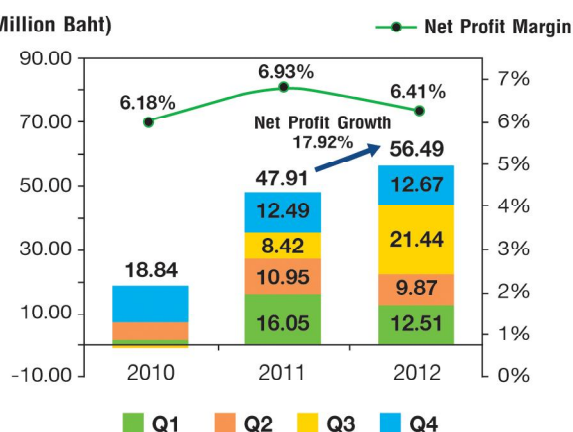


REVENUE BREAK DOWN



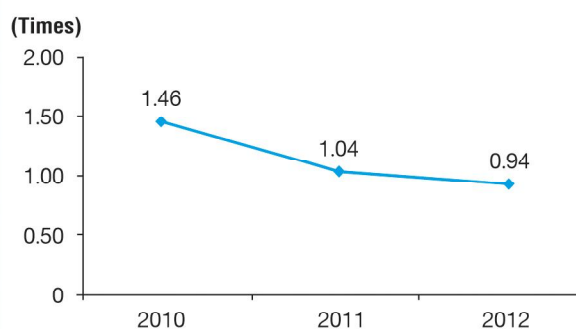
NET PROFIT

(Million Baht)



DEBT TO EQUITY RATIO

(Times)



Vision

To be a leader of engineering and construction of environmental engineering services in Thailand and ASEAN Region such as Desalination Plant, Demineralization Plant, and Wastewater Recycle Plant, etc.

Mission

- 1. Provide full-range services from engineering, procurement, construction, installation, and commissioning which focusing on international quality standard, work efficiency, reasonable price and on time delivery.*
- 2. Manage and control construction cost efficiently.*
- 3. Develop human resource and study as well as develop technology regularly and constantly.*
- 4. Build good relationship with customer via its excellent and impressed after sales service.*
- 5. Expand its business with stability and sustainability under building and development organization framework to be a high efficiency organization.*
- 6. Participate in building and support better living in society.*

Message from the Board of Directors



Hydrotek Public Company Limited became newly listed company and has first trading day on 15 December 2011 to increase ability in raising capital from money, capital and debt instrument markets for the Company. The Company has, therefore, adjusted marketing strategies to give more weight to Water Operator of Water Treatment Plant and Wastewater Treatment Plant in Thailand and ASEAN region to create long term stability. The year 2013 will be the first year, the Company recognizes revenue from Water Operator of Water Treatment Plant and Wastewater Treatment Plant.

Moreover, the Company has realized importance of corporate responsibility toward society, community and environment. In the occasion of the 30th Anniversary in 2012, the Company used expertise, experiences and technology of the Company to keep water quality for Thai society to have clean water for consumption under the concept of "The Water Road: Clean Water from Kind Heart". The Company handed over building with portable water plant to Sri Sawat Wittayakarn School, Nan Province and held competitions on "Who Hurts Water?".

In 2012, the Company had better performance when comparing with the previous year with total revenue of 881.57 Million Baht increasing by 27.53% and had net profit of 56.49 Million Baht. The net profit margin was 6.41% decreasing from the previous year by 6.93% due to extension of construction period of government sector project causing increase in operating expenses. Although the operation and maintenance work had more profit, the ratios of construction work and operation and maintenance work were 93.07% and 6.08% respectively causing decrease in net profit margin.

On behalf of Chairman of the Board of Directors and Chief Executive Officer, we would like to express appreciation to the shareholders, customers, vendors, business partners, financial institutions, government and private agencies including the management and employees to always have trust in and support the Company. The Company will carry out business to develop and create sustainable and firm growth under transparent business operation in compliance with corporate governance principle.

(Mr. Prayoon Vivetpuvanonth)
Chairman

(Mr. Slib Soongswang)
Chief Executive Officer

The Board of Directors



Mr. Prayoon Vivetpuvanonth
Chairman of the Board



Mr. Slib Soongswang
Deputy Chairman of the Board



Mr. Pichai Klongpitak
Director



**Air Chief Marshal
Chainan Thumasujarit**
Chairman of the Audit Committee
Independent Director

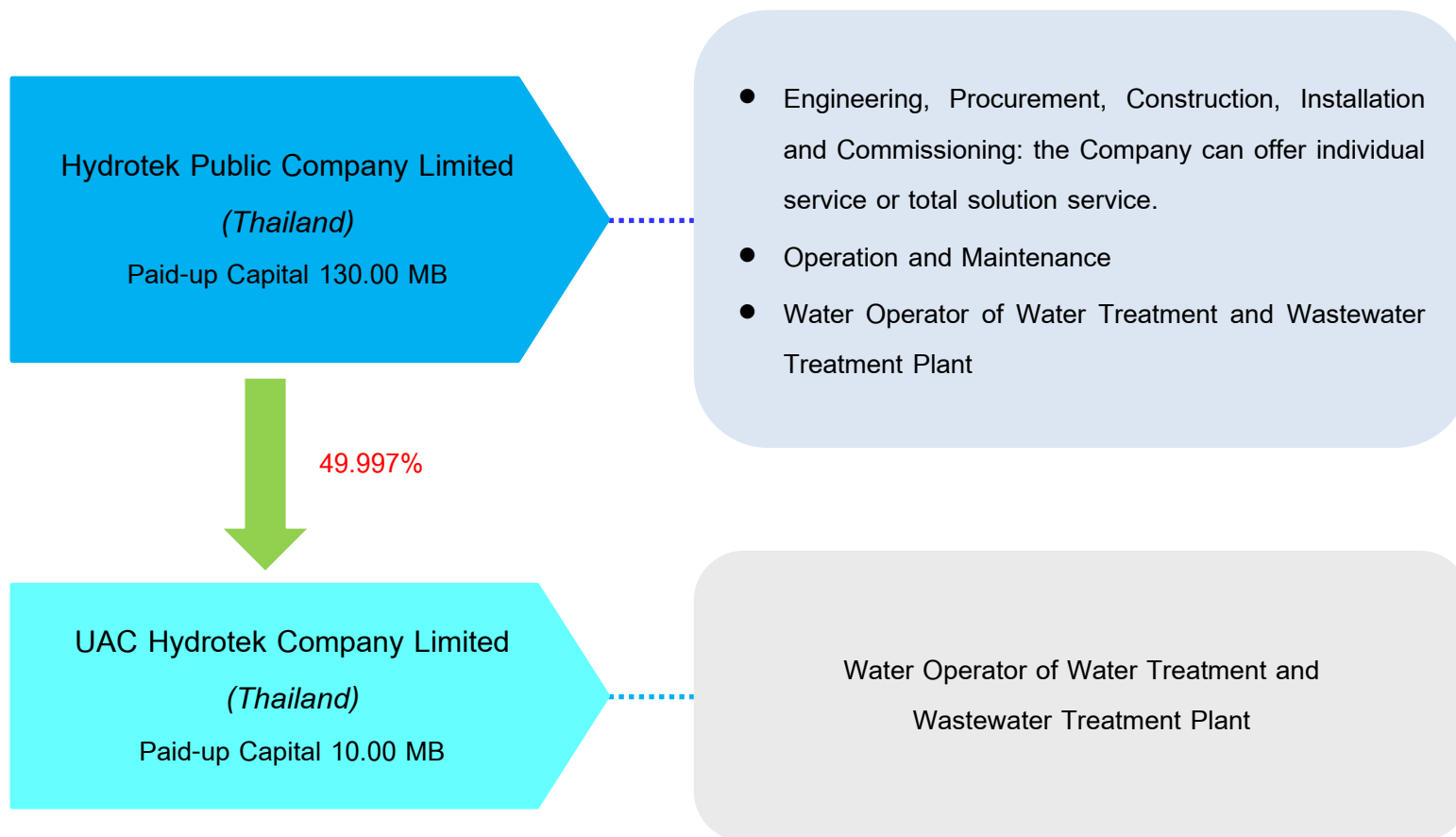


Mr. Anant Gatepithaya
Member of the Audit Committee
Independent Director



Mr. Kamphol Panyagometh
Member of the Audit Committee
Independent Director

HYDRO Group Structure (as at 28 February 2013)



General Information

Company Name in Thai	: บริษัท ไฮโดรเทค จำกัด (มหาชน)
Company Name in English	: Hydrotek Public Company Limited
Registration Number	: 0107554000097
Nature of Business	: Construction, Operation and Maintenance, and Water Operator for environmental engineering business which are <ol style="list-style-type: none"> 1. Construction (Engineering, Procurement, and Construction: EPC) 2. Operation and Maintenance (O&M) 3. Water Operator of Water Treatment Plant and Wastewater Treatment Plant (Water Operator) <p>The Company has 4 products</p> <ol style="list-style-type: none"> 1. Water Treatment Plant such as Portable Water Plant, Desalination Plant and Demineralization Plant 2. Wastewater Treatment Plant, and Wastewater Recycle Plant 3. Solid Waste Treatment Plant, using solid waste to landfill for decomposing and the process will generate Methane to be used as fuel 4. Waste to Energy, using wastewater with high COD (Chemical Oxygen Demand) from industrial for processing to yield Biogas and Methane to be used as fuel
Head Office	: 1363 Soi Ladprao 94, Ladprao Road, Phlab Phla, Wangthonglang, Bangkok 10310, Thailand
Telephone Number	: 0-2559-2924-5, 0-2559-3657
Facsimile Number	: 0-2559-2719, 0-2949-0770
Website	: www.hydrotek.co.th
Paid-up Capital	: Baht 130,000,000 (One Hundred and Thirty Million Baht)
Par Value	: Baht 1 per share (One Baht per share)

Nature of Business

Background and Major Development

Hydrotek Public Company Limited established on 17 November 1982 with the initial registered capital of Baht 1,500,000 under control and managed by Mr. Slib Soongswang and Mr. Pichai Klongpitak. The objective is to operate the construction and environmental engineering management business which are environmental-friendly as listed:

1. Construction (Engineering, Procurement and Construction): the Company can offer individual service or total solution service.
2. Operation and Maintenance
3. Water Operator of Water Treatment Plant and Wastewater Treatment Plant

The Company has 4 products

1. Water Treatment Plant such as Portable Water Plant, Desalination Plant and Demineralization Plant
2. Wastewater Treatment Plant and Wastewater Recycle Plant
3. Solid Waste Treatment Plant
4. Waste to Energy



PRODUCT

Water Treatment Plant

- Portable Water Plant
- Demineralization Plant
- Desalination Plant

Wastewater Treatment Plant

- Wastewater Recycle Treatment Plant
- Wastewater Treatment Plant for Standardize

Solid Waste Treatment Plant

Landfill

- Sanitary Landfill
- Secure Landfill

Waste to Energy

- Wastewater and solid waste from industrial, agriculture and community will be treated by Biological Wastewater Treatment

The Company's clients are government agencies and private clients. Government agencies include the Provincial Waterworks Authority (PWA), Metropolitan Waterworks Authority (MWA), municipalities, Electricity Generating Authority of Thailand (EGAT) and universities. Private clients are in petrochemical, energy, steel, food and beverages industries. Construction is the Company's major source of revenues.

Business Goal

The Company's business goal is to be the leader of contractor and engineering in environmental engineering of Thailand and Asian such as Desalination Plant, Demineralization Plant and Wastewater Recycle Plant under clearly determined guidelines to accomplish the goal which are

1. Providing total solution services from engineering, procurement, construction and installation including commissioning by focusing on international quality standard and efficiency with reasonable price as well as on time delivery.
2. Managing and controlling the construction cost efficiently.
3. Developing and training human resources including constant studying and developing technology.
4. Building good relationship with customers through impressed after sales services.
5. Stability and sustainability expanding business under building and developing organization framework to be high efficiency organization.
6. Being part of building well-being in society.

Services

1. **Construction (Engineering, Procurement and Construction, EPC):** The Company can offer individual service or total solution service from engineering, procurement, construction and installation including commissioning. The clients will be responsible for the entire investment costs, employ the Company to undertake the construction and pay the construction costs to the Company as specified in the contract. The total solution service offers full service, convenience and reduces burden in procurement of equipment. In seeking experienced engineering consultant and contractor for construction work, the Company will hire a subcontractor who delivers good work and previously worked with the Company.
2. **Operation and Maintenance (O&M):** The O&M clients are clients who previously employed the Company to undertake EPC. The Company will be responsible for the operation of the system to produce water as per the customer's required quality and quantity. The contract period of the operation and maintenance will be 3 to 6 years. The clients will pay monthly fees calculated from the quantity of produced water and unit price. The Company will be responsible for the entire costs of water production such as chemicals, raw water, and salary.

- 3. Water Operator of Water Treatment Plant and Wastewater Treatment Plant (Water Operator):** in form of Build ,Own and Operate (BOO) and Build, Operate and Transfer (BOT), The Company will be responsible for the entire costs incurred from investment and management. The project period will be 10-30 years. The investment cost depends on capacity and size of the project. This service reduces risks associated with investment, operation and maintenance water system. In 2011, the Company signed a 10-year contract with TPC to provide Water Operator of Wastewater Treatment Plant in form of BOO. Moreover in 2012, the Company signed 30-year contract with four municipalities of Chiang Mai Province in form of BOO. The contract will provide exclusivity to the Company. The client cannot hire another company to provide similar service during contract period.

Revenues structure classified by services

Type of Revenues	2010		2011		2012	
	MB	%	MB	%	MB	%
1. Construction	205.59	69.67	600.83	86.92	820.48	93.07
2. Operation and Maintenance	74.94	25.39	88.23	12.76	53.57	6.08
3. Water Operator	0.00	0.00	0.00	0.00	0.00	0.00
4. Other Revenue	14.57	4.94	2.19	0.32	7.52	0.85
Total Revenues	295.10	100.00	691.25	100.00	881.57	100.00

The Company employs up-to-date technology in water treatment and quality control with various filtration systems to meet clients' needs. The systems range from as simple as a sand filtration to high technology such as Ion Exchange System to obtain purity level as needed by clients. The Company has a research and development team to constantly research and keep updating on technology from suppliers to develop various systems to meet clients' demand. The technology ranked by low to high complexity of the filtration system is as followings:

1. Micro Filtration (MF)

Micro Filtration Technology uses 0.1-micron membrane to filter particles larger than 0.1 micron, such as sand, suspension, almost all bacteria and some virus.

2. Ultra Filtration (UF)

Ultra Filtration Technology uses 0.01-micron membrane to filter particles larger than 0.01 micron. The UF can completely filter sand, suspension, bacteria, virus and all organic substances, such as protein and fat.

3. Reverse Osmosis (RO)

Reverse Osmosis Technology uses 0.001-micron membrane to filter particles larger than 0.001 micron. RO can filter bacteria, virus and solute, such as Mercury, Lead and other heavy metals contaminated in water.

Products

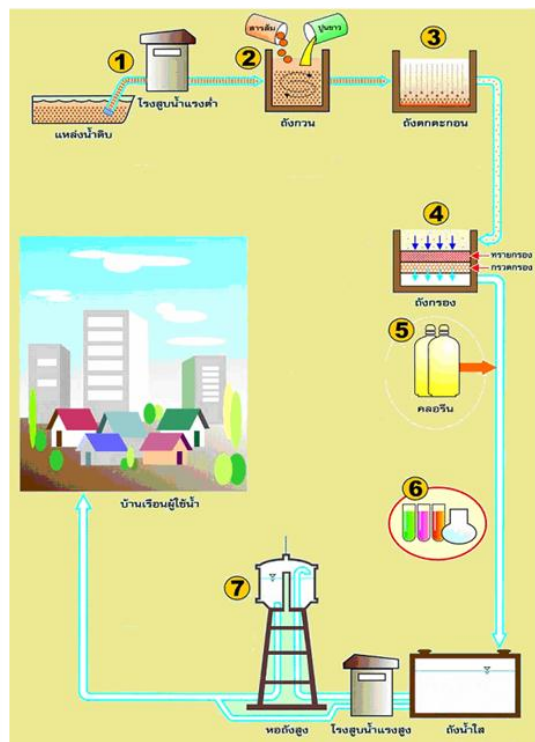
1. Water Treatment Plant

Water Treatment is the process of taking raw water from natural sources such as river, canal, lake, reservoir and the sea and converting into water, which has quality and quantity required by clients. The products from the process are portable water, desalination water and demineralised water for consumption, agriculture and industrial or factory located near the sea or area where water is expensive. Each type of water requires different technologies, which has different level of complexities. Water Treatment Plant can be divided as followings:

1.1 Portable Water Plant

Portable Water Plant Process starts with taking raw water into production process to obtain portable water to use in consumption, agriculture and some industrials, which do not require high quality water. The portable water must have Total Dissolved Solid (TDS) less than 500 milligrams per liter and meet the standards set by the Provincial Waterworks Authority (PWA) and Metropolitan Waterworks Authority (MWA). These standards are physical characteristics and chemical characteristics. Physical characteristics include color, taste, odor and turbidity, whilst chemical characteristics are amount of solute and hardness, poisonous characteristics (heavy metal) such as mercury, lead and arsenic. The clients are community and factories. The Portable Water Plant Process is shown in the exhibit below.

Diagram of Portable Water Plant Process



(Source: Provincial Waterworks Authority)

Portable Water Plant Process

1. Intake raw water. This water still has high turbidity, solute and heavy metals.
2. Improve quality of raw water by adding alum or lime (Calcium Hydroxide) to assist sedimentation process and improve pH.
3. Sedimentation: Raw Water with alum or lime will flow into sediment tank for small sediments to combine into heavier sediments and sink to the bottom of the sediment tank. The water will have more clarity.
4. Filtration: The water from sedimentation process will pass through sand filter to separate fine particles.
5. Disinfection: Add chlorine and kept in storage for further distribution.
6. Quality check and control.
7. Distribute portable water from water tank or pressure portable water into pipeline system.

Byproduct from Portable Water Plant Process is sludge, the majority of which is soil, organic substances, which do not have negative impact on environment. Moreover, in Portable Water Plant Process, there is no hazardous chemical. The chemical used in the process only helps combine small sediment into heavy sediment. The Company will dispose sludge by landfill.

Pictures of Engineering, Procurement and Construction of Potable Water Plant (Bangkok Produce Merchandising Public Company Limited, Rayong Province)

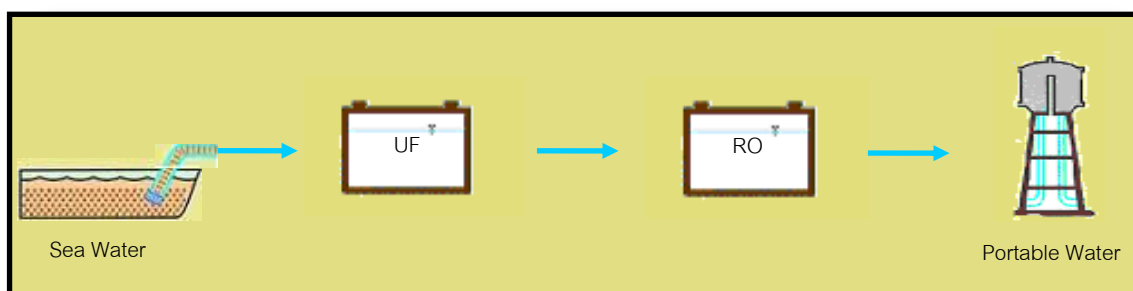


Pictures of Engineering, Procurement and Construction of Portable Water Plant (Charoen Pokphand Foods Public Company Limited, Nakhon Ratchasima Province)



1.2 Desalination Plant

Desalination plant is the process that converts sea water into water. Clients are community and manufacturing plants that are located near or by the sea or are in the area where water is expensive or scarcity. Desalination plant process uses sea water, which has high turbidity and high Total Dissolved Solid (TDS), as high as 35,000-45,000 milligrams per liter (mostly Sodium and Chloride). Desalination plant process is similar to portable water plant process but employs more complex technology, which uses MF or UF and RO which called Sea Water Reverse Osmosis (SWRO).



Desalination Plant Process

1. Intake sea water from the sea.
2. Flow sea water to pass membrane filtration process by using MF or UF, to separate suspension.
3. RO will filter Sodium Chloride to obtain portable water.
4. Store into storage tank for further usage.

Byproduct from the process is high concentrated saline since desalination process separates Sodium Chloride from sea water. Therefore, the byproducts will be water and high concentrated saline. High concentrated saline does not have negative impact on environment. Solute in high concentrated saline is Sodium Chloride, which is one of solutes of sea water.

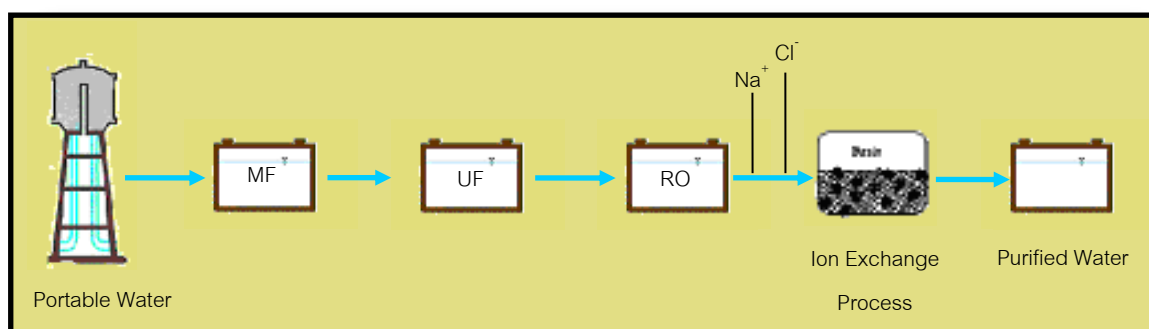
Water from desalination process can be processed into purified water by passing demineralization plant process.

Pictures of Engineering, Procurement and Construction of Desalination Water (PTT Chemical Public Company Limited, Rayong Province)



1.3 Demineralization Plant

Demineralization Plant is to filter solute, such as minerals, from portable water plant. This needs Ion Exchange technology, which is more complex than technology used in Portable Water Plant, to produce water at required purity level. The clients are power plants, oil refineries, circuit board manufacturer and drinking water industry. If the water does not meet the required standards, it could cause problem in production since some solutes, such as Calcium Carbonate, Silica, will reduce the efficiency of machine and equipment.



Demineralization Plant Process

1. Portable Water flows into mineral filtration process to separate small minerals by passing filtration process with membrane. The process has to start with MF or UF and is followed by RO until the water has only Sodium Ion (Na^+) and Chloride Ion (Cl^-).
2. The water will flow to Ion Exchange Process in which Na^+ and Cl^- will be separated by Resin (Insoluble Polymer with ion exchange qualification), purifying water.
3. Quality check and quality control.
4. Store in the storage for further use.

Byproduct from the process is high concentrated saline (Sodium Chloride: NaCl), which is used in washing the resin. Sodium Chloride has no impact to environment but it has high concentration, which needs to be brought down to allowed level prior to discharging.

The purified water has no benefit to body because all minerals are separated from the water. Hence, drinking water manufacturers add some beneficial minerals during production process to add value to drinking water (mineral water).

Pictures of Engineering, Procurement and Construction of Demineralization Water
(Rayong Electricity Generating Company Limited, Rayong Province)



2. Wastewater Treatment Plant

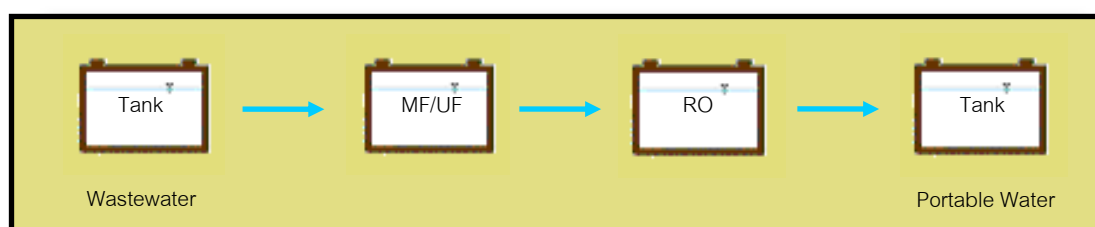
Wastewater Treatment Plant eliminates contaminants occurred from production process from factory or household. The treatment will completely eliminate or partially eliminate contamination to the level that meets water quality standard in accordance with the Notification the Ministry of Science, Technology and Environment No.3 B.E. 2539 (1996) regarding to effluent (wastewater, sewage) standards for different sources (for example, industrial, building, housing estate and agriculture). The wastewater from different sources has different chemicals or contaminants, which can be divided into 5 categories as followings:

1. **Wastewater with organic substances:** from consumption, Biochemical Oxygen Demand (BOD) measures the condition of wastewater. BOD shows the amount of Oxygen required by bacteria to decompose organic substances. Wastewater with low BOD, when discharged into river or canal, will not have negative impact. On the other hand, wastewater with high BOD will cause lower Oxygen in the water and kill fishes or other living things in such resources.
2. **Wastewater with chemical substances:** Chemical Oxygen Demand (COD) measures the condition of wastewater. COD shows the amount of Oxygen used in oxidization process to obtain Carbon Dioxide (CO₂) and water (H₂O).
3. **Wastewater with suspension:** It has Total Dissolved Solid (TDS) at the level, which requires treatment. TDS value is the amount of dissolved solids, which flow through glass fiber filter. After filtering out suspension, liquid will be evaporated, leaving the solute.
4. **Wastewater with heavy metals**
5. **Wastewater with other chemical substances**

Wastewater treatment plant services depend on the categories of the wastewater and the level of treatment needed by clients. Level of treatment ranges can be recycling or general treatment (treatment to meet wastewater standards by Pollution Control Department, Ministry of Natural Resources and Environment). The Company has two types of wastewater treatments as follows:

2.1 Wastewater Recycle Plant

Wastewater Recycle Plant is wastewater treatment process for industrials and industrial estates to improve the quality of wastewater until it can be used again in the production process. Wastewater Recycle Plant improves quality of wastewater from production process which no cost for raw water, therefore, the costs of water reduce. Moreover, Wastewater Recycle Plant preserves environment and reduces water usage from water resources.



Wastewater Recycle Plant Process

1. Flow Wastewater through membrane filtration system, MF or UF, to separate suspension.
2. Flow Wastewater from membrane filtration system into RO to filter solute from wastewater.
3. Store in the storage for further usage.

Pictures of Engineering, Procurement and Construction of Wastewater Recycle Plant



The Company expanded to Water Operator of Wastewater Recycle Plant. In 2011, the Company signed a 10-year contract with TPC to provide Water Operator of Wastewater Recycle Plant on BOO basis.

2.2 Wastewater Treatment Plant

Wastewater Treatment Plant is wastewater treatment process for industrials and communities to meet the standards for discharging into water resources.

The services can be divided into 3 categories based on type of wastewater as followings:

1. Physical and Chemical Treatment

It is a preliminary treatment for wastewater from industrials and large communities by screening, grease and oil separation, chemical precipitation and heavy metal treatment.

2. Biological Treatment

It used biological concept. The Company designs and builds a system which raises microorganism to decompose pollutant in wastewater. This treatment is suitable for wastewater from communities, municipalities, industrials and industrial estates.

3. Sludge Treatment

It treats sludge from Physical, Chemical and Biological Treatment by removing water from sludge. This sludge becomes drier and reduces in volume, which is easier to transport. The machines used in removing water from sludge are filter press, belt press or centrifuge. This sludge treatment is used for Wastewater Treatment Plant from communities, municipalities, industrials and used for sludge from Water Treatment Plant.

Wastewater Treatment has two groups of clients categorized by sources of wastewater as follows:

1. Wastewater Treatment from Communities

Most wastewater from Thailand's communities has organic substances in the water resources, which has BOD at 100 milligrams per liter. Biological Treatment is an appropriate method, using bacteria in treatment. There are two methods as follows:

- **Aerobic Digestion**

Aerobic Digestion is a treatment using bacteria to decompose organic substances in wastewater by adding oxygen into wastewater in order for bacteria to multiply and rapidly decompose. Bacteria will consolidate and sink to the bottom, gaining clearer water.

- **Anaerobic Digestion**

Anaerobic Digestion is popular among communities since it is simple and has lower costs. This treatment uses bacteria to decompose organic substances without adding oxygen. This process takes a long time and byproduct is pungent gas, which causes odor pollution for communities.

Because Wastewater Treatment from Communities is simple, the Company has a lot of competitors. To avoid this competition, the Company focuses on Wastewater Treatment from Industrials, which requires extensive experiences and chemical method, which is more complex than from Communities.

2. Wastewater Treatment from Industrials

Wastewater from industrial has more contaminants than from community. Types of contaminants depend on types of industrials. Biological Treatment alone is insufficient since chemical substances and solute cannot be eliminated by Biological Treatment. Wastewater Treatment from Industrials needs chemical treatment, which is complex, together with Physical, Chemical and Sludge Treatments.

Wastewater Treatment Plant Process

1. Pretreatment

Prior to taking wastewater into the process, Pretreatment separates large solids to prevent them from clogging and damaging the pipes. The steps in Pretreatment include:

- **Screening** separates large solids with screen. There are two types of screen, including coarse and fine screen.
- **Crushing** is reduction of size or volume of large solids by passing the crusher to reduce the size prior to sending to Grit Removal Process.

- **Grit Removal** is elimination of sand by reducing flow speed of wastewater in order for sand to sink to the bottom.
- **Oil and Grease Removal** is elimination of oil and grease from households, canteens, restrooms, gas stations and some industrials by storing wastewater in tank for a certain period in order for oil and grease float to surface for removal.

2. Secondary Treatment

It is designed to eliminate organic substances in forms of solute or colloid. It is also called Biological Treatment since it uses bacteria in decomposing organic substances. At present, Wastewater Treatment needs Secondary Treatment to improve the quality of wastewater to meet effluent standards. Biological Treatment has two categories, including:

- **Aerobic Digestion** adds sufficient oxygen into wastewater to prevent pungent odor and allows bacteria to reproduce and decompose organic substances at faster rate. Bacteria will consolidate and sink to the bottom of the sediment tank.
- **Anaerobic Digestion** uses anaerobic bacteria in decomposing organic substances. This method is time-consuming and has pungent odor.

3. Advanced Treatment

Advance Treatment treats wastewater from the Secondary Treatment Process by removing heavy metals or some other germs, which cannot be eliminated in the Secondary Treatment before discharging to public water resources. Advanced Treatment is not widely preferred as the process is too complicated with high cost. Most users applying this treatment will be for recycle.

Pictures of Engineering, Procurement and Construction of Wastewater Plant

Charoen Pokphand Foods Public Company Limited



Thai C.R.T Company Limited



Siam Yamato Steel Company Limited



3. **Solid Waste Treatment Plant**

Solid waste usually comes from communities and industrials. Solid waste comprises food scraps, paper, broken glass, scraps of wood, plastic, soil, leaves, ashes, etc. The volume of solid waste depends on sources of solid waste. The most common treatment is incineration, composting, recycling, animal feeds and sanitary landfill.

The Company's main service is landfill because of simple process, low costs and environmental preservation. The Company bids the works directly from government agencies, which provide landfill site, which has to meet standards by Pollution Control Department, including proximity to origins of the waste, land size, geography, soil quality and level of underground water. Landfill can be divided into two categories as follows:

1. **Sanitary Landfill** is designed for non-hazardous waste. Sanitary Landfill has two methods, including:
 - **Area Method** is best-suited for area with holes or low area which needed to be reclaimed, such as pond, river bank or other areas which soils are digged for other usage. In this method, waste is pushed into layers, spread, compacted, covered and compacted and then filled with soil and compacted again.
 - **Trench Method** is best-suited for flat land. The process begins with excavating land to construct a trench with the width of at least twice the size of equipment to be used. The depth depends on ground water level. Normally the trench has 2-3 meters in depth and slopes to one side for good drainage when it rains. The removed soil will be used as cover material. After the trench is complete, solid waste will be filled, spread and compacted in the trench.
2. **Secure Landfill** is to cater for treated hazardous waste which passes the stabilization. This process starts with placing waste, spreading, compacting, covering (with soil) and compacting by tractor, then covering with soil and re-compacting. The top covering (soil) requires 60 centimeter in thickness. The minimum distance between each soil layer is 60 centimeters. The area will be filled at the required level. Once the trench is filled, waste is left to decompose. During waiting for decomposing, the investigation is required and the area has to be fenced to protect any attack. During decomposing, landfill expands in volume and generating leachate (liquid from decomposition process). Leachate needs to be treated prior to discharging into water resources or can be recycled.

The Company plans for Waste to Energy business, which uses solid waste to generate fuel to be used in industrials. Solid Waste is decomposed under Anaerobic Decomposition. This decomposition yields landfill gas, comprising of methane (CH₄), Carbon Dioxide (CO₂) and other gases. Methane represents around 45%-60% of total gases and can be used for power plant as for fuel, using with gas pipe line and fuel for vehicles. Moreover, Waste to Energy has indirect benefits by not releasing Methane into atmosphere. Methane is one of greenhouse gases, causing global warming. Methane causes global warming 21 times more than Carbon Dioxide.

4. Waste to Energy

Waste to Energy is designed to use wastewater or solid waste from industrials, agricultures and communities, such as sugar factory, tapioca starch plant, palm oil plant, pig manure and waste from communities. Waste will be treated by Biological Wastewater Treatment, using bacteria. It can be divided into 2 processes as follows.

- **Aerobic Digestion**

Organic substances are decomposed into Carbon Dioxide. Microorganism increases 50% (reproduction) by converting organic substances in wastewater. The advantages of this process are high efficiency and short time for treatment. Disadvantage is expensive due to aerator costs and sediment treatment. Moreover, this process cannot be used when wastewater has high organic substances due to insufficient oxygen to be provided.

- **Anaerobic Digestion**

80%-90% of total organic substances are decomposed into Methane and Carbon Dioxide, together called Biogas. Bacteria used in this process grow slowly and require more time. Moreover, efficiency is low due to high Hydraulic Retention Time (time to store wastewater). The treatment system requires large facilities and cannot adjust well with changing in environment. At time, the treatment has Hydrogen Sulfide as byproduct.

Aerobic Digestion requires aerators to add oxygen into wastewater, consuming more energy and costs. Byproducts are Carbon Dioxide and water. Anaerobic Digestion's byproduct is Biogas.

The volume of Biogas depends on quantity and quality of waste. Animals waste yields approximately 20-22 cubic meters per ton of animals waste. Wastewater from industrials yields 2-200 cubic meters per ton of wastewater. High quantity of Biogas can be obtained from high COD of wastewater, treatment with heat (Mesophilic Process), and continuous stirring.

Risk Factors

Business Risk

1) Risk from dependence on major customer

The Company has two groups of client which are the group of government agency (the agency who is responsible for waterworks management) such as Provincial Waterworks Authority (PWA), sub-district municipality and district municipality in provinces around country and other government agencies such as university, etc. and the group of private sector, such as, petrochemical business, energy business, the business of metal producer, the business of food and beverage producer, industrial park business, etc. The Company generates revenue from services by providing services to the government agency and the private sector (both revenue from construction service and revenue from system management, which were diverse and not depended on any of its customers. Since the Company's direct competitor is a large entrepreneur, the Company probably takes risk from its major customer turning to obtain service from others or reducing volume of obtaining service from the Company. Besides, the Company might not be able to grab other customers to replace such losing volume. Such situation will affect revenues and performance of the Company.

PWA and the Bangkok Metropolitan Administration (BMA) have procurement system which specify clear criteria for contractor selection by indicating that all contractors who be able to join the auction have to register as the contractors of PWA and BMA. Since the Company registered as the 1st class contractor of PWA and BMA (for both road works such as piping and building works such as cistern construction), the Company has an opportunity for the Company to grab the task from these agencies as well as to diversify its customers. The Company is one of a few private companies which is able to provide complex services from basic technology engineering service to high technology engineering service, thus, the Company is able to provide services to various customers from petrochemical business, energy business (power plant) to food and beverage business. Therefore, the risk from dependence on any customer of the Company is minimal.

2) Risk from revenue uncertainty or the continuous of revenue

The Company provides its total solution service through two channels which are auction for construction service or bidding projects and direct contact from employer (via introduction from its existing customers, business partner, project consultants including direct contact). The process of awarding the project by bidding method under the regulations of employers focuses on the competitive price mainly. The Company is possible to take risk from revenue uncertainty or the continuous revenue if the Company cannot be awarded from the bidding of new projects which will affect the Company's performance to reach its target.

The Company realizes such risk, therefore, it has determined business guidelines to sustain its constant revenues by maintain its construction quality standard. The Company focuses since system design, equipment procurement, construction, and installation. Therefore, the operation after construction will be very efficiency, which is able to treat water and wastewater with high quality at specified quantity, to build customer satisfaction and creditability which will bring more assignments for future project. In the past 5 years, more than 50% of total customers in such period are the clients who are used to receive the Company's service before such as PTT Chemical Public Company Limited, PTT Utility Co, Ltd. and Siam Yamato Steel Co., Ltd. Besides, the Company has been registered as 1st class contractor by PWA's project, and also the 1st class contractor of road works and building works by Bangkok Metropolitan Administration (BMA). These would support the Company's reliability of its service provided to its customers and other employers. It will cause the Company at the certain level to be able to generate continuous revenue.

3) Risk from construction service in form of Turnkey contract

Turnkey contract allows the contractor to manage and control budget of the project, the contractor can exploit its knowledge, capability and engineering expertise to control and manage the budget with more efficient. Besides, the Company's experience from construction of water treatment plant for petrochemical business, which is one of the complex technology businesses, enables the Company to be able to construct water treatment for all levels of technology, from basic technology system to complex engineering technology. Therefore, the Company believes the effect of such risk will be minimal.

4) Risk from the competition in the industry

The Company's target customer is government agencies which are PWA, BMA and MWA. They do procurement every year via bidding price. Only the bidder who registered with PWA and BMA is eligible for bidding.

Realizing such competition, the Company has operated under policy to support the strength of its services. At present, the Company is recognized as one of leaders in water treatment plant. With the ability to provide construction from basic engineering technology to complex engineering technology such as Water Treatment Plant for petrochemical industry, Desalination Plant, etc. and 30-year experience in maintaining high quality, the Company is very well-known and well accepted by the employees. Besides, the Company has operated with policy to reduce risk from competition by focusing on complex engineering technology projects more than basic engineering technology since there are fewer competitors. Moreover, the employers have high ability to procure such as petrochemical business and PWA which has desalination unit, etc.

5) Risk from depending on specialized staff

The Company operates the construction and environmental engineering management business. The major process of construction service is design and system installation of water treatment and wastewater treatment to be quality and efficient along with customers' requirements. It requires knowledge from being skillful and experienced of the specialized workers in the field. Therefore, the Company probably takes risk of losing such workers which may affect the Company's capability. Then, it will lead the Company to miss its target.

Due to the experience in this industry more than 30 years, the management thorough understand the business. Therefore, they realize the importance to build and maintain the Company's personnel to protect and reduce such risk. The Company has set guideline for quality development for human resources by sending worker to train for various courses to increase their knowledge and capability and reduce the dependency on specific staff. Besides, the Company cause the staff to feel to be part of the Company by taking care and arranging the proper welfare for each level of staff to build moral and morale. Moreover, the Company also constantly supports the good relationship within the Company such as arranging relationship activities, internal seminar. Due to such guideline which the Company operates continuously, the Company's turnover ratio is very low.

6) Risk from the price volatility of construction material and equipment used in construction

The Company operates the construction and environmental engineering management business, therefore, the Company has to set the price of construction material and equipment for the whole construction period to maintenance profit. The Company may face the risk from the price volatility of construction material and equipment which will affect the Company's operation result and profitability. The major construction material and equipment are steel, concrete, pipe, pump and valve.

The Company realizes that such risk may occur, therefore, it has set policy to protect and reduce such risk. The Company will estimate the construction cost from construction drawing to calculate quantity and value of construct material of that project. Then, the Company shall notify its suppliers to propose the price to the Company to control at least 50 % of total construction material. The Company also has policy to purchase huge amount of material by compiling the amount of many orders from several projects. It is for bargaining power to negotiate lower price and ask for early payment in order to receive discount. This will control cost at a certain level. Some projects, the Company employs turnkey subcontractor (the subcontractors are responsible for both equipment cost and labor cost) or probably let the subcontractors responsible for labor cost only and the Company will be responsible for material purchase to control the cost. This also make the Company protects and reduces risk from the price volatility of materials and equipment partially.

7) Risk from Water Operator of Water Treatment Plant and Wastewater Treatment Plant

Currently, the Company expands its business operation to Water Operator of Water Treatment and Wastewater Treatment Plant for government sector and private sector in several industries. The features of such construction service for the employers are that the Company has to be responsible for all occurred expenses of the investment and management of the projects. The period is 10-30 years. The Company may face the risk from the employer which is probable not to pay the service fee to the Company due to lack of liquidity or the employer liquidates before the period of work in the agreement has expired. This will have impact on the Company's operating result in the future.

According to the provision of service of the mentioned above, before awarding or bidding the project, the Company will consider the qualification of the employers by its financial position, reliability of its executives together with profitability ratio as the Company's policy. In addition, the Company diversifies to government agency to protect the risk from not to be receive the service fee. Therefore, the Company believes that the effect from such risk is very low.

Construction Risk

1) Risk from delay of project operation than the estimation

The construction agreement between the Company and each employer is determined the certain period of service which the Company has to deliver the project. It may have some projects getting in trouble of delay of project operation. Mostly, the problem is resulted from employers, for example, revision of construction plan and area preparation for the contractor to work within determined time. Otherwise, the problem is caused by the contractor, for example, construction work can not complete on time, or the cause of uncontrollably external factors, such as, natural disaster and the protest of residences around the project area. If the delay derived from the Company as contractor, the Company will be in charge of the additional expenses as a fine from the employers who are eligible to claim the Company according with the condition specified in the agreements. It would affect the profitability of the projects.

The Company realizes such problems; therefore, it set clearly policy for the operation system setting and risk protection method. The Company has set protection policy to protect such risk by focusing on the administration management and cost and expense controlling.

2) Risk from the obligation of the completed project after delivery

The Company provides engineering environmental service related with total solution of water treatment including design, construction, procurement, installation, test-run and wastewater treatment. The contracts of the service always specify that the Company has to be responsible for damages, breakdown and errors which might occur after delivering the works to the employers during the period of 1-2 years. Thus, the Company probably takes risk from the obligation in such the period.

However, the Company has set the measurement for strict construction operation by controlling the quality of work according to the standard from design and standard material and equipment procurement as well as regular inspection by site engineer during construction every period and engineer has to send the result report to executive who is the project controller before delivering work to employer. The Company has never faced such risk. However, the Company bought insurance to cover the damage that may occur after project delivery for all projects.

3) Risk from the effect of natural disaster

The Company has realized the risk that might occur from natural disaster, thus the Company has set the measurement to protect the risk from natural disaster including flooding, lightning, earthquake, storm by considering the appropriateness to buy Construction Erection All Risks Insurance for each project with domestic leader insurance company. The condition is to protect damages from flooding and all kinds of natural disaster and insurance amount for compensation the damages which may occur to the construction and assets of the Company has to be the actual payment amount.

Apart from such risk protection, the Company also has set policy to preserve the right with regard to the construction period with the employer by sending letter to ask for period extension to cover the missing period which the Company cannot enter into the construction area.

Financial Risk

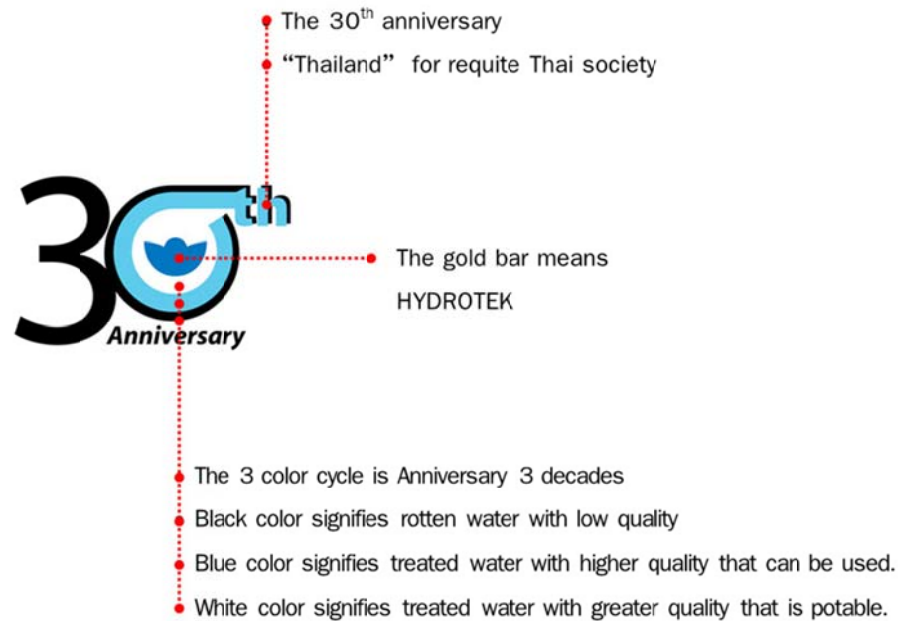
1) Risk of not receiving payment form project owner

The Company has revenues from construction, services and water operator by receiving payment for construction in form of due payment or percent of completion as specified in the agreement. For services and water operator, the Company will receive monthly payment calculated from quantity of produced or treated multiplied by pay rate per unit. When consider the type of clients, the government agency clients are the group of clients who have already been approved the budget from the government but may have a delay in disbursement. For the private clients, if there is any short in financial liquidity, it may affect the ability to pay service fee to the Company.

The Company has realized such risk and has set the protection measurement. Before accepting any construction, service and water operator tasks, it has to consider the employer thoroughly by considering various information especially financial information, operation result, creditability and security of the employer's business. Such operation will assist the Company to face no risk of not receiving payment from the employer. In addition, for foreign customers, the Company will consider and select government agency first with reasonable price, therefore, our customers could pay service fee to the Company from their margin.

Corporate Social Responsibilities

The year 2012 marked the 30th anniversary of the company, so, the company launched the 30th Anniversary Logo to celebrate this important event with the meanings as follows:



1. The number 30 means the period of 30 years of the business.
2. The letters “th” signifies the 30th year and Thailand to show what the company desires to give back to Thai society.
3. The gold bar means Hydrotek Public Company Limited.
4. The 3 color circles clustered at the number “0” means experiences and expertise in environmental engineering to develop water quality built up for 3 decades with the following explanations.
 - Black color signifies rotten water with low quality.
 - Blue color signifies treated water with higher quality that can be used.
 - White color encircling the gold bar signifies treated water with greater quality that is potable.

Furthermore, in order to give back to the society, the company has made use of the expertise, experiences and technology to help the society in terms of water pollution and to create awareness and consciousness in keeping good water quality among Thai people in order that the Thai society has clean water for consumption in a sustainable way.

3 main missions to achieve the objectives under the above concepts are as follows:

1. **Create:** Developing the organization for sustainable growth to be Thailand and ASEAN's leading environmental engineering company.
 - Develop knowledge, competency and skill of personnel for higher efficiency to render efficient service and create customers' satisfaction.
 - Develop knowledge and technology to respond to the customer's requirement.
 - Get the company ready for the beginning of AEC in 2015.
2. **Treat:** Be a part of the community that is determined to develop water quality of society using expertise, knowledge, experiences and technology of the Company to implement projects to develop quality of water as well as people's in community.
3. **Recycle:** Be a part of the society to initiate activities to create consciousness in social responsibility in taking care of water quality and using water efficiently to preserve water for consumption in the future sustainably.
 - To make the participants aware by themselves not only being told. They would be implanted consciousness about water pollution and problems from inefficient use of water resource.
 - To use the winning works with media to create understanding in water pollution that the society is currently facing and consciousness in preserving water and using water efficiently in general public.

All these 3 missions that the company has set as targets to be social responsible organization are considered as the missions that the company has to achieve in the future. This concept is called "TRIBUILD: Determination to develop quality of water and promote quality of life."



The company has arranged activities under the concept of TRIBUILD as follows:

1. **Create:** Developing skill and competency of personnel to provide services in international standard with efficiency with reasonable prices and punctual handing over of work.
2. **Treat:** Developing water system to community in order that they have clean water for consumption and use. This project is called “The Water Road: Clean Water from Kind Heart”. The pilot project was done at Sri Sawat Wittayakarn School, Nan Province on 7 December 2012. The Company handed over building with portable water plant to this School and water bottle to students of this School.



3. **Recycle:** The company held contest under the topic of “Who hurts water?” in order that the participants are aware of the problem about water themselves and have consciousness in taking care of water quality and use it efficiently. For more information, please visit www.hydrotekforlife.com The activities are as following:

A. Photo Contest with the theme of “Who hurts water?” for general public.

There are 271 photographs submitted to the photo contest.

- **First Prize**

Khun Hansa Tangmanpuwadol

“Garbage from the Night of Tradition”



- **First-Runner up Prize**
Khun Prin Wirihamano
“With what they have created”



- **Second-Runner up Prize**
Khun Mani Larpleuchai
“Last things from the flood”



B. Short Story Contest with the topic of “Who hurts water?” for general public

There are 63 short stories submitted to the short story contest.

- **First Prize**

Khun Sasiwat Titapan

“Who hurts water?”

“I have tried to change people’s mind with my two hands. Although, there is only me, I have always told myself that change in the world always starts from one person. I believe that there will be the point of change some day and I believe that on that day I will be able to drink clean rain water again.”

- **First-Runner up Prize**

Khun Nantaka Potikun

“Prai Nam”

“I promise that I will come back and will use my knowledge to develop our country. It will be long until we meet. Although I am not in Thailand, I am still doing a mission of small fish swimming upstream. How about you, Wan, are you interested in swimming with me?”

- **Second-Runner up Prize**

Khun Hazana Yongstar

“Who hurts water?”

Who hurts water

I can’t remember

My only desire is

Everyone preserves it

When you are conscious of

And love it

Water, forest

And all in nature will live.

C. **Student Essay Contest: The topic of this competition is “Who hurts water?” for students in grade 5-6 in schools in Wangthonglang District** where the company is located and the company has prioritized. There are 6 participating schools as Phrayaprasert Soontrasai (Krachang Singhaseni) School, Udom Suksa School, Thanormpitvithaya School, Surao Lardprao School, Wat Samakkidharm School and Surao Don Sakae School. Moreover the Company handed over 1 set of water drinking machine to each school of contest participants.

- **First Prize**

Miss Napasakorn Wuthakarnbanchong

Class 6/3

Phrayaprasert Soontrasai (Krachang Singhaseni) School

- **First-Runner up Prize**

Miss Athikarn Leesamran

Class 6/2

Udom Suksa School

- **Second-Runner up Prize**

Miss Kampangkaew Koree

Class 5/SE1

Thanormpitvithaya School

The result has been announced at www.hydrotekforlife.com on 28 September 2012. The awards ceremony has been celebrated to the winners of each contest on 31 October 2012



Change and major development in past 3 years

2011

- : - The Annual General Meeting of Shareholders for year 2011, held on 25 March 2011, has passed the special resolution to increase the Company's registered capital from Baht 100,000,000 to Baht 130,000,000 and change the par value from Baht 10 per share to be Baht 1 per share. The paid-up capital would be Baht 100,000,000, divided into 100,000,000 shares with a par value of Baht 1 per share and unpaid capital equaled 30,000,000 shares which the shareholders' meeting passed the resolution to allot for public offering.
- As at 1 April 2011, the Company converted to be public company limited.
- The Company set up policy to expand its business operation to Water Operator of Water Treatment and Wastewater Treatment Plant.
- On 15 December 2011, the Company's shares were traded on mai for the first time.

2012

The year 2012 marked the 30th Anniversary of the company, therefore, the management and employees have done CSR activities by constructing and installing reverse osmosis water plant for a school with 2,500 students, meal offering, book and educational equipment handing over to children with disability school and painting temple's wall. All these activities were held in Nan province under the Project of The Water Road #1

2013

- : - The Board of the Directors' Meeting No. 1/2013 which was held on 26 February 2013 has passed the following important resolutions:
 - 1. Approved the appropriation of the net profit as legal reserve and the dividend payment for the year 2012 as per the details as follows:
 - 1.1 To appropriate the net profit as legal reserve of Baht 2,890,000 or equivalent to 5 percent of the net profit of the year 2012, totaling to the total legal reserve of Baht 9,620,000 or equivalent to 7.40 percent of the Company's registered capital.
 - 1.2 To make the dividend payment for the year 2012 as follows:
 - 1.2.1 in the form of ordinary shares at a ratio of 2 existing share(s) to 1 stock dividend with a par value of Baht 1 per share, totaling to the stock dividend of not more than 65,000,000 shares with a par value of Baht 1 per share, equivalent to the stock dividend payment of Baht 65,000,000 or the rate of Baht 0.5000 per

share, whereby any fraction of existing shares after the allocation of stock dividend will be compensated by cash payment at the rate of Baht 0.5000 per share;

1.2.2 in the form of cash dividend at Baht 0.0556 per share, totaling to the cash dividend payment of not more than Baht 7,222,223;

1.2.3 the total stock dividend and cash dividend payment be at Baht 0.5556 per share, whereby the dividend payment will be deducted for withholding tax at the rate as stipulated by laws;

1.2.4 the above stock dividend and cash dividend payment will be made to the shareholders whose names appear in the share register book of the Company on 18 April 2013 which was determined to be the date on which the recorded shareholders are entitled to receive the dividend (Record Date) and the closing date on which name list of shareholders is compiled under Section 225 of the Securities and Exchange Act B.E. 2535 (1992) (as amended B.E. 2551 (2008)) by closing the share register book to suspend share transfers was determined to be on 19 April 2013. The dividend payment will be made on 3 May 2013. This matter will be proposed to the shareholders' meeting for further consideration and approval.

2. Approved the increase of the registered capital to support the stock dividend payment from Baht 130,000,000 with a par value of Baht 1 per share to Baht 195,000,000, divided into 195,000,000 shares with a par value of Baht 1 per share, by issuing new ordinary shares in the number of 65,000,000 shares with a par value Baht 1 per share; and approved the amendment to Clause 4. of the Memorandum of Association of the Company re: Registered Capital to be in accordance with the increase of the registered capital and this matter will be proposed to the shareholders' meeting for further consideration and approval.
3. Approved the allocation of the capital increase shares to support the stock dividend payment in the number of 65,000,000 shares with a par value of Baht 1 per share to the Company's shareholders and this matter will be proposed to the shareholders' meeting for further consideration and approval.

Major Shareholders (as at 28 February 2013)

	No. of shares	%
1. <u>Mr. Slib Soongswang's group</u>	19,853,570	15.27%
- Mr. Slib Soongswang	19,164,950	14.74%
- Ms. Suchin Srichaiphani	479,860	0.37%
- Ms. Suda Srichaiphani	198,760	0.15%
- Mrs. Kobkul Pattanaporn	10,000	0.01%
2. Mr. Kitti Jivacate	17,108,218	13.16%
3. Mrs. Waranee Sareewiwatthana	9,691,200	7.45%
4. Mr. Suttipong Vasvarut	8,910,000	6.85%
5. Ms. Wilawan Charumanophat	8,330,000	6.41%
6. Mrs. Salaya Charuchinda	4,102,000	3.16%
7. Mr. Pichai Klongpitak	4,065,510	3.13%
8. Mr. Jiaranai Lertruchkul	2,891,900	2.22%
9. Ms. Krongporn Chartlaong	2,670,000	2.05%
10. Mr. Perajate Suvannapasri	2,600,000	2.00%
Total	80,222,398	61.70%

Remark : - Mr. Slib Soongswang's group comprised of Mr. Slib Soongswang, sister of Mr. Slib Soongswang's wife and sister of Mr. Slib Soongswang

Restriction on foreign shareholders

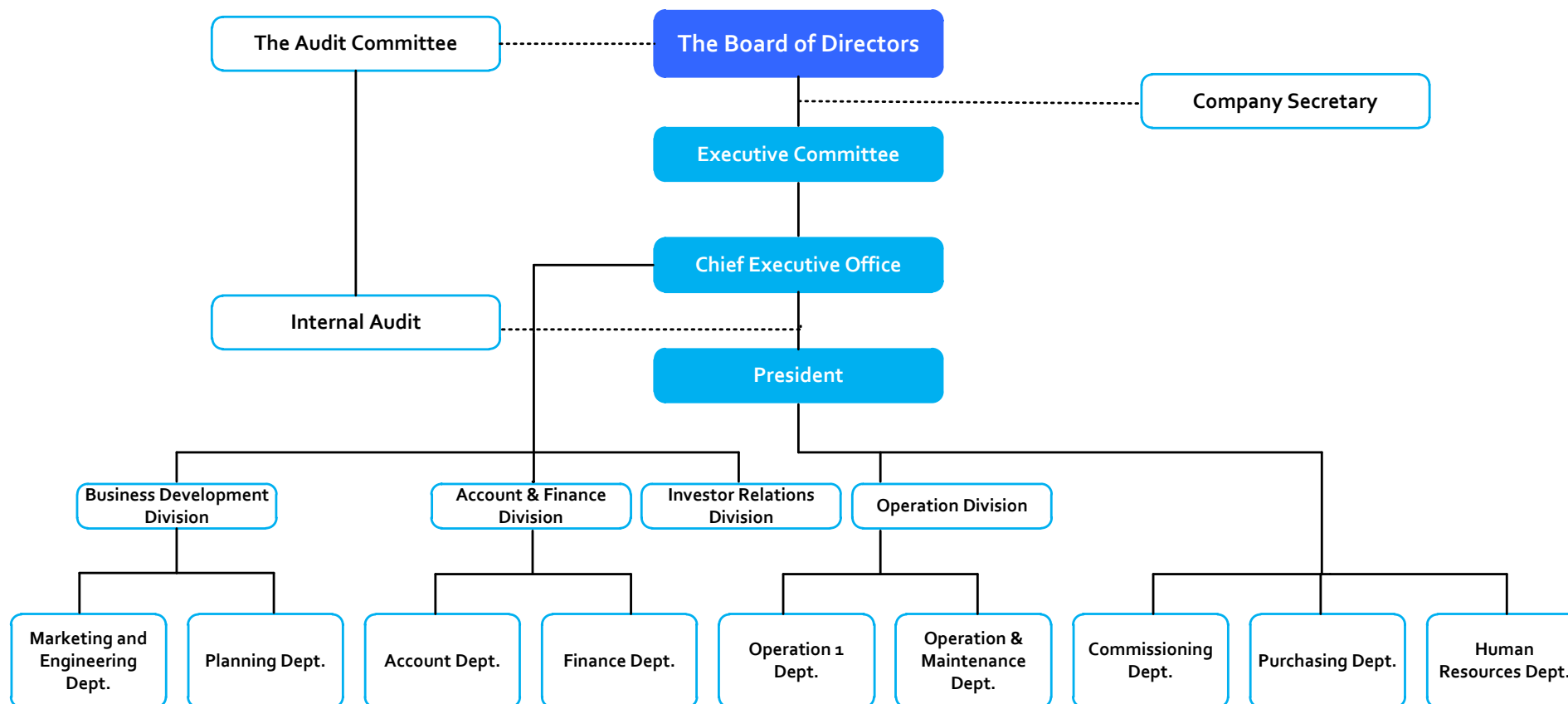
Foreign shareholders can collectively hold the Company's issued shares by not more than 49.00%. As at 28 February 2013, shares held by foreigner were at 0.00%

Dividend Policy

The Company's dividend payout policy is at a minimum of 40% of net profit after tax and legal reserve. The dividend payment may change subject to investment plan, necessity and appropriateness in the future under the condition that it has to maximize the benefit of the shareholders such as have to reserve for loan repayment or business expansion or in case that there are any changes of the market conditions which may affect the Company's cash flows in the future by authorizing the Company's the Board of Directors to consider. The resolution of the Board of Directors to approve the dividend payment will be proposed to the shareholders' meeting for approval except for interim dividend payment which the Board of Directors has power to approve the interim dividend payment and report to shareholder's meeting for acknowledgement.

Management

1. Organization Chart



2. Director and Management Structure

The Company comprises of 3 groups of directors which are Board of Director, Executive Committee and Audit Committee. The details and scope of duties and responsibilities of each group are as follows:

2.1 The Board of Directors

As at 31 December 2012, the Company's Board of Directors comprised of 6 directors as follows:

- | | | |
|----|--|--|
| 1. | Mr. Prayoon Vivetpuvanonth | Chairman of the Board |
| 2. | Mr. Slib Soongswang | Deputy Chairman of the Board |
| 3. | Mr. Pichai Klongpitak | Director |
| 4. | Air Chief Marshal Chainan Thumasujarit | Chairman of Audit Committee/Independent Director |
| 5. | Mr. Anant Gatepithaya | Member of Audit Committee/Independent Director |
| 6. | Mr. Kamphol Panyagometh | Member of Audit Committee/Independent Director |

Ms. Suuprarada Amornmanus is secretary of the Board of Directors and the secretary of the Company.

Authorized Directors:

Mr. Slib Soongswang and

Mr. Pichai Klongpitak sign on behalf of the Company with the Company's seal affixed.

Restriction of Directors' power:

None

Scope of Duties and Responsibilities of the Board of Directors

- 1) To determine or change the Company's authorized directors.
- 2) To determine policy, strategy, business trend and monitor and ensure that the administration operate efficiently and effectively according to the policy, strategy and business trend that have been set in order to maximize economic value to shareholders and sustain growth except for policy or any operation that required the approval from the shareholders' meeting .
- 3) To decide on material issues such as business plan, budget, large investment project, management authority and other issues as specified by laws.
- 4) To evaluate performance and determine remuneration of the management.
- 5) To responsible for performance and operation of the management by performing with high determination and caution.
- 6) To provide accounting system, financial reports and credibility audit as well as ensure the process for the evaluation of the appropriateness of the internal control and internal audit to be effective and efficient, risk management, financial reports and following up the result.
- 7) To ensure that there is no conflict of interest between related persons and the Company.
- 8) To determine internal rules or regulations.

- 9) To report the Board of Directors' responsibilities for financial statements preparation by presenting with the auditor's opinion in the annual report and covering all material issues according to the Code of Best Practice for Directors of Listed Companies.
- 10) Power for the following tasks which can be implemented only obtain the approvals from Shareholders' Meeting which any directors or related persons who might be involved with either conflict of interest transaction or beneficial conflict transaction with the Company or its subsidiaries shall not be granted the right to vote in that matter.
 - (a) Matters stipulated by Laws must be obtained the resolutions from Shareholders' Meeting.
 - (b) Transactions that any directors are involved with either conflict of interest or any other beneficial conflicts particularly stated by the Laws or regulations of the Stock Exchange of Thailand must be obtained the resolutions from Shareholders' Meeting.

Besides, the following matters must be approved by the Board of Directors with majority vote of the directors attending the meeting and approved by the Shareholders' Meeting with the votes not less than 3 over 4 of total votes of the eligible shareholders present in the meeting.

- (a) To sale or transfer all or major parts of the Company's business.
 - (b) To purchase or acquire of other company or other private company.
 - (c) To make, amend or terminate the contract related to the rent of all or some major parts of the Company's business. The appointment of other person who will manage the Company's business or the merging with other person in order to share profit and loss.
 - (d) To amend the Memorandum of Associations or the Articles of Associations.
 - (e) To increase or decrease capital, to issue debenture, to merge or to terminate the business.
 - (f) Other matters as stated by the Laws related to Securities and / or regulations of the Stock Exchange of Thailand which must be obtained the approval from Board of Directors' meeting and shareholders' meeting with the votes mentioned above.
- 11) Board of Directors may appoint a set of directors as appropriate to be Executive Committee to perform the tasks as assigned by the Board of Directors.

Such authorization will not entitle the Executive Committee to approve on any matters that might be conflict of interest to himself or related person or other matter that may cause any beneficial conflict whatsoever with the Company or subsidiary (if any) as well as stated that has to obtain the approval from shareholders' meeting in case entering into related

transaction and acquisition or disposition of major assets to comply with the SET's regulations.

2.2 The Audit Committee

As at 31 December 2012, the Company's the audit committee comprised of 3 directors as follows:

- | | | |
|----|--|---------------------------------|
| 1. | Air Chief Marshal Chainan Thumasujarit | Chairman of the Audit Committee |
| 2. | Mr. Anant Gatepithaya | Member of the Audit Committee |
| 3. | Mr. Kamphol Panyagometh | Member of the Audit Committee |

Mr. Wittaya Amnajsaringkan is the secretary of the Audit Committee.

Remark: - The audit committee who has knowledge and experience in reviewing the creditability of financial statements is Mr. Anant Gatepithaya.

Scope of duties and responsibilities of the Audit Committee

- 1) To ensure that the Company has accurately and adequately disclosed its financial statements to public by cooperating with auditor and in charge executives to prepare financial reports quarterly and annually. The Audit Committee may suggest the auditor to examine or investigate any matters considered to be necessary and important during the auditing period.
- 2) To ensure that there are suitable and effective internal control and auditing system in the company by co-auditing with external auditor and internal control. To determine the independence of the internal control unit as well as to approve for appointment, transferring and termination of head of internal control unit or other unit which is responsible for internal audit.
- 3) To ensure that the company is operated in accordance with Laws governing Securities and Exchange, the regulations of the Stock exchange of Thailand and the laws pertaining to the business of the Company.
- 4) To select and make suggestions regarding the appointment of the Company's auditor together with the audit fee by taking into consideration the credibility, personnel sufficiency, work load of auditing firm as well as experience of the personnel to be appointed as the Company's auditor in order to propose to the Board of Directors for approval in shareholders' meeting. Besides, the audit committee has to attend the meeting with the auditor without the management at least once a year.
- 5) To consider any connected transaction or any conflict of interest transactions and approve such transaction in order to propose to Board of Directors' meeting and/or shareholders' meeting as stipulated under the laws or related regulations of the Stock Exchange of Thailand to ensure that transaction is fair and for the best benefit to the Company.

- 6) To review financial management policy and risk management as assigned by the Board of Directors and approved by the audit committee.
- 7) To prepare the Audit Committee report by disclosing on the Company's annual report. The report shall be signed by the Chairman of the Audit Committee and should contain following information:
 - (a) Comments on the preparation process and disclosure of information in the Company's financial statements regarding the accuracy and reliability.
 - (b) Comments on the sufficiency of the Company's internal control system.
 - (c) Comments on the compliance with Laws governing Securities and Exchange, the regulations of the Stock Exchange of Thailand and the laws related to the Company's business.
 - (d) Comments on the appropriateness of auditor.
 - (e) Comments on conflict of interest transactions.
 - (f) Number of the audit committee' meetings and attendance of each the audit committee.
 - (g) Comments or overview observation which the audit committee obtain from performing according to the charter.
 - (h) Report on other matters that shareholders and investors should be concerned within a scope of duties and responsibilities appointed by the Board of Directors.
- 8) To perform and matters as assigned by the Board of Directors and approved by the audit committee.

To perform according to the scope of duties and responsibilities, the audit commit has power to invite any management, executive or staff who related to report, comment, attend the meeting or submit related and necessary document.

To perform its duties, the audit committee has direct responsibility to the Board of Directors. The Board of Directors also has responsibility to outsider The Board of Directors has power to adjust and change scope of duties of audit commit as necessary or appropriate.

2.3 Executive Committee

As at 31 December 2012, the Executive Committee of the Company comprised of 5 persons as follows:

- | | | |
|----|-------------------------|---------------------------------|
| 1. | Mr. Slib Soongswang | Chairman of Executive Committee |
| 2. | Mr. Pichai Klongpitak | Executive Committee |
| 3. | Mr. Tanat Supajarunan | Executive Committee |
| 4. | Mr. Sukit Lertassawarat | Executive Committee |
| 5. | Mrs. Phanalee Noragitt | Executive Committee |

Scope of duties and responsibilities of Executive Committee

- 1) To plan and determine policy, direction, strategy and management structure according to and supporting the economic and market condition and propose to the Board of Directors for approval.
- 2) To determine business plan, budget and authority table and propose to the Board of Directors for approval.
- 3) To monitor in order to ensure that the Company is operated in accordance with the approved policy, plan and strategy.
- 4) To consider for entering into business agreement, agreement related to asset acquisition or rights for benefit of the Company as well as determine process and negotiation method in order to enter into such agreement.
- 5) To approve the bidding price at the project amount of not exceed 500,000,000 Baht per project.
- 6) To approve the capital expenditure as stated in annual budget which approved by the Board of Directors or according to the principle as approved by the Board of Directors.
- 7) To manage financial plan with financial institutions for account opening, lending, borrowing, credit line sourcing, providing collateral, pledge, mortgage, guarantee and others including exchange, accepting pledge, consignment, rent or rent out land and properties and registration for the rights of land and properties complying with objectives for the benefit of the Company's operation and propose to the Board of Directors for approval.
- 8) To consider the Company's profit and loss and propose the interim dividend payment or annual dividend payment to the Board of Directors for approval.
- 9) To have power to employ, appoint, transfer, remove, expel, determine wage rates, give gratuities and rewards, raise salaries, considerations and bonuses for employees up from President level.
- 10) To perform other tasks to support the above assignments or as periodically instructed by the Board of Directors.

Executive Committee and the management may authorize the Company's executive staff to approve a single financial transaction or several transactions as Executive Committee and management deem appropriate.

Such authorization will not entitle the Executive Committee and the management or the person authorized by the Executive Committee and the management to approve on any matters that might be conflict of interest to himself or other matter that may cause any beneficial conflict whatsoever with the Company or subsidiary (if any) according to the regulations of the Capital Market Supervisory Board or other related agencies.

The Board of Directors has power to change scope of duties and responsibilities of the Executive Committee and the management as necessary or deemed appropriate.

Executives

As at 31 December 2012, the executives of the Company comprised of 6 persons as follows:

- | | | |
|----|-------------------------|--|
| 1. | Mr. Slib Soongswang | Chief Executive Officer |
| 2. | Mr. Pichai Klongpitak | President |
| 3. | Mr. Tanat Supajarunan | Vice President – Business Development Division |
| 4. | Mr. Sukit Lertassawarat | Vice President – Operation Division |
| 5. | Mrs. Phanalee Noragitt | Vice President – Account & Finance Division |
| 6. | Ms. Suparada Amornmanus | Vice President – Investor Relation Division |

Scope of duties and responsibilities of Chief Executive Officer

- 1) To monitor, oversee and approve normal operation of the Company and may authorize President, executive or other person to perform day-to-day normal operation for specific matter under control of Chief Executive Officer and within time frame as Chief Executive Officer deemed appropriate and Chief Executive Officer may cancel, remove, change or amend such authority.
- 2) To perform as assigned by the Board of Directors or the Executive Committee and the management.
- 3) To be responsible for the administration of taxes, risk and management as well as to propose annual budget to the Board of Directors and to oversee human resources management and allocation to be in line with outline and guideline of budget under laws, regulations and the Company's Articles of Association.
- 4) To consider and approve the bidding price for the project amount not exceed 300,000,000 Baht per project.
- 5) To have power to approve and authorize the expenditure for asset and service procurement for the benefit of the Company with the amount of not exceed 200,000,000 Baht as well as to approve financial transaction which is under annual budget as approved by the Board of Directors.
- 6) To have power to represent the Company to deal with external individual for any related business that is benefit to the Company.
- 7) To approve the appointment of any advisors that is necessary to the Company's operation.
- 8) To perform other tasks as assigned by the Board of Directors of Executive Committee and the management occasionally.

Chief Executive Officer is under control and reports directly to the Executive Committee and the management and has to perform according to guideline and policy as set by the Executive Committee and the management.

Chief Executive Officer is not entitled to approve on any matters that might be conflict of interest to himself or related party or other matter that may cause any beneficial conflict whatsoever with the Company or subsidiary (if any) according to the regulations of the Capital Market Supervisory Board or other related agencies.

The Board of Directors has power to change scope of duties and responsibilities of Chief Executive Officer as necessary or deem appropriate.

Scope of duties and responsibilities of President

- 1) To monitor, oversee and approve normal operation of the Company and may authorize executive or other person to perform day-to-day normal operation.
- 2) To manage and monitor the general operation of the Company.
- 3) To perform as assigned by the Board of Directors or Executive Committee and the management or Chief Executive Officer.
- 4) To have power to employ, appoint, transfer, remove, expel, determine wage rates, give gratuities and rewards, raise salaries, considerations and bonuses for employees below President level as well as appoint employee representative as the committee of the Company's provident fund.
- 5) To consider and approve the bidding price for the project amount not exceed 100,000,000 Baht per project.
- 6) To have power to approve and authorize the expenditure for asset and service procurement for the benefit of the Company with the amount of not exceed 10,000,000 Baht as well as to approve financial transaction which is under annual budget as approved by the Board of Directors.
- 7) To authorize the issuance of instructions, regulations, announcements, memorandums so that the Company is operated in compliance with the policy and for the Company's interest as well as for the discipline of the organization.
- 8) To have power to represent the Company to deal with external individual for any related business that is benefit to the Company.
- 9) To approve the appointment of any advisors that is necessary to the Company's operation.
- 10) To perform other tasks as assigned by the Board of Directors of Executive Committee and the management or Chief Executive Committee occasionally.

President is under control and reports directly to the Chief Executive Officer and has to perform according to guideline and policy as set by the Executive Committee and the management.

President is not entitled to approve on any matters that might be conflict of interest to himself or his related party or other matter that may cause any beneficial conflict whatsoever with the Company or subsidiary (if any) according to the regulations of the Capital Market Supervisory Board or other related agencies.

The Board of Directors has power to change scope of duties and responsibilities of President as necessary or deem appropriate.

3. Nomination of Director and Executive

Component and Nomination of the Board of Directors

1. The Board of Directors consists of at least 5 persons wherein the directors not less than half of the number of total directors must be domiciled in the Kingdom and they shall have qualifications as provided by law.
2. The Shareholders' meeting shall elect directors in accordance with the criteria and procedures as follows:
 - 2.1 Each shareholder shall have one vote per one share.
 - 2.2 Shareholders shall vote to elect each individual director.
 - 2.3 The candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order until all of the directors positions are filled. Where the votes case for candidates in descending order are tied, which would otherwise cause the number of directors to be exceed, the chairman of the meeting shall make the final decision.
3. At every annual general meeting, one-third of the directors shall retire. If the number of directors is not a multiple of three, the number of directors closest to one-third shall retire. The directors that must retire from office within the first and second year after the listed of the Company shall be selected by casting lots. In subsequent years, the director who has held office longest shall retire. The directors who retire from the position may be re-elected.
4. Apart from the expiration from term of office, the director shall expire upon death, resignation, lacking of qualification or possessing illegal characteristics, resolution from the shareholders' meeting and the court order.
5. Any directors who want to resign from the office have to submit the resignation letter to the Company and shall be effective on the date the resignation letter reached the Company.

6. The vacancy of the Board of Directors for any reason other than the retirement may be filled by the remaining of the directors by selecting from qualified and no illegal characteristic candidates in the next meeting of the Board of Directors, unless the term of such director is less than 2 months. Any person appointed shall be the director for the remaining term of the director to whom he or she has succeeded and such resolution of the Board of Directors' meeting for the appointment shall be passed by a vote of not less than $\frac{3}{4}$ of the number of the remaining directors.
7. The shareholders' meeting may pass a resolution removing any director from office prior to retirement as a result of the expiration of the director's term of office, by a vote of not less than three quarters of the number of shareholders attending the meeting who have the right to vote and who have shares totaling not less than half of the number of shares held by the shareholders attending the meeting and having the right to vote.
8. The Board of Directors shall select a director to be Chairman of the Board of Directors and the Board of Directors shall select a director or directors to be Vice Chairman of Board of Directors. The Board of Directors may assign a director or directors to represent the Board of Directors to perform any tasks.

Besides, the Company's Articles of Association also specifies rules related to the duty of Board of Directors as follows:

1. Director is prohibited to be partner of limited partnership or unlimited partnership or be director of private company or other company which engaging in the same business and competing with the Company except inform to the shareholders' meeting prior to the appointment.
2. Director has to perform according to laws, objectives, Articles of Association as well as resolution of the shareholders' meeting with integrity and cautiousness to preserve the benefit of the Company.
3. Director has to inform the Company without delay in case he has direct or indirect conflict of interest from any agreements entering during fiscal year or holds shares or debenture in the Company or related companies by specifying total number increase or decrease during fiscal year.

Component and Nomination of the Audit Committee

The Company's audit committees has to be appointed by the Board of Directors and approved by the Company's shareholders as well as possess qualifications as required by Securities and Exchange Act including announcement, rules and / or regulations as defined by the SET. The audit committee comprises of at least 3 independence directors and at least 1 member of audit committee has to be person who has knowledge and sufficient experience to perform the duty for reviewing the credibility of the financial statements. The term of office of the audit commit is 3 years except expiring according to the Company's Articles of Association and such committee can be re-elected.

Qualifications of Independence Director

- Holding shares not more than 1% of the total shares with voting rights of the Company, parent company, subsidiaries, associates, major shareholders or controlling person of the Company which shall be inclusive of the shares held by related persons.
- Not being or having previously been a director who takes part in management, an employee, a staff member or advisor who receives a regular salary, or a controlling person of the Company, parent company, subsidiaries, associates, subsidiaries at the same level, major shareholders or of controlling person of the Company unless the termination of being in such position had occurred at least 2 years before the filing submission date to SEC. Such prohibited characteristics exclude being government staff or advisor of government agency which is the major shareholder or the controlling person of the Company.
- Not being a person related by blood or registration under laws in the form of fatherhood, motherhood, spouse, sibling and child as well as child's spouse, of its executives, its major shareholders, its controlling persons or such other persons who will be nominated to be executives or controlling persons of the Company or its subsidiaries.
- Having no current or previous business relationship with the Company, its subsidiaries, its associates, its major shareholders or its controlling persons which may interfere his /her independent discretion , and not being or having previously been a major shareholder or controlling person of the company which has a business relationship with the Company, its subsidiaries, its associates, its major shareholders or its controlling persons, unless the termination of being in such position had occurred at least 2 years before the filing date to SEC.
- Not being or having previously been an auditor of the Company, its subsidiaries, its associates, its major shareholders or its controlling persons and not being a major shareholder or partner of the audit office of the auditor of the Company, its subsidiaries, its associates, its major shareholders or its controlling persons unless the termination of being in such position had occurred at least 2 years before the filing date to SEC.
- Not being or having previously been any professional service provider including legal advisor or financial advisor who receives more than 2 million baht annually from the Company, its subsidiaries, its associates, its major shareholders or its controlling persons and not being a major shareholder, controlling person or partner of such professional service provider unless the termination of being in such position had occurred at least 2 years before filing date to SEC.
- Not being a director appointed as a representative of the Company's directors, major shareholder or a shareholder who is related to the Company's major shareholder.
- Not operating any business which has the same nature and significant in competition with the Company, its subsidiaries or not being a major shareholder in partnership or a director who takes

part in the management, an employee, a staff member or advisor who receives a regular salary or holding shares more than 1% of total shares with voting rights of other company who operates same business and significantly competes with the Company and its subsidiaries.

- Having no characteristics that may affect the giving of independent opinions on the operation of the Company and its subsidiaries.
- Independent director according to the above qualifications may be assigned by the Board of Directors to decide for the operation of the Company, parent company, subsidiaries, associates, subsidiaries at the same level, major shareholders or controlling person for collective decision.

Qualifications of the Audit Committee

- Not being a director assigned by the Board of Directors to manage the operation of the Company, parent company, subsidiaries, associates, subsidiaries at the same level, major shareholders or controlling person. And
- Not being a director of parent company, subsidiaries, associates, subsidiaries at the same level which is a listed company.
- Having knowledge and sufficient experience to perform as the audit committee and at least one member of the audit committee possesses knowledge and sufficient experience to perform his duty in reviewing the creditability of the financial statements.
- Having duties as specified in SET's notification with regard to qualifications and scope of duties of the audit committee.

Component and Nomination of Executive Committee

Executive Committee has to be the Company's director and/or the Company's executive which appointed by the Board of Directors at the number of members as deemed appropriate by the Board of Directors. The Board of Director shall appoint one member to be the Chairman of Executive Committee.

4. The Board of Directors' Meeting

Name	2010		2011		2012	
	No. of Meetings	No. of attendances	No. of Meetings	No. of attendances	No. of Meetings	No. of attendances
1. Mr. Prayoon Vivetpuvanonth	6	6	9	9	7	7
2. Mr. Slib Soongswang	6	6	9	9	7	7
3. Mr. Pichai Klongpita	6	6	9	9	7	7
4. Air Chief Marshal Chainan Thumasujarit	6	6	9	9	7	7
5. Mr. Anant Gatepithaya	6	6	9	9	7	7
6. Mr..Kamphol Panyagometh	-	-	2	2	7	7

5. Remuneration of the Board of Directors and Executives

5.1 Financial Remuneration

a) The Board of Directors' Remuneration

Name	2010		2011		2012	
	The Board of Directors	Audit Committee	The Board of Directors	Audit Committee	The Board of Directors	Audit Committee
1. Mr. Prayoon Vivetpuvanonth	-	60,000	131,940	144,190	480,000	-
2. Mr. Slib Soongswang	60,000	-	168,060	-	420,000	-
3. Mr. Pichai Klongpita	60,000	-	120,000	-	420,000	-
4. Air Chief Marshal Chainan Thumasujarit	-	60,000	120,000	131,940	420,000	180,000
5. Mr. Anant Gatepithaya	-	60,000	120,000	120,000	420,000	120,000
6. Mr..Kamphol Panyagometh	-	-	23,870	23,870	300,000	120,000
Total	120,000	180,000	683,870	420,000	2,460,000	420,000

b) Executives' Remuneration

Executives' Remuneration	Fiscal year 2010		Fiscal year 2011		Fiscal year 2012	
	No. of executives	Amount (Baht)	No. of executives	Amount (Baht)	No. of executives	Amount (Baht)
Salary	12	10,830,000	6	9,055,000	6	9,772,000
Bonus	-	-	5	674,000	6	1,646,000
Provident Fund	-	-	6	105,160	6	195,440
Others (excl. meeting allowance)	9	642,867	6	1,510,310	6	424,606
Total		11,472,867		11,344,470		12,038,046

5.2 Other Remuneration

- None -

6 Corporate Governance

The Board of Directors realizes role, duty and responsibility as director to the Company and the shareholders and has approved the written corporate governance policy that complied with good corporate governance of the Stock Exchange of Thailand ("SET") in order to determine the supporting corporate governance policy to be its guideline to perform which the material substances divided into 5 sections as follows:

Section 1: Rights of Shareholders

Basic shareholder rights are rights to buy, sell or transfer shares, share in the profit of the Company, obtain relevant and adequate information on the Company in a timely manner and on a regular basis, participate and vote in the shareholders' meeting to elect or remove members of the board, appoint the external auditor and make decisions on any transactions that affect the company such as dividends

payment, amendments to the company's articles of association or the company's bylaws, capital increases or decreases, and the approval of extraordinary transactions, etc.

Apart from the above basic rights, the Company has policy to support and facilitate the shareholders to exercise their rights as follows:

- 1) Disclose information regarding shareholders meetings on the company's website before sending out the notice of the meetings and inform rules related to the meeting, right of shareholder to attend the meeting and right to vote in advance.
- 2) In case the shareholder cannot attend the meeting by himself, the Company allows the shareholder to assign the proxy to the audit committee or any person to attend the meeting by using any type of proxy as submitted with the invitation letter.
- 3) Allow the shareholder to submit the opinion, advice, question in advance prior to the shareholders' meeting date.
- 4) During the meeting, the Company shall provide proper time and encourage the shareholder to express opinion, advice or raise question at the meeting with regard to the matters concerning the Company prior to the voting in any agenda. The Company shall provide sufficient information of such matter to the shareholder.
- 5) All directors shall attend the meeting except for necessary circumstance so that the shareholders can inquire with regard to the related matter.

Section 2: Equitable Treatment of Shareholders

The Company has policy to perform and protect right of each shareholder equally in order to create true equality especially for the minority shareholders such as

- 1) To handle and facilitate each shareholder equally and shall not do anything to limit or violate or deprive right of shareholder.
- 2) To encourage the shareholder to use the proxy in form that the shareholder can determine the voting direction and nominate at least 1 independence director.
- 3) To determine the independence director to oversee minority shareholders by allowing the minority shareholder to give advice, express opinion or claim to the independence director. The independence director shall be the person to properly manage each case such as if it is the claim, the independence director shall investigate for fact and find way to compensate properly or in case that the independence director consider that such matter is material which affect to the overall stakeholder or affect the Company's business operation, the independence director shall propose such matter to the shareholder's meeting for considering to be the agenda of the shareholders' meeting.

- 4) To encourage for right exercising such as allowing the minority shareholder to propose additional agenda prior to the shareholders' meeting date, allowing the minority shareholder to nominate person to be director in advance with information related to the qualifications and consent of the nominated person.
- 5) The shareholder who is the executive of the Company shall not add any agenda which is not inform in advance especially an important agenda which the shareholders need time to study information before making decision.
- 6) To determine the insider trading protection measurement of relates persons including director and the Company's executives who related to the information (including spouse and minor child of such person).
- 7) To encourage using voting card for the important agenda such as related transaction, asset acquisition or disposition, etc. for transparency and be able to examine in case there is any argument in the future.
- 8) To allow shareholder to exercise his right to appoint each director.
- 9) To determine the written guideline for preservation of inside information and protection of using and inform such guideline to all staff to perform accordingly and determine that all directors and executives who have duties to report the shareholding according to the laws have to report regularly to the Board of Directors.

Section 3: Roles of Stakeholders

The Company realizes the importance of the supervision of all stakeholders such as customer, trading partner, employee, shareholder, payable and society. The policy related to the stakeholders shall realize their legal right, related regulations or any condition of agreements. The Company shall cooperate among all groups of stakeholders according to duties and responsibilities in order to operate smoothly and provide benefit fairly to all parties.

Besides, the Company has set the channel for any stakeholders to contact, communicate or provide information to the Board of Directors via the Audit Committee.

The Company realizes to be part of society which has responsibility to help society, support useful activities to the community as well as develop environment of community and society to improve the living. The Company engages in design, construction of waste water treatment and water treatment for private companies and government agencies to reduce the wastewater release and manage water resources which is the valuable resources of the country.

With regard to the social contribution, the Company regularly donates to various charities.

Section 4: Disclosure and Transparency

Apart from correct, accurate and timely disclosure of financial reports or other information memorandum to public via various channels according to governed regulations, the Company shall disclose the following information to confirm the transparency of business operation:

- 1) Disclose information related to the performance of the Board of Directors and the Audit Committee such as number of meetings and number of meetings of each director attending for the previous year.
- 2) Disclose valuation method and performance result of the Board of Directors.
- 3) Disclose policy of remuneration of Board of Directors and executives including form or type of remuneration.
- 4) Disclose corporate governance policy and performance in accordance with the policy.

Such information not only disclosure to public via Securities and Exchange Commission ("SEC") and SET, but also disclose through the Company's website.

Section 5: Board Responsibilities

The Board of Directors comprise of experts with various knowledge and experience such as engineering, management and other expertise which are useful to the operation of the Board of Directors as well as be independence for making decision for the best benefit to the Company and shareholders. The Board of Directors participates in determining (or approval) vision, mission, strategy, target, business plan and budget as well as supervision the management to operate according to determined business plan and budget with effectiveness and efficiency in order to maximize economic value to the Company and secure the confidence to the shareholders. The Board of Directors also oversees the appropriateness of internal control evaluation process, internal audit, risk management, financial reports and regularly follows up the performance.

The Company's Board of Directors has 6 persons, comprised of 2 executive directors, 3 non-executives director and 4 of them are independent directors which more than 1/3 of the entire the Board of Directors which can balance the power of executive directors properly. Besides, the Company has appointed the Audit Committee which comprised of 3 independent directors and the term of office is 3 years. The scope of duties and responsibilities of such committee were clearly defined in the Audit Committee Charter.

Remuneration of the Board of Directors

The Company has set policy to determine the amount clearly and transparently and propose to shareholders' meeting for approval every year. The criteria to set the remuneration of the Board of Directors are as follows:

- 1) The remuneration is proper and in line with scope of duties and responsibilities of each director.

- 2) The remuneration is at the attractive level and be able to maintain capable and high quality directors to be with the Company.
- 3) The remuneration structure is clear, transparent and easy to understand.
- 4) The remuneration is comparable to remuneration of other companies in the same or similar industry.

The Board of Director Meeting

The Company shall set and proceed meeting according to the Company's Articles of Association, related laws to public company limited and the SET's regulations and shall arrange special meeting when necessary. The chairman of the Board of Directors as the chairman of the meeting shall support thorough consideration and arrange sufficient time for the meeting, therefore, the management can present and explain the major concern thoughtfully. The Company shall submit the invitation letter including agenda and meeting document to the directors in advance for not less than 7 days prior to the meeting date and specify that the director has duty to attend all director's meetings except for emergency. Besides, the Company shall record minutes of the meeting accurately and completely in order to be able to be examined by the shareholders.

Report of the Board of the Directors

The Board of Directors is responsible for the financial reports preparation including the Company's financial statements, the consolidated financial statements of the Company and subsidiaries (if any) and financial information memorandum as shown in annual report. The financial statements are prepared based on generally accepted accounting standard. The Company applies proper and acceptable accounting standard and complies with such standard regularly. The Company is very careful to prepare and manage sufficient information to disclose in the notes of financial statements.

The Board of Directors Self-Assessment

In order to increase the performance efficiency of the Board of Directors, the directors will evaluate performance of the Board of Directors in general, therefore, the directors will work together to consider the result and problem. The assessment result will be analyzed and summarized by the Board of Directors to determine the measurement to improve the efficiency of the Board of Directors further.

Development of directors and executives

The Company encourages its directors and executives to join seminar which useful for their duties as well as regularly get together for idea exchange between directors and executives. The seminars which the director has to attend are seminars arranged by Thai Institute of Directors (IOD) which are Directors Certification Program (DCP) or Directors Accreditation Program (DAP) or the Audit Committee Program (ACP) in order to bring knowledge and experience to develop the Company further.

Investor Relations

The Board of Directors realizes the importance of the sufficient information disclosure to shareholders, investors and related parties. The disclosed information has to be correct, complete, transparent, widespread and on-time including financial statements, operation result and related information as well as information that affect to the Company's share price according to good corporate governance. The Company shall disclose information and news via various channels such as by mail, disclosure channels of SET and SEC and the Company's website after the Company listed in the SET. Therefore, the shareholders, investors and related parties can use such information for the investment decision.

7 Control of inside information

The Company set up the rules and regulation for the inside information usage as follows:

1. Determine rules and regulations for the inside information usage in accordance with good corporate governance as follows:
 - (1) Director, executive, employee and staff has to keep the Company's secret and/ or inside information.
 - (2) Director, executive, employee and staff will not use both directly and indirectly any secret and /or inside information to disclose or exploit for personal or other benefit with or without any return.
 - (3) Director, executive, employee and staff will not trade, transfer or receive shares of the Company by using secret and/or inside information and/ or entering into any legal agreement by using secret and/ or inside information which will cause directly or indirectly damage to the Company. Director, executive, employee and staff who work in department which obtain insider information should avoid or cease trading the Company's share during 1 month before the financial statements disclose to the public. This prohibition governs spouse and minor child of director, executive, employee and staff of the Company. Any person who breaches the regulations will be counted as severe violation.
 - (4) Director and executive including the Company's auditor has to report the change of shareholding, such holding has to include the shares hold by the spouse and minor child, to SEC according to Section 59 of the Securities and Exchange Acts B.E. 2535.
2. Announce such rules and regulations for widespread acknowledgement.

8 Personnel

8.1 Number of employees (exclude executives)

As at 31 December 2012, the staffs' of the Company and subsidiaries were as follows:

	Fiscal year 2010	Fiscal year 2011	Fiscal year 2012
	No. of staffs	No. of staffs	No. of staffs
1. Permanent Employee	117	140	113
- Business Development Division	5	4	6
- Operation Division	91	111	82
- Account & Finance Division	5	4	7
- Commissioning Dept.	1	1	2
- Purchasing Dept.	2	1	2
- Human Resources Dept.	12	18	13
- Internal Audit	1	1	1
2. Day Laborer	-	-	7
Total	117	140	120

8.2 Remuneration of employee and laborer and type of remuneration

	2010	2011	2012
Permanent Employee's remuneration : salary, bonus, provident fund	18,951,365	34,938,841	48,176,561
Laborer's remuneration : wage	-	-	997,273
Training /Seminar	288,252	243,207	191,255
Total	19,239,617	35,182,048	49,365,089

8.3 Human Resources Development Policy

The Company has policy to develop human resources to enhance knowledge and develop capability of its human resources constantly by arranging internal training and sending staff to attend outside training with various sectors both public and private sectors as well as by learning, improving and developing from real work. Besides, the Company realizes the importance to build its human resources moral and morale by considering to improve staff welfare continuously as deemed appropriate.

Report of Shareholding of the Directors and Executives

(as at 28 February 2013)

Name – Last Name	Common Shares (shares)		
	31 Dec 11	31 Dec 12	28 Feb 13
1. Mr. Prayoon Vivetpuvanonth	-	-	-
2. Mr. Slib Soongswang	19,164,950	19,164,950	19,164,950
3. Mr. Pichai Klongpitak	19,165,510	14,465,510	4,065,510
4. Air Chief Marshal Chainan Thumasujarit	-	-	-
5. Mr. Anant Gatepithaya	-	-	-
6. Mr. Kamphol Panyagometh	-	-	-
7. Mr. Tanat Supajarunan	-	-	-
8. Mr. Sukit Lertassawarat	-	-	-
9. Mrs. Phanalee Noragitt	-	-	-
10. Ms. Suparada Amornmanus	-	-	-

Details of directors and executives

Name		Mr. Prayoon Vivetpuvanonth
Position	:	Chairman of the Board of Directors
Age (years)	:	70
Education	:	Master of Business Administration (Management), Sasin Graduate Institute of Business Administration of Chulalongkorn University Barrister at law, Thai Bar Association, Ministry of Justice Bachelor of Laws, Thammasat University Bachelor of Accounting, Thammasat University
Related training programs held by the Thai Institute of Directors Association (IOD)	:	Director Accreditation Program (DAP) Certificate, Class 35/2005
5 Year Experience Background	:	<div>Present</div> <div>Chairman of the Board of Directors, Hydrotek Public Company Limited</div> <div>Chairman of the Board of Directors, Phol Dhanya Public Company limited</div> <div>Member of the Audit Committee, Sahamit Machinery Public Company Limited</div> <div>Director, Vivechpattana Rice Mill Company Limited</div> <div>2011</div> <div>Chairman of the Audit Committee, Hydrotek Public Company Limited</div> <div>2007 – 2010</div> <div>Chairman of the Audit Committee, Hydrotek Public Company Limited</div>
Family Relationship	:	None
% Shareholding (as at 28 February 2013)	:	None

Name	: Mr. Slib Soongswang
Position	: Deputy Chairman of the Board of Directors Authorized Director Chairman of the Executive Committee Chief Executive Officer
Age (years)	: 60
Education	: Master of Business Administration, Thammasat University Bachelor of Engineer (Chemical Engineering), Chulalongkorn University
Related training programs held by the Thai Institute of Directors Association (IOD)	: Role of the Chairman Program (RCP) Certificate, Class 25/2011 Director Certification Program (DCP) Certificate, Class 117/2009 Director Accreditation Program (DAP) Certificate, Class 37/2005
5 Year Experience Background	: 2011 – Present Chief Executive Officer, Hydrotek Public Company Limited Managing Director, Hydrotek Company Limited
Family Relationship	: None
% Shareholding (as at 28 February 2013)	: 14.74

Name	: Mr. Pichai Klongpitak	
Position	: Director Authorized Director President	
Age (years)	: 59	
Education	: Bachelor of Engineer (Chemical Engineering), Chulalongkorn University	
Related training programs held by the Thai Institute of Directors Association (IOD)	: Director Accreditation Program (DAP) Certificate, Class 71/2008	
5 Year Experience Background	: 2011 – Present President, Hydrotek Public Company Limited 1982 – 2010 Deputy Managing Director, Hydrotek Company Limited	
Family Relationship	: None	
% Shareholding (as at 28 February 2013)	: 3.13	

Name : Air Chief Marshal Chainan Thumsujarit	
Position	: Director Independent Director Chairman of the Audit Committee
Age (years)	: 63
Education	: Thailand National Defence College, the Supreme Command Headquarters Royal Thai Navy Staff College, Institute of Advanced Naval Studies Bachelor of Arts (Public Administration), Ramkhamhaeng University D.Eng.(Candidate), Asian Institute of Technology (A.I.T.) Bachelor of Business Administration (1 st Class Honors), Sukhothai Thammathirat University Bachelor of Business Administration, Ramkhamhaeng University M. Eng., Asian Institute of Technology (A.I.T.) Bachelor of Engineer (2 nd Class Honors), Chulalongkorn University
Related training programs held by the Thai Institute of Directors Association (IOD)	: Audit Committee Program (ACP) Certificate, Class 22/2008 Director Accreditation Program (DAP) Certificate, Class 67/2007
5 Year Experience Background	: Present Chairman of The Audit Committee, Hydrotek Public Company Limited 2011 Member of the Audit Committee, Hydrotek Public Company Limited 2007 – 2010 Member of the Audit Committee, Hydrotek Company Limited 2007 – Present Freelance Structural Engineer Special Qualified General, the Supreme Command Headquarters Assistant Chief of Staff for Minister of Defence Director, Office of Post Engineer, the Supreme Command Headquarters Director, Design Division, Post Engineer Department Head of Engineer Department, Design Division, Office of Post Engineer, the Supreme Command Headquarters Head of Technical Department, Technical Division, Civil Engineer Department, Royal Thai Air Force
Family Relationship	: None
% Shareholding (as at 28 February 2013)	: None

Name	: Mr.Anant Gatepithaya	
Position	: Director Independent Director Member of the Audit Committee	
Age (years)	: 62	
Education	: Bachelor of Business Administration (Management), Sasin Graduate Institute of Business Administration of Chulalongkorn University Master of Commerce (Business Administration), Thammasat University Bachelor of Statistics, Faculty of Commerce and Accountancy, Chulalongkorn University	
Related training programs held by the Thai Institute of Directors Association (IOD)	: The Improving The Quality of Financial Reporting (QFR) Certificate, Class 1/2006 Director Accreditation Program (DAP) Certificate, Class 7/2004 Audit Committee Program (ACP) Certificate, Class 2/2004 Director Certification Program (DCP) Certificate, Class 17/2002	
5 Year Experience Background	: 2011 – Present Member of the Audit Committee, Hydrotek Public Company Limited 2007 – 2010 Member of the Audit Committee, Hydrotek Company Limited 2008 – Present Member of the Audit Committee, Zeer Property Company Limited 2007 – Present Member of the Audit Committee, Raja Ferry Port Public Company Limited 2004 – Present Member of the Audit Committee, Fortune Parts Industry Public Company Limited Member of the Audit Committee, CMO Public Company Limited 2000 – Present Member of the Audit Committee and Chairman of the Risk Management Committee, Supalai Public Company Limited Chairman of the Board of Directors, The Brilliant Solution Company Limited	
Family Relationship	: None	
% Shareholding (as at 28 February 2013)	: None	

Name	: Mr. Kamphol Panyagometh	
Position	: Director Independent Director Member of the Audit Committee	
Age (years)	: 41	
Education	: Ph.D. (Finance) Schulich School of Business, York University, Canada Master of Business Administration (Finance), National Institute of Development Administration Bachelor of Science, King Mongkut's University of Technology Thonburi	
Related training programs held by the Thai Institute of Directors Association (IOD)	: Director Accreditation Program (DAP) Certificate, Class 90/2011	
5 Year Experience Background	: Present	Member of the Audit Committee, Hydrotek Public Company Limited
	2011 – Present	Member of the Audit Committee and Chairman of the Risk Management Committee, Stars Microelectronics (Thailand) Public Company Limited Portfolio Management Consultant, Finansia Asset Management Limited Fund Management Committee, National Institute of Development Administration
	2010 – Present	Associate Professor, Business Administration Department, National Institute of Development Administration
Family Relationship	: None	
% Shareholding (as at 28 February 2013)	: None	

Name	: Mr. Tanat Supajarunan	
Position	: Executive Committee Vice President, Business Development Division	
Age (year)	: 42	
Education	: Master of Business Administration, National Institute of Development Administration Bachelor of Engineer, King Mongkut's Institute of Technology Chaokuntahan Ladkrabang	
Related training programs held by the Thai Institute of Directors Association (IOD)	: Director Accreditation Program (DAP) Certificate, Class 96/2012	
5 Year Experience Background	: 2012 – Present Vice President, Business Development Division, Hydrotek Public Company Limited 2008 – 2011 Manager, Planning Division, Hydrotek Company Limited	
Family Relationship	: None	
% Shareholding (as at 28 February 2013)	: None	

Name	: Mr. Sukit Lertassawat	
Position	: Executive Committee Vice President, Operation Division	
Age (years)	: 46	
Education	: Master of Political Science, Chulalongkorn University Master of Business Administration, Thammasat University Bachelor of Engineer, Chulalongkorn University	
Related training programs held by the Thai Institute of Directors Association (IOD)	: Director Accreditation Program (DAP) Certificate, Class 92/2011	
5 Year Experience Background	: 2011 – Present Vice President, Operation Division, Hydrotek Public Company Limited 2009 – 2010 Vice President, Operation Division, Hydrotek Company Limited 2008 – 2009 Chief Executive Officer, Furnia LCL Company Limited 1999 – 2008 Construction Manager, Thai Shinryo Company Limited	
Family Relationship	: None	
% Shareholding (as at 28 February 2013)	: None	

Name	: Mrs. Phanalee Noragitt	
Position	: Executive Committee Vice President, Account and Finance Division	
Age (years)	: 48	
Education	: Master of Accounting, Chulalongkorn University Bachelor of Accounting, Chulalongkorn University	
Related training programs held by the Thai Institute of Directors Association (IOD)	: Director Accreditation Program (DAP) Certificate, Class 90/2011	
5 Year Experience Background	: 2011 – Present	Vice President, Account and Finance Division, Hydrotek Public Company Limited
	: 2010	Vice President, Account and Finance Division, Hydrotek Company Limited
	: 2000 – 2009	Vice President, Accounting Department, G.M. Tour and Travel Company Limited
Family Relationship	: None	
% Shareholding (as at 28 February 2013)	: None	

Name : Miss Suparada Amornmanus	
Position	: Vice President, Investor Relations Division and Company Secretary
Age (year)	: 46
Education	: Master of Business Administration, National Institute of Development Administration
Related training programs held by the Thai Institute of Directors Association (IOD)	: Director Accreditation Program (DAP) Certificate, Class 90/2011 Company Secretary Program (CSP) Certificate, Class 40/2011
5 Year Experience Background	: 2011 – Present Vice President, Investor Relations Division and Company Secretary, Hydrotek Public Company Limited 2007 – 2010 Manager, Investor Relations Division and Company Secretary, Hydrotek Company Limiteds
Family Relationship	: None
% Shareholding (as at 28 February 2013)	: None

Internal Control

The Company is determined to create internal audit system for efficient operation. The 1/2556 Audit Committee Meeting dated 26 February 2013 verified and evaluated sufficiency of the system. The Company has prepared financial statement following the accounting standard and has internal audit system that is sufficient and covers all 5 aspects as (1) organization and environment (2) risk management (3) operation control of the management (4) information technology system and (5) information communication. The Company has continuous internal audit performance monitoring and does not have significant concern. The summary is as follows:

1. Organization and Environment

The Company sets goals and has business plan to create business stability and develop efficient working process including continuously developing human resources to response to business change. The Company has also restructured organization chart for agility starting from composition of the Board of Directors comprising 2 executive directors and 4 non-executive directors who are honorary and 3 of them are independent directors and the Audit committee. It founded internal audit unit as independent unit directly reporting to the Audit Committee to create transparency. The Company defines policy and working plan, prioritizing fairness to employees, customers and vendors including responsibility toward shareholders, society and environment. For arranging organization chart, the Company has divided responsibilities into 3 functions that are basic of internal audit system as approval, transaction recording and information system and assets. The Company has authority table and work procedure in writing for employees and management to follow.

2. Risk Management

The Company has regularly arranged management meeting to assess risk in business and analyze internal and external causes and factors of the risks and assign people of responsibility in each unit to make plan and set up risk management measurement. It has monitored risk management of units in the organization to set up prevention or mitigation plan for any possible risk. The Company has also held trainings on risk management of modern organization for the management and employees to have more understanding in this topic.

3. Operation Control of the Management

The Company has defined scope of responsibility and approval limit of the management in each level in writing and defined responsibility of each function to be appropriate according to the check and balance principle for efficiency of the operation. The Company has also monitored affiliated company regularly. Moreover, the Audit Committee has reviewed and approved annual audit plan to cover work process that is risky and to ensure that each unit has sufficient supervision in terms of finance, operation,

compliance with laws, regulations and rules. In case of making transactions with relevant parties that is binding the Company in long term, the Company defines that there must be supervision to control compliance with conditions and report to the Audit Committee periodically to verify appropriateness of the transactions during the course of the contracts and to prevent relevant parties to individually exploit the Company's benefits.

4. Information Technology System

The Company has provided important and sufficient information for the Board of Directors to consider with agenda supporting documents by preparing meeting appointment notice and relevant documents for them to consider at least 7 days in advance. The company secretary has provided recommendation and coordinated with the Board of Directors. For minutes of the meeting, questions and comments of Directors and opinions of Directors in the meeting would be recorded. For storage of accounting documents and relevant documents, the Company would keep them completely in good categorization that is convenient for auditing. Moreover, the Company has internal computer network that can be linked from outside so that communication and transfer of data in and out of the Company is quick and efficient. The system has sufficient and suitable data security system.

5. Monitoring System

There were totally 4 meeting of the Audit Committee in 2012. The Audit Committee has to report audit result to the Board of Directors on quarterly basis. Moreover, for implementing the work plan, there will be continuous monitoring and analysis of financial impacts. The Company has held management meeting to report progress of the working plan on a monthly basis. However, if any significant flaw was found, it would be reported to the Audit Committee or the Board of Directors to consider giving order resolution. Moreover, the Company defines that the internal audit unit regularly audits compliance with the internal audit system. This unit is directly reporting to the Audit Committee and reports the audit result to the Audit Committee in order that they are independent and can work rightly.

Connected Transactions

Associate Company	Relation	Transactions	Year 2011	Year 2012	Necessity and Rationality of the Transaction
Sahakam Wisavakorn Co., Ltd. ("SAHAKARN")	<u>SAHAKARN hired the Company as subcontractor</u> to engineering, procure, construct, and install water treatment plant for Ubol Bio Ethanol that SAHAKARN was contractor	Construction Income (Project value of 54.28 MB) Advance Received from Customer Construction Revenue Received in Advance Retention Receivables	34,222,081.46 1,880,259.20 1,255,326.54 3,547,740.80	19,156,130.20 - - -	The Company followed the bidding police that it must gain minimum gross profit margin of 10% that is trade agreements the Company makes with general contract party.
Sahakam Wisavakorn Co., Ltd. ("SAHAKARN")	<u>SAHAKARN hired the Company as subcontractor</u> to engineering, procure, construct, and install wastewater preparation system for Ubol Bio Ethanol that SAHAKARN was contractor.	Construction Income (Project value of 85.00 MB)	-	47,596,572.25	The Company followed the bidding police that it must gain minimum gross profit margin of 10% that is trade agreements the Company makes with general contract party.
	<u>SAHAKARN hired the Company as subcontractor</u> for Wang Noi Power Plant Project that SAHAKARN was contractor.	Construction Income (Project value of 19.36 MB)	-	20,352.16	The Company followed the bidding police that it must gain minimum gross profit margin of 10% that is trade agreements the Company makes with general contract party.

Remark Since 10 August 2012, Sahakarn Wisavakorn Co., Ltd. was not a related company due to the Company's shareholder has resigned as a director of such company.

Associate Company	Relation	Transactions	Year 2011	Year 2012	Necessity and Rationality of the Transaction
UAC Hydrotek Company Limited (Affiliated Company)	Hydrotek Public Company Limited holds 49.997% and Universal Absorbent and Chemicals Public Company Limited holds 50.003% UAC Hydrotek Company Limited has the same authorized directors As Hydrotek Public Company Limited and Universal Absorbent and Chemicals Public Company Limited	Construction Income (Work value of 85.00 MB) Advance Received from Customer Unbilled Receivable	- - -	62,797.91 14,155,000.00 62,797.91	The Company invests in UAC Hydrotek Company Limited to expand customer base. The Company is subcontractor for GLOW Project with gross profit margin of 9.70% and the Board of Directors has already considered rationality of taking this project work.
SPC Design Co., Ltd. ("SPC Design")	The Company appointed SPC Design to design 2 projects which are: - Navanakorn Project, value at 60,000 baht (to design the structure of control building and pumping station) - PWA Samui 2 Project, value 1,000,000 baht (to design the revised structure of the additional drainage from Gutter to pond and adjustment of foundation pile of Sea Water Tank) Mr. Prasit Soongsawang, son of Mr. Slob Soongsawang's uncle, is the Chief Executive Officer of SPC Design and is the authorized director.	Design	1,060,000.00	-	The design of SPC Design is high quality, with high standard and at the lowest price when compare with other companies. The Board of Directors has already considered rationality of taking this service.

Opinion of Audit Committee

At the Audit Committee's meeting No. 1/2013 on 26 February 2013, the Audit Committee considered and provided opinion with regard to the connected transactions with persons who may have conflict of interest, stakeholder or person who may have conflict of interest in the future according to the notifications of the Securities and Exchange Commission. The meeting considered and passed the resolution unanimously that such connected transactions were reasonable, the conditions were fair and no interest transfer between the Company and the persons who may have conflict of interest.

Policy and tendency to enter into connected transaction as well as asset acquisition or asset disposition in the future

The meeting considered and passed the resolution unanimously to determine the policy to enter into connected transaction in the future that such transaction has to be reviewed by the Audit Committee and/ or the Board of Directors with regard to the reasonableness of the transaction, the price and condition of the transaction has to be reviewed that in accordance with the normal commercial condition. The Board of Directors have to ensure that the Company performs according to the laws related to the securities and exchange, notification of Capital Market Supervisory Board, regulations, notifications, orders or rules of the Stock Exchange of Thailand including provision with regard to the information disclosure of connected transaction and asset acquisition or asset disposition of the Company or subsidiary (if any) as well as accounting standard stipulated by the Federation of Accounting professions.

If there is connected transaction between the Company or subsidiary (if any) and the person who may have conflict of interest, stakeholder or person who may have conflict of interest in the future, the Company will assign the Audit Committee to provide opinion with regard to the necessity to enter into transaction and the appropriateness of the price of the transaction by considering conditions based on normal course of business in the market and compare the price with outside party. In case the Audit Committee has no expertise to consider such connected transaction, the Company will appoint the independent expert or the Company's auditor to provide the opinion of that connected transaction to use for the decision of the Audit Committee and / or the Board of Directors and/ or shareholders as the case may be. The Company will disclose connected transaction in the notes of financial statements that audited by the Company's auditor.

Approval of the principle concerning the general commercial condition for the transaction between the Company and subsidiary (if any) with the director, executive or related person

The Company and subsidiary may have connected transaction with director, executive or related person in the future. The Company can enter into the connected transaction if such transaction has commercial condition in which reasonable person will execute with ordinary contract party in the same situation with commercial negotiation power without influence as the director, executive or related person.

Report of the Board of Directors' Responsibilities to the 2012 Financial Statements

The Board of Directors of the Company are responsible for financial statements for the year ending 31 December 2012 prepared in compliance with the generally accepted accounting principles by employing the appropriate accounting policy, performing on a regular basis with thoroughly. The assessment of the necessary financial transactions according to the new accounting standards was applied and reasonably consideration as well as disclosure sufficient information in the notes of the financial statements to be useful for shareholders and general investors who will receive information which presenting correctly, timely and sensibly financial status and operation result.

The Board of Directors realized the responsibilities to oversee the effectiveness of the financial statements report by appointing the Audit Committee which comprised of honorable persons to review the completeness and correctness of the financial statements and the appropriateness of policy as well as to review and ensure the sufficiency and suitability of internal control system and participate in risk evaluation of the Company to protect or reduce risk which may occur from irregular operation which material and sufficient to protect the Company's assets. In addition, the Company has the Internal Audition with directly reporting to the Audit Committee in order to ensure that the accounting record is accurate, adequate, in time and the internal control system is designed to protect against fraud and irregularity.

The Board of Directors viewed that the internal control system of the Company can assure that the financial statements of Hydrotek Public Company Limited as at 31 December 2012 presenting the financial status, operation result and cash flows, including notes to financial statements correctly and reliability and in accordance with generally accepted accounting principles and correctness in all material respects.



Mr. Prayoon Vivetpuvanonth
Chairman of the Board of Directors



Mr. Slib Soongswang
Chief Executive Officer

Report of Audit Committee for year 2012

The Audit Committee of Hydrotek Public Company Limited comprised of 3 independent directors which are Air Chief Marshal Chainan Thumasujarit as Chairman of the Audit Committee, Mr. Anant Gatepithaya and Mr. Kamphol Panyagometh as the Members of the Audit Committee. Mr. Anant Gatepithaya is director who has knowledge and experience in accounting and finance and is able to review the creditability of the financial statements. All directors possess independent qualifications according to the notifications of the Stock Exchange of Thailand.

The Audit Committee performs in accordance with the scope of duties and responsibilities as assigned by the Board of Directors and consistent with the charter and notifications of the Stock Exchange of Thailand by receiving information from Internal Auditor, Auditor's report, management. The Audit Committee shall provide advices to management in order to improve the efficiency and effectiveness of the Company's business operation.

In 2012, the Audit Committee arranged 4 meetings and reported the results to the Board of Directors every quarter. The performance results of the Audit Committee can be summarized as follows:

- Review quarterly and year 2012 financial statements to propose to the Board of Directors for the approval by considering financial statements which were reviewed and audited by the Auditor to ensure that the financial statements were prepared correctly according to the generally accepted accounting principles, disclosed sufficient information and valuable for decision making of the financial statements' users and consider recommendation from auditor with regard to the internal control system to ensure the observation found from the audit has been properly considered by the management.
- Review the connected transaction or transaction that might cause the conflict of interest to ensure the reasonableness of the transaction and for the utmost benefit of the Company according to the good corporate governance of the Stock Exchange of Thailand's regulations.
- Ensure the Company to operate according to the Securities and Securities Exchange Law, notifications of the Stock Exchange of Thailand and Securities and Exchange Commission and other laws that related to the Company's business and perform correctly in accordance with laws and related official regulations.
- Review the sufficiency and appropriateness of the internal control system and supervise and evaluate the performance of internal audit by consent the annual internal audit plan and review audit result to ensure the effectiveness of the internal control system.
- Review qualifications, quality, standard, team, independency and remuneration of auditor to propose to the Board of Directors and propose to the Annual General Meeting of Shareholders for year 2013 to appoint SP

Audit Company Limited to be the auditor for year 2013 which the auditor has performed perfectly and possessed proper qualifications in accordance with the notifications of the Stock Exchange of Thailand.

- Provide opinion with regard to the performance according to the charter of the Audit Committee from the self-assessment of the Audit Committee for year 2012 which the Audit Committee assessed the component of the Audit Committee, training and resources, meeting, relationship with auditor and management as well as future role of the Audit Committee which the assessment result shown that the Audit Committee performed suitably at the satisfactory level.

Considering the overall picture, it can be seen that in 2012, the Audit Committee has comprehensively completed the assignments given by the Board of Directors with their full effort and they could work freely without limitation in terms of receiving information from the Board of Directors, management, employees and relevant parties holding on to business ethics. The Company's Board of Directors and management are determined to carry out duty to achieve the Company's targets, have internal control system, appropriate and effective internal audit, careful risk management and corporate governance based on transparency and honesty, responsibility for performance result and competitiveness and law and relevant regulation compliance. The Company prioritizes good corporate governance complying with the good corporate governance principle having transparency that is traceable and creates benefits of every stakeholder. The Company has correct report on finance and business. The financial statement ended on 31 December 2012 shows no significant concern on the statement.

Chainan Thumasujarit

(Air Chief Marshal Chainan Thumasujarit)

Chairman of the Audit Committee

26 February 2013

Financial Status and Operation Result

Financial Statements

(A) Summary of Audit Report

Financial Statement in which the equity method is applied and separate financial statements for accounting year 2012 ended on December 31, 2012 of the Company were audited by SP Audit Company Limited. Miss Susan Eiamvanicha, Certified Public Accountant (Thailand) No. 4306, was the auditor and conducted the audit in accordance with generally accepted auditing standards with unqualified opinion that the Company's financial statements presented financial status, operation result and cash flow statements correctly in all material respects according to generally accepted accounting principles.

The Company has not early adopted such financial reporting standards having the effective date to the financial statements on the future periods before the effective dates. The management assesses the impact of the financial reporting standards having an effective date in year 2013 and believes that they will not have any significant impact on the financial statements for the period in which they are initially adopted except the following accounting standards;

TAS 12 Income Taxes, which stipulates that the Company is required to recognize the deferred tax liabilities or the deferred tax assets when the temporary difference between the tax base and the carrying amount of the asset or the liability is occurred, however, the Group presently doesn't recognize such transaction. The Company is required to apply the retrospective application to the financial statements for 2012 in accordance with the requirement of the accounting standard when the Company adopts such the accounting standard in 2013. The management assesses the impact on the Company's financial statements for 2012, as follows:

	(Unit : Baht)	
	Statements of financial position	
	Financial statement in which the	
	equity method is applied	
	/Separate financial statements	
	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Increase in deferred tax assets	2,519,231.85	7,227,809.00
Increase in deferred tax liabilities	566,070.15	503,429.88
Increase in retained earnings	1,953,161.70	6,724,379.12

	(Unit : Baht)
	Financial statement in which the equity method is applied /Separate financial statements
	For the year ended on <u>December 31, 2012</u>
Increase in income tax expense	4,771,217.42
Decrease in total comprehensive income	(4,771,217.42)
Decrease in basic earnings per share	(0.04)

Separate financial statements for accounting year 2011 ended on December 31, 2011 of the Company were audited by SP Audit Company Limited. Miss Susan Eiamvanicha, Certified Public Accountant (Thailand) No. 4306, was the auditor and conducted the audit in accordance with generally accepted auditing standards with unqualified opinion that the Company's financial statements presented financial status, operation result and cash flow statements correctly in all material respects according to generally accepted accounting principles. For this period financial statement, the Company adopted the new and revised financial reporting standards issued by the Federation of Accounting Professions and stipulating those to be applied to the financial statements for an accounting period beginning on or after January 1, 2011 onwards in preparation and presentation of financial statements. Therefore, the comparative financial statements for the year ended on December 31, 2010 have been presented in accordance with the financial statements for the year ended on December 31, 2011.

Consolidated and separate financial statements for accounting year 2010 ended on December 31, 2010 of the Company were audited by SP Audit Company Limited. Miss Susan Eiamvanicha, Certified Public Accountant (Thailand) No. 4306, was the auditor and conducted the audit in accordance with generally accepted auditing standards with unqualified opinion that the financial statements of the Company and joint ventures presented financial status, operation result and cash flow statements correctly in all material respects according to generally accepted accounting principles. For accounting year 2010, the financial statements were prepared by consolidated financial statements of the Company and joint ventures after deducted outstanding balance and material related transactions. The joint ventures which the Company invested as of December 31, 2010 shown in the table below:

Joint Venture	Joint Venture Partner	Nature of Business / Current Status	Registered	MOU Joint Venture Liquidation	Inform Joint Venture Liquidation to Revenue Department	Portion of shareholding (%)
Joint Venture Hydrotek-Sahakarn	Sahakarn Wisavakorn Co., Ltd.	Construction of wastewater treatment (Liquidated during 2010)	Thai	Dec 24, 2010	Dec 28, 2010	- (Established in 2006, held 50% of registered capital)
Joint Venture Hydrotekseri	Serikarn Yota Co., Ltd.	Construction of wastewater treatment (Liquidated)	Thai	Dec 31, 2009	Feb 17, 2010	- (Established in 2002, held 99.99% of registered capital)
Joint Venture Hydrotek-Salcon	Salcon Engineering Co., Ltd. and S.P.K. Construction Co., Ltd.	Construction of pump station (Liquidated during 2010)	Thai	May 21, 2010	Jun 11, 2010	- (Established in 2001, held 48% of registered capital)

The announcement of liquidation of 3 joint ventures was the result of the completion of the construction and service provided to customer. In order to proper adjusted the business structure, the Company entered into Memorandum of Understanding (MOU) with joint venture partners for liquidation. Therefore, the joint ventures were not the Company's subsidiaries subsequently. Thus, the consolidated financial statement for accounting year 2010 ended on December 31, 2010 were excluded the financial status of the 3 joint ventures. However, the income statements were included operation results of the joint ventures since January 1, 2010 until the date the Company entered into the MOU for joint venture liquidation.

(B) Summary Table of Financial Status and Operation Result

Statements of Financial Status	Audited					
	Ended Dec 31,10 (Reclassified)		Ended Dec 31,11		Ended Dec 31,12	
	MB	%	MB	%	MB	%
Cash and cash equivalents	95.85	29.4%	128.51	24.6%	156.55	28.9%
Current investment	25.05	7.7%	0.11	0.0%	0.00	0.0%
Trade and other accounts receivable	84.35	26.2%	184.64	35.3%	109.71	20.3%
Unbilled receivable	16.09	4.9%	81.84	15.7%	109.13	20.1%
Retention receivable	11.37	3.5%	12.77	2.4%	28.71	5.3%
Suspend input vat	1.01	0.3%	2.07	0.4%	2.44	0.4%
Construction in progress	0.00	0.00%	6.24	1.2%	2.57	0.5%
Total Current Assets	234.61	72.0%	416.18	79.6%	409.11	75.5%
Deposits at financial institutions pledged as collateral	62.60	19.2%	66.82	12.8%	46.61	8.6%
Investment in associate	0.00	0.0%	0.00	0.0%	3.79	0.7%
Investments property	1.39	0.4%	1.39	0.3%	1.98	0.4%
Land and equipment –net	18.63	5.7%	31.86	6.1%	64.28	11.9%
Intangible assets –net	0.75	0.2%	0.73	0.1%	0.48	0.1%
Withholding tax deducted at source –net	7.84	2.4%	5.37	1.0%	14.77	2.7%
Other non-current assets –net	0.17	0.1%	0.53	0.1%	0.53	0.1%
Total Non-Current Assets	91.37	28.0%	106.70	20.4%	132.45	24.5%
Total Assets	325.98	100.0%	522.89	100.0%	541.56	100.0%
Trade and other accounts payable	66.37	20.2%	133.56	25.6%	130.27	24.0%
Construction revenue received in advance	0.00	0.0%	8.09	1.5%	12.44	2.3%
Advances receives from customers under construction contracts	104.16	32.0%	78.87	15.1%	83.12	15.3%
Unbilled output tax	3.82	1.2%	10.19	1.9%	5.09	0.9%
Current portion of long-term loans	0.00	0.0%	0.00	0.0%	3.24	0.6%
Current portion of obligation under finance lease	0.23	0.1%	1.28	0.2%	1.71	0.3%
Provision for warranty	2.04	0.6%	1.97	0.4%	2.93	0.5%
Provision for cost of service	16.37	5.0%	20.98	4.0%	0.00	0.0%
Provision of loss from construction	0.00	0.0%	0.00	0.0%	0.00	0.0%
Other current liabilities	0.00	0.0%	0.00	0.0%	0.00	0.0%
Total Current Liabilities	192.99	59.3%	254.94	48.8%	238.8	44.1%
Long-term loans due to financial institutions	0.00	0.0%	0.00	0.0%	10.6	2.0%
Obligation under finance lease – net	0.37	0.1%	4.81	0.9%	4.33	0.8%
Employee benefit obligation	0.00	0.0%	6.85	1.3%	8.85	1.6%
Total Non-Current Liabilities	0.37	0.1%	11.66	2.2%	23.79	4.4%
Total Liabilities	193.36	59.3%	266.60	51.0%	262.58	48.5%
Registered share capital	100.00	30.7%	130.0	24.9%	130.0	24.0%
Issued and paid-up share capital	100.00	30.7%	130.0	24.9%	130.0	24.0%
Premium on share capital	0.00	0.00%	67.21	12.9%	67.21	12.4%
Appropriated – statutory reserve	3.42	1.0%	6.73	1.3%	9.62	1.8%
Retained earnings (loss)	29.21	9.0%	52.35	10.0%	72.15	13.3%
Total Shareholders' Equity	132.62	40.7%	256.29	49.0%	278.98	51.5%

Remark : The comparative financial statements for year 2010 have been presented with the new form to be in accordance with the financial statements for year 2011 which adopted the new and revised financial reporting standards issued by the Federation of Accounting Professions and stipulated these to be applied to the financial statements for an accounting period beginning on or after January 1, 2011 onwards.

Statements of Comprehensive Income			Audited			
	Year 2010 (Reclassified)		Year 2011		Year 2012	
	MB	%	MB	%	MB	%
Construction income	205.59	73.3%	600.83	87.2%	820.48	98.9%
Service income	74.94	26.7%	88.23	12.8%	53.57	6.1%
Total Revenues	280.53	100.0%	689.06	100.0%	874.05	100.0%
Cost of construction	165.34	58.9%	510.07	74.0%	720.05	82.4%
Cost of services	72.31	25.8%	86.71	12.6%	47.08	5.4%
Total Costs	237.65	84.7%	596.78	86.6%	767.13	87.8%
Gross Profit	42.88	15.3%	92.28	13.4%	106.92	12.2%
Other income	14.57	5.2%	2.19	0.3%	7.52	0.9%
Profit before expenses	57.45	20.5%	94.46	13.7%	114.44	13.1%
Selling and administrative expenses	38.54	13.7%	39.76	5.8%	44.60	5.1%
Profit from operation	18.91	6.7%	54.70	7.9%	69.84	8.0%
Finance cost	0.01	0.0%	0.27	0.0%	0.41	0.0%
Income tax	0.06	0.0%	6.52	0.9%	11.74	1.4%
Profit before share of losses from investment in associate	38.54	13.7%	39.76	5.8%	57.69	6.6%
Share of losses from investment in associate	0.00	0.0%	0.00	0.0%	1.20	0.1%
Net Profit /(Loss)	18.84	6.7%	47.91	7.0%	56.49	6.65%
Earnings per share (Baht/share)	1.88		0.47		0.43	
Par value (Baht /share)	10.00		1.00		1.00	
Weighted average of ordinary shares (million shares)	10.00		101.81		130.00	

หมายเหตุ : ¹ Other income:

- In 2012, other income were interest income at 2.90 million baht, damage claimed from subcontractor 1.76 million baht, revenues from scrap sales at the amount of 0.60 million baht, revenue from reversal of provision for cost of service 0.92 million baht and other income at 1.34 million baht.
- In 2011, other income were interest income at 1.76 million baht and other income at 0.43 million baht.
- In 2010, large amount of other income were reverse transaction of provision of loss from construction project (project of PTT Utility Co., Ltd. (PTTUP) at the amount of 8.69 million baht (the Company recorded such liabilities for accounting period of 2008 , on May 25, 2010, the employer sent the letter informing that it would not claim for any damages from the delay since the employer was not damaged even the project did not hand over to the employer since it is able to produce water), claim from contractor at the amount of 1.66 million baht , profit from sales of investment in Joint Venture Hydrotek-Salcon at the amount of 1.89 million baht, revenues from scrap sales at the amount of 0.64 million baht, interest income and others.

Statements of Cash Flow	Audited		
	Year 2010 (Reclassified)	Year 2011	Year 2012
Cash Flow From Operating Activities			
Profit / (Loss) before income tax	18.90	54.43	68.23
Adjustments to reconcile net profit for cash received (used) from operations			
Bad debt and doubtful debt / (reversal)	-0.25	2.00	-2.00
Gain from sales of current investment	0.00	0.05	-0.00
Share of losses from investments accounted by equity method	0.00	0.00	1.2
Depreciation	3.15	1.69	2.72
Amortization of intangible assets	0.19	0.21	0.23
Gain from sales of fixed assets	-0.07	0.31	0.04
Loss from impairment of land / (reversal)	0.59	0.00	-0.59
Provision for warranty	0.00	0.53	3.10
Provision of cost of service / (reversal)	5.58	4.61	1.62
Provision for penalty fee	0.00	0.63	-0.63
Income from debt settlement	0.00	0.00	-1.38
(Profit)/loss from extraordinary or accounting transaction	-0.04	0.00	0.00
Unrealized loss on exchange rate	0.00	0.55	0.06
Provision for employee benefit	0.00	0.39	1.93
Participating (profit)/loss from joint venture cease operation	-2.06	0.00	0.00
Provision for loss from construction/ (reversal)	-8.69	0.00	0.00
Provision for loss from investment in joint ventures	0.00	0.00	0.00
Interest income	-0.43	-1.76	-2.91
Interest expenses	0.01	0.27	0.41
Profit (loss) from operating activities before changes in operating assets and liabilities	16.88	63.82	72.03
Trade and other accounts receivable	-9.20	-99.95	73.56
Unbilled receivable	20.66	-65.74	-27.29
Retention receivable	18.79	-3.40	-13.94
Suspend input vat	0.00	-0.17	-0.37
Construction in progress	0.00	0.00	3.67
Trade and other accounts payable	-11.28	57.59	-0.06
Construction revenue received in advance	0.00	8.09	4.35
Advances received from customers under construction contracts	80.61	-25.29	4.25
Unbilled output tax	-0.28	6.37	-5.10
Provision for warranty	-2.22	-0.61	-2.15
Provision of cost of service	-7.16	0.00	-22.60
Cash provided from (used) from operating	106.80	-59.29	86.38
Income tax (paid) received	23.43	-4.06	-21.14
Net cash provided from (used) from operating activities	130.23	-63.35	65.22
Cash Flow From Investing Activities			
(Increase) /decrease in current investment	-25.00	25.00	0.11
Cash paid for investment in associate	0.00	0.00	-5.00
(Increase)/decrease in deposits at financial institutions pledged as collateral	-16.66	-4.23	20.21

Statements of Cash Flow	Audited		
	Year 2010 (Reclassified)	Year 2011	Year 2012
Cash received from sales/(paid for purchase) of fixed assets	-1.66	-7.95	-33.65
Cash received from disposal of fixed assets	0.00	1.06	0.52
Cash received from sales/(paid for purchase) of intangible assets	-0.45	-0.18	-0.03
(Increase)/ decrease in other current assets	-0.00	-0.36	0.00
Cash received /(paid) from joint venture cease operation	-0.72	0.00	0.00
Cash received interest income	0.59	1.42	3.00
Net cash provided from (used) in investing activities	-43.91	14.76	-14.83
Cash Flow From Financing Activities			
Cash paid obligation under finance lease	-0.17	-0.68	-1.98
Increase in long-term loans due to financial institutions	0.00	0.00	13.84
Cash received for capital/ (payment for capital)	0.00	97.21	0.00
Increase / (decrease) in short term loan from financial institution	-10.00	0.00	0.00
Decrease in short term loan from other company	0.19	0.00	0.00
Cash paid for dividend	0.00	-15.00	-33.80
Cash paid for interest expenses	-0.01	-0.27	-0.41
Net cash provided from (used) from financing activities	-10.38	81.26	-22.35
Cash and cash equivalent increase /(decrease) net	75.94	32.67	28.04
Cash and cash equivalent at the beginning of the year	19.90	95.85	128.50
Cash and cash equivalent at the end of the year	95.85	128.50	156.55

Financial ratio		Year 2010	Year 2011	Year 2012
Liquidity ratio				
Current Ratio	Times	1.22	1.63	1.71
Quick Ratio	Times	1.06	1.23	1.02
Cash Flow Liquidity Ratio	Times	0.76	-0.28	0.26
Account Receivable Turnover	Times	3.62	5.12	6.75
Average Collection Period	Days	99	70	53
Inventory Turnover	Times	0.00	0.00	0.00
Average Sales Period	Days	0.00	0.00	0.00
Account Payable Turnover	Times	3.69	6.00	7.52
Payment Period	Days	97	60	48
Cash cycle	Days	2	10	5
Profitability ratio				
Gross Profit Margin	%	15.3%	13.4 %	12.2 %
Operating Profit Margin	%	6.7%	7.9%	8.0%
Other Profit Margin	%	0.0%	0.0%	0.0%
Cash to Profit ratio	%	689.0%	-115.8%	93.4%
Net profit Margin	%	6.7%	7.0%	6.5%
Return on Equity	%	15.3%	24.6%	21.11%
Efficiency ratio				
Return on Assets	%	6.4%	11.3%	13.1%
Return on Fixed Assets	%	23.3%	50.3%	49.7%
Assets Turnover	Times	0.95	1.62	1.64
Financial policy ratio				
Debt to Equity Ratio	Times	1.46	1.04	0.94
Interest Coverage Ratio	Times	9,309.07	-233.63	155.85
Fixed Charges Coverage Ratio - Cash basis	Times	55.50	-2.71	0.87
Dividend Payout Ratio	%	79.62%	70.55%	127.85%

Remark : Annual General Meeting of shareholders for year 2011 on March 25, 2011 passed the resolution to pay dividend from net profit for the accounting period of 2010 at 1.50 baht per share, totaling 15 million baht and allotted 5% of net profit to be legal reserve at the amount of 0.91 million, the dividend payment would be paid on June 30, 2011.

Explanation and Analysis of Operating Performance and Financial Status

Operating Performance Overview

The company has run construction and environmental engineering management service as water treatment plant such as running water production, demineralised water production for industrial use and water reverse osmosis, wastewater treatment plant, wastewater recycle plant, solid waste treatment plant, and waste to energy technology. The majority of the customers is domestic government and private agencies.

From 2011, the company has invested in water plant to sell to government and private agencies in the manners of Build, Own and Operate (BOO) and Build, Operate and Transfer (BOT) in which the company has been responsible for project investment and management cost for about 10-30 years starting from small private

project with project term of 10 years. At the end of the year 2012, the company signed contracts with government agencies for 4 projects to produce water for people in municipal area with project term of 30 years. These areas are not served by Provincial Waterworks Authority since the size is too small. The investment will begin in 2013 and it is expected the revenue can be recognized from the end of 2013.

Furthermore, in 2012, the company started studying about investment feasibility in ASEAN, especially in Myanmar where political situation has become less intense. The government has prioritized economic and social development, especially, government utility systems to construct running water system and wastewater treatment system in industrial estate. This project is under feasibility study and investment proposal submission.

Profitability

Revenue

Total revenue of the company in accounting period of 2010 was 280.53 Million Baht, 2011 was 689.06 Million Baht and 2012 was 874.05 Million Baht. Among these, revenue from construction was 205.59 Million Baht, 600.83 Million Baht, and 820.48 Million Baht while revenue from service was 74.94 Million Baht, 88.23 Million Baht and 53.57 Million Baht respectively. Increase in revenue in 2012 resulted from recognition of 6 new construction projects. Considering change in revenue categorized by type of revenue, the details of change are as follows:

Types of Revenue (Million Baht)	2010		2011		2012	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Revenue from Construction	205.59	73.3%	600.83	87.2%	820.48	93.9%
Revenue from Service	74.94	26.7%	88.23	12.8%	53.57	6.1%
Revenue from Water Plant Investment	0.00	0.0%	0.00	0.0%	0.00	0.0%
Total Revenue	280.53	100.0%	689.06	100.0%	874.05	100.0%
Other Revenues	14.57		2.19		7.52	

Revenue from service is secondary business to response to customers' or employer's requirement for comprehensive service ranging from construction to system management. The revenue from service has decreased from 88.23 Million Baht in 2011 to 53.57 Million Baht in 2012 due to expiry of system management service agreement with some government agencies without any renewal of contract. The reason is such agency will take charge of the system management. However, the company still retains the policy to generate revenue from service for stability of income and for retaining customer relationship management to prevent and reduce risk from possibly decreasing construction project volume. Normally, the period of service ranges from 2 to 6 years.

In 2012, there was no revenue from investment in water plant since it has been in construction phase and it is expected to recognize the revenue from 2013.

Cost and Gross Profit

The total cost in accounting period of 2010 was 237.65 Million Baht, of 2011 was 596.78 Million Baht and of 2012 was 767.13 Million Baht counting for 84.7%, 86.6% and 87.8 % of the total revenue respectively with profit margin of 15.3%, 13.4 % and 12.2% respectively. If considering cost of work categorized by type of revenue, it is found that the company has construction cost in accounting periods of 2010-2012 as 165.34 Million Baht, 510.07 Million Baht and 720.05 Million Baht respectively, counting for 80.4%, 84.9% and 87.8% of the construction revenue with gross profit margin of 19.6%, 15.1% and 12.2% respectively. In 2012, the gross profit margin from construction has decreased due to extension of construction period caused by mega flood in 2011. The government sector's project has extended period causing the overhead cost to rise. For service, the cost of service of accounting period of 2010-2012 was 72.31 Million Baht, 86.71 Million Baht and 47.08 Million Baht counting for 96.5%, 98.3% and 87.9% of the total service revenue with gross profit margin of 3.5%, 1.7% and 12.1% respectively. Increase in profit margin in 2012 is because projects after expiry of contract had lower cost.

Sale and Administration Expenses

The company's sale and administration expenses in accounting period of 2010 – 2012 was 38.54 Million Baht, 39.76 Million Baht and 44.60 Million Baht counting for 13.7%, 5.8% and 5.1% respectively of the total revenue. The sale and administration expense ratio has decreased since 2010 due to increase in revenue. However, the high rising expense in 2012 was corporate social responsibility (CSR) and public relation expenses. The year 2012 marked the 30th Anniversary of the company, therefore, the management and employees have done CSR activities by constructing and installing reverse osmosis water plant for a school with 2,500 students, meal offering, book and educational equipment handing over to children with disability school and painting temple's wall. All these activities were held in Nan province under the Project of The Water Road #1 that will be carried out every year to give back to the society.

Net Profit and Net Profit Margin

The company's net profit in accounting period of 2010 was 18.84 Million Baht, of 2011 was 47.91 Million Baht and of 2012 was 56.49 Million Baht counting for net profit margin of 6.7%, 7.0% and 6.5% respectively. Although the net profit in 2012 has increased by 17.9% from 2011 or 8.58 Million Baht but the net profit margin was lower than that of the year 2011 since the net profit margin of construction work that counts for 93.9% of the total revenue has decreased. Due to this reason, the net profit margin of 2012 has decreased. Furthermore, in 2011, the company got the tax privilege from accumulated loss for the profit of the first half of the year. Therefore, the net profit in 2011 became higher than that of the year 2012.

The return on equity of 2010 – 2012 was 15.3%, 24.6% and 21.11% respectively following the same direction as the net profit margin. Due to this reason, the cash to profitability ratio of 2010 – 2012 was 689.0% -115.8% and 93.4% respectively. In 2010, the company received cash flow from operation of 130.31 Million Baht which has been contributed greatly from construction contract prepayment of 80.61 Million Baht while profit from

operation was 18.9 Million Baht causing the cash to profitability ratio to rather high. In 2011, the cash flow was - 63.34 Million Baht due to increase in trade receivables and unbilled receivables of 165.70 Million Baht causing the ratio to be negative. For the year 2012, the cash flow was 65.22 Million Baht and the cash flow from operation was 69.85 Million Baht causing the cash to profitability ratio to be 93.4%.

Asset Management Ability

Total assets as of 31 December 2010 were 325.98 Million Baht, of 31 December 2011 was 522.89 Million Baht and of 31 December 2012 was 541.56 Million Baht. The important assets of the company are as follows:

- **Cash and Cash Equivalents**

At year end of 2010, the company's cash and cash equivalent was 95.85 Million Baht. At year end of 2010, 128.51 Million Baht at year end of 2011 and 156.55 Million Baht at year end of 2012. Continuous increase in cash and cash equivalent resulted from good performance due to efficient cost management and control. Moreover, the company has taken more construction work. In 2010, the transaction that has significantly increased the cash and cash equivalent was construction contract prepayment that has increased by 80.61 Million Baht. This amount was working capital for carrying out projects. In 2011, the reason for increase in these items was increase in capital from public offering of common stock as being listed company in December. The increase was 97.21 Million Baht. And in 2012, the company received cash from operation since it collected trade receivables of 82.65 Million Baht.

- **Trade and Other Receivables**

At year end of 2010, the company's trade and other receivables were 85.24 Million Baht (excluding other receivables, deposit and advance payment to sub-contractors). At year end of 2011, these items were 184.64 Million Baht and end of 2012 were 109.71 Million Baht. The ratio of the trade and the other receivables was 77 : 23 in 2010, 93 : 7 in 2011 and 80 : 20 in 2012 or was equal to 65.4 : 19.8, 170.8 : 13.8 and 88.1 : 21.6 Million Baht respectively. In 2012, the significant decrease in trade receivables from the previous year was because in 2012, there were many items of collection of trade receivables based on progress of work. However, at the end of 2012, it has not yet been the time to issue invoice to collect payment. It can be seen that there was increase in value of completed work that was unbilled. Quality of the trade receivables considered from ageing period in 2010-2012 was undue receivables of 37.3%, 70.4% and 57.6% and overdue receivables of 62.7%, 29.6% and 42.4% respectively. Even though, in 2012, there was increased in overdue receivables, it was expected to collect all debt within Quarter 1 of 2013 since most of the debtors were government agencies and listed private companies.

Receivable turnover of 2010-2012 was 3.62, 5.12 and 6.75 times with average collection period of 99, 70 and 53 days respectively. The turnover and collection period have improved every year.

Other receivables comprised deposits, advance payment for sub-contractors and other receivables as advance and prepaid expenses that have increased in compliance with construction revenue in 2012.

- **Unbilled Receivables**

The unbilled receivables as end of 2010, 2011 and 2012 were 16.09 Million Baht, 81.84 Million Baht and 109.13 Million Baht respectively counting for the ratio per total asset of 4.9%, 15.7% and 20.1% respectively. Increase in the unbilled receivables of the completed work from 2010 was in line with increase in construction revenue. In 2012, the unbilled receivables have increased by 33.4% from 2011 that was close to increase in construction revenue of 36.6%. There were totally 12 construction projects.

- **Deposits at Banks Pledged as Collateral**

At end of 2010, 2011 and 2012, the company's deposits at banks pledged as collateral was 62.60 Million Baht, 66.82 Million Baht and 46.61 Million Baht counting for 19.2%, 12.8% and 8.6% of the total asset of the company. Such deposit was used as collateral for letter of guarantee with 2 financial institution creditors. Such letter of guarantee was used for submitting bid proposal, performance bond, retention, advanced payment bond and supplier guarantee. Decrease in this time in 2012 was due to completion of the retention period so the letter of guarantee was returned and there was decrease in this item by 20.21 Million Baht.

- **Investments in Associated Company**

At end of 2012, the company had 3.79 Million Baht as investments in associated company which was investment in UAC Hydrotek Company Limited with shareholding ratio of 49.997% with Universal Absorbent and Chemicals Public Company Limited. The company has assigned representative to be the director in this associated company. The objectives of this company are to carry out investment project to produce water treatment and sell for consumption and industrial use to extend customer base and capacity of the company. In 2012, the company recognized loss from this company of 1.20 Million Baht since it was investment in the first year and such company has not received operating revenue. At the end of 2012, the company jointly received 2 projects, which were expect to create profits from 2013.

- **Land and Equipment and Investment Property**

At year end of 2010, 2011 and 2012, the company had 18.63, 31.86 and 64.28 Million Baht of land and equipment that was equal to 5.7%, 6.1% and 11.9% of the total asset. The major asset was land with net value of 11.50 Million Baht at end of 2012 that the company used as collateral for credit facility from financial institutions. Asset in 2012 that has increased was work in progress of project of investment and sale of water treatment plant amounting to 27.44 Million Baht. When completed, it was expected to generate income from quarter 2 of 2013. The company's investment property was land that the company received from a trade receivable. At present year, an independent appraiser has evaluated the price of such land and found that the price has increased. Therefore, loss from impairment on land has been reversed back at the amount of 0.59 Million Baht. The net price of the land at end of 2012 was 1.98 Million Baht.

From the above asset management, the company had return on assets of 2010-2012 of 6.4%, 11.3% and 13.1% with return on fixed asset of 23.3%, 50.3% and 49.7% and asset turnover of 0.95 times, 1.62 times and 1.64 times respectively. It can be seen that all the ratios have increased in the same direction since they were caused by continuous increase in revenue and profits. However, return on fixed asset in 2012 has been slightly lower than that of 2011 due to project of investment and sale of water treatment plant was in process of construction so no revenue was recognized in this stage.

Sufficiency of Capital

The company's funds came from liabilities and the shareholder's equity as follows:

Liabilities

Total liabilities of the company as of 31 December 2010 was 193.36 Million Baht, 31 December 2011 was 266.60 Million Baht and 31 December 2012 was 262.58 Million Baht. The important liabilities are as follows:

- **Trade and Other Payables**

The company had trade and other payables as of 2010 of 66.37 Million Baht, of 2011 of 133.56 Million Baht and of 2012 of 130.27 Million Baht counting for 20.2%, 25.6% and 24.0% of the total assets of the company respectively. The ratios of trade payables per other payables of 2010-2012 were 86 : 14, 83 : 17 and 72 : 28 or amount of (Million Baht) 56.9 : 9.5, 110.3 : 23.3 and 93.8 : 36.4 respectively. 80% of the trade payables were material payables that the company purchased construction materials in the country. Change in trade payables and other payables would be in line with change in the company's revenues. In 2012, although the revenue was higher, there was decrease in trade receivables in same direction as trade payables that is when getting payment from the trade receivables, the company would pay to the trade payables.

Payable turnover of 2010-2012 was 3.69, 6.00 and 7.52 times respectively with payment period of 97, 60 and 49 days that was shorter like average collection period. Therefore, cash cycle of 2010-2012 was 2, 10 and 5 days respectively.

- **Provision for Cost of Service**

Provision for cost of service is membrane cost that the company estimated to purchase for exchange in a certain of period for PTT Global Chemical Public Company Limited Project only. Since it was purchase of equipment abroad, at end of period, the figure would be adjusted according to foreign exchange rate. At end of 2010, 2011 and 2012, this item was 16.37, 20.98 and 0.00 Million Baht counting for 5.0 and 4.0% in 2010 and 2011 respectively. In 2012, the company completely handed over the equipment to the customer, so there was no longer this provision at year end and there would be no such provision in the future since contracts made in 2012 would specify that the customers are responsible for such expense. Therefore, current liabilities of 2012 was lower than that of 2011.

- **Advances Received from Customers Under Construction Contracts**

At year end of 2010, 2011 and 2012, the company had advances received from customers under construction contracts of 104.16, 78.87 and 83.12 Million Baht respectively. In 2010, this item was very high since the company was hired by a new employer who paid 94.93 Million Baht as advance received while decrease in this item at end of 2011 was because the company was employed by a new employer and has not yet received this payment. In 2012, this item has risen by 4.25 Million Baht comparing to that of 2011 since it was awarded a project at the end of 2012.

- **Construction Revenue Received in Advance**

At year end of 2012, the company had construction revenue received in advance of 12.44 Million Baht and at year end of 2011 of 8.09 Million Baht while there was not this item in 2010. This item was created due to payment based on milestone. Request for payment can be made for several milestones at the same time that is more than recognition of progress of work in such project.

The company's liquidity ratio in 2010-2012 was 1.22, 1.63 and 1.71 times and quick ratio of 1.06, 1.23 and 1.02 times respectively. The liquidity and quick ratios have been improved from 2010 to 2012, although in 2012, the liquidity ratio has decreased due to significant decrease of trade receivables caused by better debt collection. This was also contributed by expectation that the company would have better liquidity in the future due to higher ability to do more work. The cash ratio in 2010-2012 was 0.76, -0.28 and 0.26 times respectively. Even though, the ratio in 2011 was negative due to increase in trade and other receivables and unbilled receivables, the ratio has improved in 2012 due to positive operation cash flow.

- **Long-Term Loan due to Financial Institutions**

At year end of 2012, the company had long-term loan due to financial institutions of 13.84 Million Baht. Among these, there were current portion of long-term loan of 3.24 Million Baht and long-term loan for non-current liabilities of 10.60 Million Baht. Such loan was made to invest in a project to invest and sell water treatment for a private agency customer. The interest expense is cost of construction until the construction completes. The loan has repayment period in 5 years and the company is certain that it can repay the debt in due time with the aforementioned liquidity.

- **Employee Benefit Obligations**

At year end of 2011, the company recognized employee benefit obligation in case of termination of employment or retirement according to the labor law based on Accounting Standard No. 19 on Employee Benefits as liability in financial statement of 6.85 Million Baht. The company chose to increase the obligation by adjusting such liability to the retained earning as at 1 January 2011 at the amount of 6.85 Million Baht. The company recognized expense for benefits of the employees during the period of 0.39 Million Baht. In 2012, the company had employee benefit obligation of 8.85 Million Baht rising by 2.0 Million Baht from the year 2011.

Shareholders' Equity

The shareholders' equity as of year ended of 2010-2012 was 132.62 Million Baht, 256.29 Million Baht and 278.98 Million Baht counting for ratio per total asset of 40.7%, 49.0% and 51.5% respectively. The shareholders' equity in 2011 has increased from year end 2010 by 123.67 Million Baht resulted from good operation and public offering to increase capital. The shareholders' equity has increase, although dividend of 15.00 Million Baht was paid due to resolution of the Annual Shareholder's Meeting of 2011 on 25 March 2011 and there was adjustment of liability according to No. 19 Accounting Standard on Employees Benefit Obligations that defines the company to recognize benefits of the employees as expense when the company receives benefits from service provided by the employees and recognize liability when the employees provide service in exchange for benefits of the employees the company has to pay in the future. The company has adjusted this liability with retained earning of 1 January 2011 of 6.45 Million Baht. In 2012, the shareholder's equity has increased from that of 2011 by 22.69 Million Baht that was profit from operation of 56.49 Million Baht and there was dividend payment in 2012 of 33.80 Million Baht.

The capital structure of the company from debt to equity ratio of 2010-2012 was 1.46, 1.04 and 0.94 times respectively which has continuously decreased. This is caused by increase in the shareholder's equity due to continuous profitability and low amount of loan debt which is shown in very low interest expense.

Factors Affecting Future Operation

From the company's vision to be leading environmental engineering player in Thailand and ASEAN as investor in project of water treatment from 2011, the company has invested in 4 projects in Thailand with contract period of 30 years and is during feasibility study and submitting proposal to ASEAN countries. The factors that may affect the company's future operation and financial status are as follows:

1. For such investment, the company has to bear total cost arising from investment and project management for the period of 10 – 30 years with investment cost of 30-50 Million Baht per project. Due to the nature of high investment cost with long service period, the company may have impacts from service fee payment default of the employer due to lack of liquidity or bankruptcy before the contract period completes. This may affect the company's future operation and financial status.

The company has provided service in a manner of investment project by employing mobile plant to reduce risk in payment default from employer. This means that if the employer defaults in paying service fee, the company will be able to move the running water system out of the site within 15 days that can be installed in other projects. Furthermore, the company has defined prevention policy for such risk by considering the employer's financial status, credibility of the management and profit margin to reach the company's policy before taking the work or bidding. Therefore, these actions results in low impacts from this risk.

2. In case of investment abroad having several factors such as laws, regulations and policy of each country, payment ability, foreign exchange rate and capital

The company has conducted feasibility of the project and regularly studied regulations and measurements relevant to investment for up-to-date information. Moreover, the company has created good relationship with local business partners and those who are experienced in running business in such countries for suggestions and convenience. The company has also appointed financial advisor for seeking appropriate source of fund.

Independent Auditor's Report

To the Shareholders of Hydrotek Public Company Limited

I have audited the accompanying financial statements in which the equity method is applied and the separate financial statement of Hydrotek Public Company Limited, which comprise the statement of financial position in which the equity method is applied and the separate statement of financial position as at December 31, 2012, and the related statement of comprehensive income in which the equity method is applied and the separate statement of comprehensive income, the statement of changes in shareholders' equity in which the equity method is applied and the separate statement of changes in shareholders' equity and the statement of cash flows in which the equity method is applied and the separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 I 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 financial statements in which the equity method is applied and the separate financial statement referred to above present fairly, in all material respects, the financial position of Hydrotek Public Company Limited as at December 31, 2012, and its financial performance and its cash flow for the year then ended in accordance with Financial Reporting Standards.

SP Audit Company Limited



(Miss Susan Eiamvanicha)

Certified Public Accountant (Thailand) No. 4306

Bangkok

February 26, 2013.

STATEMENTS OF FINANCIAL POSITION

HYDROTEK PUBLIC COMPANY LIMITED

AS AT DECEMBER 31, 2012 AND 2011

(Unit : Baht)

	Financial statement in which			
	Notes	the equity method is applied	Separate financial statements	
		2012	2012	2011
<u>ASSETS</u>				
Current Assets				
Cash and cash equivalents		156,548,478.00	156,548,478.00	128,512,523.90
Current investment		-	-	111,183.26
Trade and other receivables	5	109,714,112.54	109,714,112.54	184,639,961.70
Unbilled receivables	6	109,126,178.14	109,126,178.14	81,835,711.96
Retention receivables		28,712,343.60	28,712,343.60	12,769,446.42
Suspend input vat		2,438,256.05	2,438,256.05	2,071,619.09
Construction in progress		2,571,816.00	2,571,816.00	6,240,354.13
Total Current Assets		409,111,184.33	409,111,184.33	416,180,800.46
Non-Current assets				
Deposits at banks pledged as collateral	7	46,613,087.42	46,613,087.42	66,824,256.57
Investment in associate	8	3,794,876.86	4,999,700.00	-
Investments property	9	1,980,000.00	1,980,000.00	1,390,000.00
Land and equipment	10	64,277,215.39	64,277,215.39	31,860,397.63
Intangible assets	11	483,831.13	483,831.13	725,287.60
Withholding tax deducted at source		14,767,111.70	14,767,111.70	5,371,075.88
Other non-current assets		532,336.54	532,336.54	532,986.54
Total Non-Current Assets		132,448,459.04	133,653,282.18	106,704,004.22
Total Assets		541,559,643.37	542,764,466.51	522,884,804.68

Notes to financial statements are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

HYDROTEK PUBLIC COMPANY LIMITED

AS AT DECEMBER 31, 2012 AND 2011

(Unit : Baht)

	Financial statement in which			
	Notes	the equity method is applied	Separate financial statements	
			2012	2011
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>				
Current Liabilities				
Trade and other payables	12	130,269,317.95	130,269,317.95	133,557,727.73
Construction revenue received in advance	6	12,442,866.61	12,442,866.61	8,094,196.00
Advances received from customers under construction contracts		83,122,378.91	83,122,378.91	78,871,815.75
Unbilled output tax		5,090,029.88	5,090,029.88	10,189,655.93
Current portion of long-term loans	13	3,240,000.00	3,240,000.00	-
Current portion of obligation under finance lease	14	1,705,343.97	1,705,343.97	1,276,789.82
Provision for warranty	15	2,925,627.65	2,925,627.65	1,967,555.22
Provision for cost of service	16	-	-	20,982,792.68
Total Current Liabilities		238,795,564.97	238,795,564.97	254,940,533.13
Non-Current Liabilities				
Long-term loans due to financial institutions	13	10,600,000.00	10,600,000.00	-
Obligation under finance lease	14	4,332,922.80	4,332,922.80	4,807,231.01
Employee benefit obligation	17	8,853,779.00	8,853,779.00	6,849,229.00
Total Non-Current Liabilities		23,786,701.80	23,786,701.80	11,656,460.01
Total Liabilities		262,582,266.77	262,582,266.77	266,596,993.14

Notes to financial statements are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

HYDROTEK PUBLIC COMPANY LIMITED

AS AT DECEMBER 31, 2012 AND 2011

(Unit : Baht)

	Financial statement in which		
	Notes	the equity method is applied	Separate financial statements
			2012 2011
Shareholders' Equity			
Share capital	18		
Authorized share capital			
130,000,000 ordinary shares, at par value of Baht 1.00		130,000,000.00	130,000,000.00 130,000,000.00
Issued and paid-up share capital			
130,000,000 ordinary shares, at par value of Baht 1.00		130,000,000.00	130,000,000.00 130,000,000.00
Premium on share capital		67,211,860.87	67,211,860.87 67,211,860.87
Retained earnings			
Appropriated legal reserve	19	9,620,000.00	9,620,000.00 6,730,000.00
Unappropriated		72,145,515.73	73,350,338.87 52,345,950.67
Total shareholders' equity		278,977,376.60	280,182,199.74 256,287,811.54
Total Liabilities And Shareholder's Equity		541,559,643.37	542,764,466.51 522,884,804.68

Notes to financial statements are an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

HYDROTEK PUBLIC COMPANY LIMITED

FOR THE YEARS ENDED ON DECEMBER 31, 2012 AND 2011

(Unit : Baht)

	Notes	Financial statement in which		
		the equity method is applied	Separate financial statements	
			2012	2011
Revenues				
Construction income		820,476,214.72	820,476,214.72	600,830,279.83
Service income		53,575,169.65	53,575,169.65	88,230,607.63
Other income		7,518,368.26	7,518,368.26	2,186,677.56
Total Revenues		881,569,752.63	881,569,752.63	691,247,565.02
Expenses				
Cost of construction		720,046,488.74	720,046,488.74	510,070,038.51
Cost of services		47,077,882.12	47,077,882.12	86,712,159.39
Administrative expenses		30,547,926.45	30,547,926.45	27,314,814.46
Management benefit expenses		14,049,746.00	14,049,746.00	12,448,340.33
Finance cost		410,396.76	410,396.76	270,860.80
Total Expenses		812,132,440.07	812,132,440.07	636,816,213.49
Share of losses from investments in associate		(1,204,823.14)	-	-
Profit before income tax		68,232,489.42	69,437,312.56	54,431,351.53
Income tax	20	(11,742,924.36)	(11,742,924.36)	(6,524,147.99)
Total comprehensive income for the year		56,489,565.06	57,694,388.20	47,907,203.54
Basic earnings per share	21	0.43	0.44	0.47
Weighted average of ordinary shares (share)		130,000,000	130,000,000	101,890,411

Notes to financial statements are an integral part of these financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY IN WHICH THE EQUITY METHOD IS APPLIED

HYDROTEK PUBLIC COMPANY LIMITED

FOR THE YEARS ENDED ON DECEMBER 31, 2012 AND 2011

(Unit : Baht)

	Note	Issued and paid-up share capital	Premium on Share capital	Retained Earnings		Total
				Appropriated legal reserve	Unappropriated	
Balance as at January 1, 2012		130,000,000.00	67,211,860.87	6,730,000.00	52,345,950.67	256,287,811.54
Changes in equity for the year						
Statutory reserve	19	-	-	2,890,000.00	(2,890,000.00)	-
Dividend paid	22	-	-	-	(33,800,000.00)	(33,800,000.00)
Total comprehensive income for the year		-	-	-	56,489,565.06	56,489,565.06
Balance as at December 31, 2012		130,000,000.00	67,211,860.87	9,620,000.00	72,145,515.73	278,977,376.60

Notes to financial statements are an integral part of these financial statements.

SEPARATE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

HYDROTEK PUBLIC COMPANY LIMITED

FOR THE YEARS ENDED ON DECEMBER 31, 2012 AND 2011

(Unit : Baht)

	Note	Issued and paid-up share capital	Premium on share capital	Retained Earnings		Total
				Appropriated legal reserve	Unappropriated	
Balance as at January 1, 2011		100,000,000.00	-	3,415,863.92	22,752,883.21	126,168,747.13
Changes in equity for the year						
Increase from increment of capital	18	30,000,000.00	71,700,000.00	-	-	101,700,000.00
Expenses concerning to issue of ordinary shares	18	-	(4,488,139.13)	-	-	(4,488,139.13)
Statutory reserve		-	-	3,314,136.08	(3,314,136.08)	-
Dividend paid		-	-	-	(15,000,000.00)	(15,000,000.00)
Total comprehensive income for the year		-	-	-	47,907,203.54	47,907,203.54
Balance as at December 31, 2011		130,000,000.00	67,211,860.87	6,730,000.00	52,345,950.67	256,287,811.54
Changes in equity for the year						
Statutory reserve	19	-	-	2,890,000.00	(2,890,000.00)	-
Dividend paid	22	-	-	-	(33,800,000.00)	(33,800,000.00)
Total comprehensive income for the year		-	-	-	57,694,388.20	57,694,388.20
Balance as at December 31, 2012		130,000,000.00	67,211,860.87	9,620,000.00	73,350,338.87	280,182,199.74

Notes to financial statements are an integral part of these financial statements.

STATEMENTS OF CASH FLOW

HYDROTEK PUBLIC COMPANY LIMITED

FOR THE YEARS ENDED ON DECEMBER 31, 2012 AND 2011

(Unit : Baht)

	Notes	Financial statement in which	Separate financial statements	
		the equity method is applied	2012	2011
		2012	2012	2011
Cash Flow From Operating Activities				
Net profit before income tax		68,232,489.42	69,437,312.56	54,431,351.53
Adjustments to reconcile net profit for cash received (used) from operations				
Doubtful debts (reversal)		(2,000,000.00)	(2,000,000.00)	2,000,000.00
Gain from sales of current investment		(2,815.76)	(2,815.76)	(55,500.00)
Share of losses from investments accounted by equity method		1,204,823.14	-	-
Depreciation		2,716,068.69	2,716,068.69	1,692,807.08
Amortisation of intangible assets		226,755.96	226,755.96	206,367.93
Loss on disposal of assets		43,261.55	43,261.55	307,253.66
Reversal loss from impairment on land		(590,000.00)	(590,000.00)	-
Provision for warranty		3,104,270.51	3,104,270.51	531,945.90
Provision for cost of service		1,617,055.86	1,617,055.86	4,612,186.97
Provision for penalty fee (reversal)		(630,000.00)	(630,000.00)	630,000.00
Income from debt settlement		(1,381,250.00)	(1,381,250.00)	-
Unrealized loss on exchange rate		60,980.40	60,980.40	556,460.00
Provisions for employee benefits		1,935,271.39	1,935,271.39	394,712.00
Interest income		(2,913,330.35)	(2,913,330.35)	(1,763,082.33)
Interest expenses		410,396.76	410,396.76	270,860.80

Notes to financial statements are an integral part of these financial statements.

STATEMENTS OF CASH FLOW

HYDROTEK PUBLIC COMPANY LIMITED

FOR THE YEARS ENDED ON DECEMBER 31, 2012 AND 2011

(Unit : Baht)

	Notes	Financial statement in which	
		the equity method is applied	Separate financial statements
		2012	2012 2011
Profit from operation before changes in operating assets and liabilities		72,033,977.57	72,033,977.57 63,815,363.54
(Increase) decrease in trade and other accounts receivable		73,562,155.13	73,562,155.13 (99,952,023.71)
(Increase) decrease in unbilled receivable		(27,290,466.18)	(27,290,466.18) (65,742,070.22)
(Increase) decrease in retention receivable		(13,942,897.18)	(13,942,897.18) (3,398,565.62)
(Increase) decrease in suspend input vat		(366,636.96)	(366,636.96) (172,660.08)
(Increase) decrease in construction in progress		3,668,538.13	3,668,538.13 -
Increase (decrease) in trade and other accounts payable		(63,140.18)	(63,140.18) 57,593,863.53
Increase (decrease) in construction revenue received in advance		4,348,670.61	4,348,670.61 8,094,196.00
Increase (decrease) in advances received from customers			
under construction contracts		4,250,563.16	4,250,563.16 (25,287,447.62)
Increase (decrease) in unbilled output tax		(5,099,626.05)	(5,099,626.05) 6,369,273.38
Increase (decrease) in provision for warranty		(2,146,198.08)	(2,146,198.08) (606,942.17)
Increase (decrease) in provision for cost of service		(22,599,848.54)	(22,599,848.54) -
Cash generated from operating		86,355,091.43	86,355,091.43 (59,287,012.97)
Cash paid for income tax		(21,138,960.18)	(21,138,960.18) (4,057,242.89)
Net cash provided from (used) in operating activities		65,216,131.25	65,216,131.25 (63,344,255.86)

Notes to financial statements are an integral part of these financial statements.

STATEMENTS OF CASH FLOW

HYDROTEK PUBLIC COMPANY LIMITED

FOR THE YEARS ENDED ON DECEMBER 31, 2012 AND 2011

(Unit : Baht)

	Notes	Financial statement in which	Separate financial statements	
		the equity method is applied	2012	2011
		2012	2012	2011
Cash Flow From Investing Activities				
(Increase) decrease in current investments		113,999.02	113,999.02	24,996,816.74
Cash paid for investment in associate		(4,999,700.00)	(4,999,700.00)	-
(Increase) decrease in deposits at bank				
pledged as collateral		20,211,169.15	20,211,169.15	(4,226,914.80)
Cash paid for purchase of fixed assets		(33,646,924.77)	(33,646,924.77)	(7,952,815.59)
Cash received from disposal of fixed assets		517,833.46	517,833.46	1,057,943.92
Cash paid for purchase of intangible assets		(31,077.57)	(31,077.57)	(184,517.38)
(Increase) decrease in other non-current assets		650.00	650.00	(358,150.00)
Cash received interest income		3,002,024.38	3,002,024.38	1,422,712.85
Net cash provided from (used) in investing activities		(14,832,026.33)	(14,832,026.33)	14,755,075.74
Cash Flow From Financing Activities				
Cash paid obligation under finance lease		(1,977,754.06)	(1,977,754.06)	(685,469.61)
Increase(decrease) in long-term loans due to financial institutions		13,840,000.00	13,840,000.00	-
Cash receive from increment of capital		-	-	97,211,860.87
Cash paid for dividend		(33,800,000.00)	(33,800,000.00)	(15,000,000.00)
Cash paid for finance cost		(410,396.76)	(410,396.76)	(270,860.80)
Net cash provided from (used) in financing activities		(22,348,150.82)	(22,348,150.82)	81,255,530.46
Net Increase (Decrease) in Cash and Cash Equivalent		28,035,954.10	28,035,954.10	32,666,350.34
Cash and Cash Equivalent at the Beginning of the Year		128,512,523.90	128,512,523.90	95,846,173.56
Cash and Cash Equivalent at the End of the Year	23.1	156,548,478.00	156,548,478.00	128,512,523.90

Notes to financial statements are an integral part of these financial statements.

Notes to Financial Statements

HYDROTEK PUBLIC COMPANY LIMITED

DECEMBER 31, 2012 AND 2011

1. General information

Hydrotek Public Company Limited ("Company") is a limited company and is incorporated in Thailand. The Company is listed on the Market for Alternative Investment (MAI). The address of the Company's registered office 1363 Soi Ladprao 94, Ladprao Road, Plub-Pla, Wangthonglang, Bangkok.

The principal business operations of the Company are service of water treatment and wastewater treatment system by construction service and selling of related supplies.

2. Basis of preparation of financial statements

The financial statements are presented in Thai language and Thai Baht, and in conformity with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting required by the Capital Market Supervisory Board under the Securities and Exchange Act B.E. 2535 (or 1992).

The financial statements have been prepared under the historical cost convention except some type of transaction using the basis as per explained in the related accounting policy.

The preparation of financial statements in conformity with Thai Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Actual results may differ from those estimates. Although, the management has most well prepared the figures of estimation from the understanding of events and the things that have been done presently.

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The Federation of Accounting Profession has notified to apply the following financial reporting standards to the financial statements in the future periods.

	<u>Effective date</u>
TFRS No. 8 Operating Segments	1 January 2013
TAS No. 12 Income Taxes	1 January 2013
TAS No. 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2009)	1 January 2013
TAS No. 21 The Effects of Changes in Foreign Exchange Rates (revised 2009)	1 January 2013
TSI No. 10 Government Assistance – No Specific Relation to Operating Activities	1 January 2013
TSI No. 21 Income Taxes – Recovery of Revalued Non-Depreciable Assets	1 January 2013
TSI No. 25 Income Taxes – Change in the Tax Status of an Entity or its Shareholders	1 January 2013
Guide to Accounting Practice : Transfer and Transferred of Financial Assets	1 January 2013
TFRI No. 4 Determining whether an Arrangement contains a Lease	1 January 2014
TFRI No. 12 Service Concession Arrangements	1 January 2014
TFRI No. 13 Customer Loyalty Programmes	1 January 2014
TSI No. 29 Service Concession Arrangements : Disclosures	1 January 2014

The Company has not early adopted such financial reporting standards having the effective date to the financial statements on the future periods before the effective dates. The management assesses the impact of the financial reporting standards having an effective date in year 2013 and believes that they will not have any significant impact on the financial statements for the period in which they are initially adopted except the following accounting standards;

- TAS 12 Income Taxes, which stipulates that the Company is required to recognize the deferred tax liabilities or the deferred tax assets when the temporary difference between the tax base and the carrying amount of the asset or the liability is occurred, however, the Group presently doesn't recognize such transaction. The Company is required to apply the retrospective application to the financial statements for 2012 in accordance with the requirement of the accounting standard when the Company adopts such the accounting standard in 2013. The management assesses the impact on the Company's financial statements for 2012, as follows:

(Unit : Baht)

	Statements of financial position	
	Financial statement in which the	
	equity method is applied	
	/Separate financial statements	
	<u>December 31, 2012</u>	<u>January 1, 2012</u>
Increase in deferred tax assets	2,519,231.85	7,227,809.00
Increase in deferred tax liabilities	566,070.15	503,429.88
Increase in retained earnings	1,953,161.70	6,724,379.12

(Unit : Baht)

	Financial statement in which	
	the equity method is applied	
	/Separate financial statements	
	For the year ended on	
	<u>December 31, 2012</u>	
Increase in income tax expense		4,771,217.42
Decrease in total comprehensive income		(4,771,217.42)
Decrease in basic earnings per share		(0.04)

The management is currently assessing the impact on the financial statements for the financial reporting standards having effective date in year 2014.

3. Accounting policies

3.1 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less and free from restrictions.

3.2 Current investment

Current investments is investment in opened mutual funds units, which are regarded as trading securities at fair value and immediately recognizes the value change as gain transaction or loss transaction in profit or loss in the accounting period that transactions occur.

3.3 Trade accounts receivable

Trade accounts receivable are carried in the statement of financial position at the amount expected to be collectible. Allowance for doubtful receivables are estimated by percentage of accounts receivable which is assessed primarily on analysis of payment histories and review of all outstanding amounts at the end of the reporting period. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified.

3.4 Investments in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are accounting for using the cost method of accounting in the separate financial statements less allowance for impairment investment (if as).

Investments in associates are accounted for using the equity method in the consolidated financial statements. Under the equity method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss of the investee after the date of acquisition. The Company's share of the profit or loss of the investee is recognized in the Company's profit or loss. Where necessary, accounting policies of associates have been changed to ensure consistency with the policies adopted by the Company. The financial statements of the associates are prepared for the same reporting period as the Company.

3.5 Property and equipment

Land and assets under construction held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their historical cost less accumulated impairment losses (if any).

Equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their historical cost less accumulated depreciation and accumulated impairment losses (if any).

The cost of an item of asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling

and removing the item and restoring the site on which it is located, and the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.

The Company depreciation is calculated on the straight-line method to write off the cost of each asset, except for land and assets under construction, to their residual values over their estimated useful life as follows:

Office equipments and furniture	3 - 5 years
Tools and equipment	2 - 5 years
Vehicles	5 - 10 years

The residual value, the useful life and the depreciation method of an asset will be reviewed at least at each financial year-end.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3.6 Intangible assets

Intangible assets that are acquired by the Company, which have finite useful lives such as computer software, are stated at cost less accumulated amortization and amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives (5 years).

3.7 Impairment of assets

The carrying amounts of the Company's assets and also intangible assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The Company will recognize impairment losses in profit or loss, or reduce the revaluation increment in assets in case that those assets are previously revalued. The reversal of impairment losses will be recognized in profit or loss or as a revaluation increment in assets when there is an indication that the impairment losses are no longer exist or decreased.

3.8 Accounting for leases

Where the Company is the lessee

Long term leases which substantially transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged in profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases while depreciation is carried throughout the useful life of leased asset. However, if there is uncertainty in the right of ownership when the contract is terminated, depreciation is carried according to useful life of leased assets or life of leased contract whichever the period is lower.

Long term leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

3.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3.10 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

3.11 Revenue recognition

Revenues from construction are recognized on a percentage of completion basis. The percentage of completion is measured based on comparison of actual construction costs incurred up to the end of the reporting period (Excluding costs of materials that have been set aside for use in a contract but not yet installed at the end of the reporting period and have been presented under the caption of "Construction in progress") and total anticipated construction costs to be incurred to completion. In case, it is probable that the total construction costs will exceed the total construction income, the expected foreseeable loss is immediately recognized as an expense. The recognized revenue which is not yet due per the contracts has been presented under the caption of "Unbilled receivables" in the statement of financial position. The unrecognized revenue which is due per the contracts has been presented under the caption of "Construction revenue received in advance" in the statement of financial position.

Service income are recognized when service have been rendered.

Interest revenue are recognized using the effective interest method.

3.12 Retirement benefit costs

Defined contribution plan

The Company operates a provident fund which is funded by payments from employees and by the Company. The assets for which are held in a separate trust fund. Contributions to the provident fund are recognized in profit or loss in the period in which they are incurred.

Defined benefit plan

The Company has the employee benefit obligation in case of retirement or termination under the labor law. The Company hires an actuary to calculate on an actuarial technique the said employee benefit obligation. The said employee benefit obligation is discounted using the projected unit credit method by reference to an interest rate of a government bond to determine the present value of the employee benefit obligation, related past service cost and current service cost. All actuarial gains and losses are recognized immediately in profit or loss.

3.13 Foreign currency transactions

The Company translates foreign currency transactions into Baht using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities at the end of the reporting period denominated in foreign currencies are translated into Baht at the exchange rate prevailing at that date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss as incurred.

3.14 Income tax

Income tax expense is calculated from taxable income and recorded based on tax paid and accrued for the year.

3.15 Segment information

Business segments provide products and services that are subject to risks and returns that are different from those of other business segments. Geographic segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments.

Segment information is presented by business segments of the Company's operations.

3.16 Financial instruments

Financial assets and liabilities carried on the statement of financial position include cash and cash equivalents, trade and other receivables, trade and other payables, and loan receivables and payables. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this Note.

3.17 The important accounting estimation, supposition and judgment application

The estimation, supposition and judgment application have been continuously reviewed and assessed and they are on the background of the history experience and other factors that include the expectation of the event in the future which believe that there are reasons in that situation.

Equipment and intangible assets

Management determines the estimated useful lives and residual values for the Company's plant and equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different to previously estimated, or its will write off or write down technically obsolete or assets that have been abandoned or sold.

Estimated construction project costs

The Company estimate costs of construction projects based on details of the construction work, taking into account the volume and value of construction materials to be used in the project, labour costs and other miscellaneous costs to be incurred to completion of service, taking into account the direction of the movement in these costs. Estimates are reviewed regularly or whenever actual costs differ significantly from the figures used in the original estimates.

4. Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Mr. Slib Soongswang and Mr. Pichai Klongpitak are major shareholder, holding 25.87% (2011 : 29.48%) of the share capital of the Company. Transactions related to the principal shareholders or directors are recognized as related parties to the Company.

The Company has transactions with related parties for the year ended December 31, 2012 and 2011 as follows:

4.1 Inter-assets and liabilities

	(Unit : Baht)	
	Financial statement in which the equity method is applied /Separate financial statements	
	<u>2012</u>	<u>2011</u>
Unbilled receivable		
UAC Hydrotek Co., Ltd.	62,797.91	-
Retention receivable		
Sahakarn Wisavakorn Co.,Ltd.	-	3,547,740.80
Construction revenue received in advance		
Sahakarn Wisavakorn Co.,Ltd.	-	1,255,326.54
Advances received from customers under construction contracts		
Sahakarn Wisavakorn Co.,Ltd.	-	1,880,259.20
UAC Hydrotek Co., Ltd.	14,155,000.00	-
Total	14,155,000.00	1,880,259.20

4.2 Inter-revenue and expenses

(Unit : Baht)

	Financial statement in which the equity method is applied /Separate financial statements	
	<u>2012</u>	<u>2011</u>
Construction income		
Sahakarn Wisavakorn Co.,Ltd.	66,773,054.61	34,222,081.45
UAC Hydrotek Co., Ltd.	62,797.91	-
Total	<u>66,835,852.52</u>	<u>34,222,081.45</u>
Design fee		
S.P.C. Design Co., Ltd.	-	1,060,000.00

4.3 Management benefit expense

(Unit: Baht)

	Financial statement in which the equity method is applied /Separate financial statements	
	<u>2012</u>	<u>2011</u>
Short-term employee benefits	13,877,463.00	12,424,012.00
Post-employment benefits	172,283.00	24,328.33
	<u>14,049,746.00</u>	<u>12,448,340.33</u>

Two director have guaranteed credit facilities granted from financial institutes without any guarantee charge.

4.4 Pricing policies

<u>Transaction</u>	<u>Pricing Policies</u>
Revenue and cost service	Cost + 10%
Design Fee	At the price as stipulated in the agreement

4.5 Nature of relationship

<u>Name</u>	<u>Relationship</u>
UAC Hydrotek Co., Ltd.	Shares held by Company and common management
Sahakarn Wisavakorn Co., Ltd.**	Shares held by shareholders
S Group AEC (Thailand) Co., Ltd.	Shares held by shareholders
S.P.C. Design Co., Ltd.	Shares held by close relative of director
Mr. Slib Soongswang	Director of Company
Mr. Pichai Klongpitak	Director of Company

** Since August 10, 2012 onward, Sahakarn Wisavakorn Co., Ltd. was not a related company due to the Company's shareholder has resigned as a director of such company.

5. Trade and other receivables

Outstanding trade accounts receivable can be aged as follow:

	(Unit : Baht)	
	Financial statement in which the equity method is applied	
	/Separate financial statements	
	<u>2012</u>	<u>2011</u>
Trade accounts receivable		
Within credit term	50,770,266.99	120,316,025.69
Overdue 1 – 3 Months	29,442,675.10	50,376,940.46
Overdue 3 – 6 Months	7,936,306.13	102,745.36
Overdue 6 – 12 Months	-	-
Overdue over 12 Months	-	-
Total	88,149,248.22	170,795,711.51
Others accounts receivable	3,497,810.37	4,935,132.13
Deposit for purchase of goods	4,650,886.21	4,911,261.13
Advances to subcontractors	14,153,454.64	4,735,143.83
Others	2,438,256.05	2,071,619.09
Total	24,740,407.27	16,653,156.18
<u>Less</u> Allowance for doubtful debts	(737,286.90)	(737,286.90)
	24,003,120.37	15,915,869.28
Total trade and other receivables	112,152,368.59	186,711,580.79

As at December 31, 2012, the Company has transferred the right to receive the progress billing of a debtor in the amount of Baht 5.38 million to a commercial bank as collateral against the credit facilities granted to the Company.

6. Unbilled receivable / construction revenue received in advance

Consisted of:-

	(Unit : Baht)	
	Financial statement in which the equity method is applied / Separate financial statements	
	2012	2011
Unbilled receivable		
Value of contract	1,734,192,897.32	1,298,611,866.60
Revenue recognised on percentage of completion basis	1,287,934,846.87	464,067,553.53
<u>Less</u> Value of contract billed	(1,178,808,668.73)	(382,231,841.57)
Unbilled receivable	109,126,178.14	81,835,711.96
Construction revenue received in advance		
Value of contract	295,500,000.00	254,280,000.00
Value of contract billed	235,435,000.00	234,477,408.00
<u>Less</u> Revenue recognised on percentage of completion basis	(222,992,133.39)	(226,383,212.00)
Construction revenue received in advance	12,442,866.61	8,094,196.00

Additional data of construction are as follow :

	(Unit : Baht)	
	Financial statement in which the equity method is applied / Separate financial statements	
	2012	2011
Construction costs incurred plus recognized profits (less recognized losses) to date	1,510,926,980.26	690,450,765.53
<u>Less</u> : Value of contract billed	(1,414,243,668.73)	(616,709,249.57)
	96,683,311.53	73,741,515.96

(Unit : Baht)

Financial statement in which the
equity method is applied
/Separate financial statements
2012 2011

Amount of the Company has authority from employer
(customer) for construction be regarded as assets/liabilities

Unbilled receivables	109,126,178.14	81,835,711.96
Construction revenue received in advance	(12,442,866.61)	(8,094,196.00)
	<u>96,683,311.53</u>	<u>73,741,515.96</u>

7. Deposits at financial institutions pledged as collateral

As at December 31, 2012 and 2011, Baht 1.42 million of the Company's obligated deposit is the bank deposit the Company has pledged to the Electricity Generating Authority of Thailand (EGAT) as the guarantee for the construction work under Idreco S.P.A. Co.,Ltd. and Idreco Asia Corporation Ltd. since 1991. At present, the said amount of bank deposit is not yet cleared of the obligation and the Company has not yet redeemed the said bank deposit since the Electricity Generating Authority of Thailand (EGAT) has sued for the compensation from Idreco S.P.A. Co.,Ltd. and the case is not yet finalized.

As at December 31, 2012 and 2011, the Company has additionally pledged the remaining Baht 45.19 million and Baht 65.44 million respectively as the collateral against the issuance of the letter of guarantee from a commercial bank for the construction project and guarantee against the short-term loan granted by a commercial bank (Notes No. 28.3).

8. Investment in associate

The nature and carrying value of investment in associate can be summarized as follows:

(Unit : '000 Baht)

<u>companies</u>	<u>business</u>	<u>Country of incorporation</u>	<u>Paid-up capital</u>		<u>% of holding</u>		<u>Equity Method</u>		<u>Cost Method</u>	
			<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
UAC Hydrotek Co., Ltd.	Production and distribution of water for consumption and industry	Thailand	10,000	10,000	49.99%	-	3,795	-	5,000	-

On March 22, 2012 the Company purchases 49,997 common shares of UAC Hydrotek Co., Ltd. in an amount of Baht 100.00 per share. It is equal to 49.997% paid-up shares capital. The Company assign a representation as the investee's board of directors.

The financial information of the associated can be summarized as follows:

	(Unit : Baht)
	<u>2012</u>
Total assets	20,919,008.97
Total liabilities	(15,515,064.53)
Net assets	<u>5,403,944.44</u>
Total revenues	40,721.88
Total expense	(3,124,598.24)
Total loss for the period	<u>(3,083,876.36)</u>

9. Investments property

Consisted of:-

	(Unit : Baht)	
	Financial statement in which the equity method is applied /Separate financial statements	
	<u>2012</u>	<u>2011</u>
Cost :		
As at January 1,	3,000,000.00	3,000,000.00
Purchase	-	-
As at December 31,	<u>3,000,000.00</u>	<u>3,000,000.00</u>
Accumulated impairment losses :		
As at January 1,	(1,610,000.00)	(1,020,000.00)
(Increase)decrease	590,000.00	(590,000.00)
As at December 31,	<u>(1,020,000.00)</u>	<u>(1,610,000.00)</u>
Net book value :		
As at December 31,	<u>1,980,000.00</u>	<u>1,390,000.00</u>

Land not used for operation with total area of 9 Rai 3 Ngan 65 Square Wa, is obtained from the debt settlement in the past.

On November 30, 2012, the appraisal has appraised the land's market value by market approach. The market value of land is Baht 1.98 million.

10. Land and equipment

Consisted of:-

(Unit : Baht)

	Financial statement in which the equity method is applied /Separate financial statements					
	Land	Tools and equipments	Office equipments and furniture	Vehicles	Construction in progress	Total
Cost :						
As at January 1, 2012	11,500,000.00	8,527,395.88	4,807,128.36	11,914,831.70	5,463,730.72	42,213,086.66
Purchase	-	2,069,251.64	948,749.82	2,283,252.34	30,346,949.58	35,648,203.38
Transfer in	-	-	125,800.00	-	-	125,800.00
Disposal	-	-	(162,740.00)	(448,598.13)	-	(611,338.13)
Transfer out	-	(114,225.23)	(62,343.67)	(220,000.00)	-	(396,568.90)
As at December 31, 2012	11,500,000.00	10,482,422.29	5,656,594.51	13,529,485.91	35,810,680.30	76,979,183.01
Accumulated depreciation :						
As at January 1, 2012	-	(5,507,296.81)	(2,696,226.17)	(2,149,166.05)	-	(10,352,689.03)
Depreciation for the year	-	(654,128.02)	(752,242.46)	(1,309,698.21)	-	(2,716,068.69)
Transfer in	-	-	(3,221.92)	-	-	(3,221.92)
Disposal	-	-	22,167.75	181,405.71	-	203,573.46
Transfer out	-	14,165.15	29,796.70	122,476.71	-	166,438.56
As at December 31, 2012	-	(6,147,259.68)	(3,399,726.10)	(3,154,981.84)	-	(12,701,967.62)
Net book value :						
As at December 31, 2012	11,500,000.00	4,335,162.61	2,256,868.41	10,374,504.07	35,810,680.30	64,277,215.39

(Unit : Baht)

Financial statement in which the equity method is applied /Separate financial statements						
	Land	Tools and equipments	Office equipments and furniture	Vehicles	Construction in progress	Total
Cost :						
As at January 1, 2011	11,500,000.00	7,751,112.66	3,458,851.36	5,469,188.24	-	28,179,152.26
Purchase	-	849,025.22	1,275,535.00	8,703,643.46	5,463,730.72	16,291,934.40
Transfer in	-	9,500.00	82,242.00	-	-	91,742.00
Disposal	-	-	-	(2,258,000.00)	-	(2,258,000.00)
Transfer out	-	(82,242.00)	(9,500.00)	-	-	(91,742.00)
As at December 31, 2011	11,500,000.00	8,527,395.88	4,807,128.36	11,914,831.70	5,463,730.72	42,213,086.66
Accumulated depreciation :						
As at January 1, 2011	-	(4,969,826.69)	(2,153,803.07)	(2,429,054.61)	-	(9,552,684.37)
Depreciation for the year	-	(570,402.69)	(509,490.53)	(612,913.86)	-	(1,692,807.08)
Transfer in	-	(9,499.00)	(42,431.57)	-	-	(51,930.57)
Disposal	-	-	-	892,802.42	-	892,802.42
Transfer out	-	42,431.57	9,499.00	-	-	51,930.57
As at December 31, 2011	-	(5,507,296.81)	(2,696,226.17)	(2,149,166.05)	-	(10,352,689.03)
Net book value :						
As at December 31, 2011	11,500,000.00	3,020,099.07	2,110,902.19	9,765,665.65	5,463,730.72	31,860,397.63

The detail of depreciation are as follows :-

	(Unit : Baht)	
	<u>2012</u>	<u>2011</u>
Depreciation for the year	2,716,068.69	1,692,807.08

As at December 31, 2012, certain plant and equipment items of the Company have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 8.66 million.

Vehicles under finance leases, where the Company has lessee with net book value as at December 31, 2012 of Baht 9.46 million.

As at December 31, 2012, the Company has pledged the land as collateral for short-term loan from financial institutions in note. 28.3.

11. Intangible assets

Consisted of:-

	(Unit : Baht)	
	Financial statement in which the equity method is applied	
	/Separate financial statements	
	Computer software	
	<u>2012</u>	<u>2011</u>
Cost :		
As at January 1,	1,219,172.38	1,034,655.00
Purchase	31,077.57	184,517.38
Transfer out	(49,000.00)	-
As at December 31,	1,201,249.95	1,219,172.38
Accumulated amortisation :		
As at January 1,	(493,884.78)	(287,516.85)
Amortisation for the year	(226,755.96)	(206,367.93)
Transfer out	3,221.92	-
As at December 31,	(717,418.82)	(493,884.78)
Net book value :		
As at December 31,	483,831.13	725,287.60

12. Trade and other payables

Consisted of:-

	(Unit : Baht)	
	Financial statement in which the equity method is applied	
	/Separate financial statements	
	<u>2012</u>	<u>2011</u>
Trade accounts payable	93,823,831.57	110,303,854.49
Other payables	10,949,512.21	12,897,790.45
Retention payables	19,422,371.53	9,803,585.01
Others	6,073,602.64	552,497.78
Total	130,269,317.95	133,557,727.73

13. Long-term loans due to financial institutions

Consisted of:-

	(Unit : Baht)
	Financial statement in which the equity method is applied /Separate financial statements
	<u>2012</u>
Long-term loan	13,840,000.00
<u>Less</u> Current portion	(3,240,000.00)
Net	<u>10,600,000.00</u>

The Company comprises long term loan with one domestic bank in the credit line of Baht 16 millions RO Water Treatment Project. In addition, interest is charged by referring from interest rate of MLR, it is determined that the principle is monthly repayable. The first installment is repayable on November 2012. Moreover, the loan principal has to be completely repayable within 65 months commenced from date on loan agreement. The Company has to transfer its right to receive the water treatment fee to the bank. As at December 31, 2012, the outstanding balance of such loan is Baht 13.84 millions.

Long-term loans from financial institutions – minimum payments:

	(Unit : Baht)
	Financial statement in which the equity method is applied /Separate financial statements
	<u>2012</u>
Within 1 years	3,240,000.00
Within 2 year – 5 years	10,600,000.00
Total	<u>13,840,000.00</u>

14. Obligation under finance lease

Obligation under finance lease – minimum lease payment:-

(Unit : Baht)

	Financial statement in which the equity method is applied /Separate financial statements					
	2012			2011		
	Obligation under finance lease	Deferred finance lease charges	Net	Obligation under finance lease	Deferred finance lease charges	Net
Not later than 1 year	2,077,614.68	(372,270.71)	1,705,343.97	1,694,496.34	(417,706.52)	1,276,789.82
Later than 1 year but not later than 5 years	4,756,722.88	(423,800.08)	4,332,922.80	5,506,417.56	(699,186.55)	4,807,231.01
Total	6,834,337.56	(796,070.79)	6,038,266.77	7,200,913.90	(1,116,893.07)	6,084,020.83

As at December 31, 2012, the Company performs the contract of long term financial leased with a leasing company so as to lease motor vehicle by number of 8 contracts. The leased contracts determine leased fee repayment as monthly installment from Baht 9,041.12 to Baht 65,566.00 per month. The leased period is carried 3 to 5 years. Such leased contract comprises the Company's directors as guarantors. In addition, ownership of such vehicle will transfer to ownership of the Company when the Company pays the final installment in accordance with the leased contract.

15. Provision for warranty

As at December 31, 2012, the provision of Baht 2.92 million in the financial statement in which the equity method and separate financial statements, has been recognized for expected warranty claims on construction contracts. The Company is expected that the majority of this expenditure will be incurred in the next financial year, and all will be incurred within 1 - 2 years of statements of financial position date.

The movement of provision for warranty for the year ended on December 31, 2012 and 2011 are as follows:

(Unit : Baht)

	Financial statement in which the equity method is applied /Separate financial statements	
	2012	2011
Opening balance	1,967,555.22	2,042,551.49
Increase during the year	3,395,624.88	531,945.90
Utilized during the year	(2,146,198.08)	(606,942.17)
Unused amount reversed	(291,354.37)	-
Ending balance	2,925,627.65	1,967,555.22

16. Provision for cost of service

The movement of provision for warranty for the nine-month period ended on December 31, 2012 and 2011 are as follows:

	(Unit : Baht)	
	Financial statement in which the equity method is applied /Separate financial statements	
	<u>2012</u>	<u>2011</u>
Opening balance	20,982,792.68	16,370,605.71
Increase during the period	1,617,055.86	4,612,186.97
Utilized during the period	(22,599,848.54)	-
Ending balance	-	20,982,792.68

The Company has entered into agreements to manage the production and providing the maintenance and services for Demineralization Plant. The Company offers the warranty which the Company would deliver or change the equipments for the client when the term of the agreements of 5 years expired. During the year ended on December 31, 2012, the Company has already delivered the equipments to the client as stipulated in the agreements.

17. Employee benefit obligation

As at December 31, 2012, the Company has the employee benefit obligation in case of retirement or termination under the labor law. The Company hires an actuary to calculate on an actuarial technique the said employee benefit obligation. The said employee benefit obligation is discounted using the projected unit credit method by reference to an interest rate of a government bond to determine the present value of the employee benefit obligation, related past service cost and current service cost.

As at December 31, 2012, the Company recognizes the employee benefit obligation as the liability in amount of Baht 8.85 million in statements of financial position.

Changes in the present value of the employee benefit obligation as at December 31, 2012 and 2011 are as follows :

	(Unit : Baht)	
	Financial statement in which the equity method is applied /Separate financial statements	
	<u>2012</u>	<u>2011</u>
As at January 1,	6,849,229.00	6,454,517.00
Current service cost	994,915.00	534,241.00
Interest cost	308,215.00	290,453.00
Actuarial losses (gains)	701,420.00	(429,982.00)
As at December 31,	<u>8,853,779.00</u>	<u>6,849,229.00</u>

Principal actuarial assumptions as at December 31, 2012 and 2011 are as follows :

	Financial statement in which the equity method is applied /Separate financial statements	
	<u>2012</u>	<u>2011</u>
Discount rate at end of year	4.50%	4.50%
Increase in future salary	5.34%	4.00%
Proportion of employees opting for early retirement	5.00%	5.00%

18. Share capital

	Number of share (Unit : Share)	Ordinary shares (Unit : Baht)
Registered share capital		
As at January 1, 2011	10,000,000	100,000,000.00
Convert former par value of Baht 10.00 per share to par value of Baht 1.00 per share on April 1, 2011	100,000,000	100,000,000.00
Increment of capital during the year (offers to general public)	30,000,000	30,000,000.00
As at December 31, 2011	130,000,000	130,000,000.00
Increment of capital during the year	-	-
As at December 31, 2012	<u>130,000,000</u>	<u>130,000,000.00</u>

	Number of shares (Unit : Shares)	Ordinary shares (Unit : Baht)	Premium on ordinary share (Unit : Baht)	Total (Unit : Baht)
Issued and paid up share capital				
As at January 1, 2011	10,000,000	100,000,000.00	-	100,000,000.00
Convert former par value of Baht 10.00 per share to par value of Baht 1.00 per share on April 1, 2011	100,000,000	100,000,000.00	-	100,000,000.00
Increment of capital during the year (offers to general public) to issue	30,000,000	30,000,000.00	71,700,000.00	101,700,000.00
Expenses concerning of ordinary shares	-	-	(4,488,139.13)	(4,488,139.13)
As at December 31, 2011	130,000,000	130,000,000.00	67,211,860.87	197,211,860.87
Increment of capital during the year	-	-	-	-
As at December 31, 2012	130,000,000	130,000,000.00	67,211,860.87	197,211,860.87

In accordance with the resolution of the ordinary shareholders meeting no.1/2011 on March 25, 2011, it resolves as follows :

- Correction of par value of the Company's shares from the formerly value of Baht 10.00 per shares to be value of Baht 1.00 per share.
- Increment of the Company's registered capital from amount of Baht 100.00 millions (10,000,000 shares in value of Baht 10.00 per share) to be amount of Baht 130.00 millions (130,000,000 shares in value of Baht 1.00 per share)

The Company has brought such resolution to register at the Ministry of Commerce since April 1, 2011.

On December 6 - 8, 2011, the Company offers ordinary shares by number of 30.00 million shares to general public as the first time. Such ordinary shares comprises par value of Baht 1.00 per share. Shares are offered in the price of Baht 3.39 per share aggregating to total amount of Baht 101.70 million. The Company recorded expenses in respect of shares distribution by amount of Baht 4.49 millions as deducted transactions in the premium or share capital. In addition, the shares increment is registered for paid-up from Baht 100.00 million to Baht 130.00 million equivalent to ordinary shares by number of 130.00 million shares in the par value of Baht 1.00 per share at the Ministry of Commerce on December 9, 2011.

The capital management

The Company constitutes purpose with respect to capital management in order to remain for ability in the continued operation and ability to appropriately provide remuneration to various group of participating interest while the Company will maintain capital in the level with the least risk.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt obligations.

19. Statutory reserve

Under the provisions of the Public Company Limited Act B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. This reserve is not available for dividend distribution.

For the year ended on December 31, 2012, the Company has appropriated net profit amounting to Baht 2.89 millions to the statutory reserve.

20. Income tax

The corporate income taxed of the Company for the year ended on December 31, 2012 have been calculated at the rates of 23% for the portion not exceeding Baht 50 million (2011 : 25%) on profit before income tax, after adding adjusted transaction in accordance with the Revenue Code which is mainly concerning to provision of liabilities, depreciation of vehicles for the excess cost from Baht 1 million, etc.

21. Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

22. Dividend paid

In accordance with the annual ordinary general meeting of shareholders of 2012 with held on April 5, 2012, it is resolved to pay the dividend for the year 2011 to shareholders at the rate of Baht 0.26 per share amounting to Baht 33.80 million. The Company paid such dividend on May 4, 2012.

23. Supplemental disclosures of cash flow information

23.1 Cash and cash equivalents consisted of:

	(Unit : Baht)	
	Financial statement in which the equity method is applied /Separate financial statements	
	<u>2012</u>	<u>2011</u>
Cash on hand	273,090.86	213,005.19
Cash at bank	156,275,387.14	128,299,518.71
Total	156,548,478.00	128,512,523.90

23.2 Non-cash items are as follow:

	(Unit : Baht)	
	Financial statement in which the equity method is applied /Separate financial statements	
	<u>2012</u>	<u>2011</u>
Purchase construction materials but not yet paid	-	6,240,354.13
Purchase assets but not yet paid	-	2,168,741.75
Purchase asset by financial lease	1,932,000.00	6,170,377.06
Transferred intangible assets to property and equipment	45,778.08	-
Employee benefit obligation included in land and equipment	69,278.61	-
Purchase asset by trade-in	16,800.00	-

24. Employee benefit

24.1 Provident fund

For the year ended on December 31, 2012, the Company recognizes as the employee benefit expense for the payment of contribution into the provident fund at the amount of Baht 0.57 million.

24.2 Retirement employee benefit

For the year ended on December 31, 2012 and 2011, the Company recognizes the employee benefit expense in case of retirement or termination under the labor law, as follows :

	(Unit : Baht)	
	Financial statement in which the equity method is applied /Separate financial statements	
	<u>2012</u>	<u>2011</u>
Current service cost	994,915.00	534,241.00
Interest cost	308,215.00	290,453.00
Actuarial losses (gains)	701,420.00	(429,982.00)
Total	2,004,550.00	394,712.00

An item of the employee benefit expense in case of retirement or termination under the labor law for the year ended on December 31, 2012 and 2011 are inclusively presented in the line items, as follows :

(Unit : Baht)

	Financial statement in which the equity method is applied /Separate financial statements	
	<u>2012</u>	<u>2011</u>
Cost of construction	646,757.21	51,949.98
Cost of services	166,362.26	19,419.00
Administrative expenses	949,868.92	299,014.69
Management benefit expenses	172,283.00	24,328.33
Construction in progress	69,278.61	-
Total	2,004,550.00	394,712.00

25. Expenses by nature

The following expenditure items of expense have been classified by nature for the year ended on December 31, 2012 and 2011 are as follow :

(Unit : Baht)

	Financial statement in which the equity method is applied /Separate financial statements	
	<u>2012</u>	<u>2011</u>
Construction material used	371,309,456.84	334,213,164.77
Subcontractor expenses	318,709,734.99	171,057,709.00
Staff costs	45,559,189.72	37,486,874.81
Management benefit expense	14,049,746.00	12,448,340.33
Depreciation	2,716,068.69	1,692,807.08
Amortized expense	226,755.96	206,367.93

26. Business segment information

The Company operations principally involve the construction service and selling wastewater treatment equipments and its operation is in one geographical area, which is Thailand and has the supporting operation. Financial information by segment for the years ended on December 31, 2012 and 2011 of the Company are as follows:

(Unit : Baht)

Financial statement in which the equity method is applied

	Construction		Service		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenue	820,476,214.72	600,830,279.83	53,575,169.65	88,230,607.63	874,051,384.37	689,060,887.46
Cost	(720,046,488.74)	(510,070,038.51)	(47,077,882.12)	(86,712,159.39)	(767,124,370.86)	(596,782,197.90)
Gross margin	100,429,725.98	90,760,241.32	6,497,287.53	1,518,448.24	106,927,013.51	92,278,689.56
Other income					7,518,368.26	2,186,677.56
Administrative expenses					(30,547,926.45)	(27,314,814.46)
Management benefit expenses					(14,049,746.00)	(12,448,340.33)
Finance cost					(410,396.76)	(270,860.80)
					69,437,312.56	54,431,351.53
Share of losses from investments in associate					(1,204,823.14)	-
Profit before income tax					68,232,489.42	54,431,351.53
Income tax					(11,742,924.36)	(6,524,147.99)
Total comprehensive income for the period					56,489,565.06	47,907,203.54
Fixed assets					64,277,215.39	31,860,397.63
Depreciation					2,716,068.69	1,692,807.08

27. Financial instruments

The principal financial risks faced by the Company are interest rate risk , credit risk and exchange rate risk. However, the Company did not speculate in or engage in trading of any derivative financial instruments.

27.1 Interest rate risk

Risk from interest rates is derived from fluctuation of market interest rate in the future which affect upon operating result and cash flow of the Company. Risk from interest rates remains due to bank deposit, loans to related parties. Due to the fact that such financial assets and liabilities constitute interest rates which are always closed to market interest rate; as a result, the Company anticipates of non material risk from interest rates.

	Amount (Unit: Baht)		Interest rate (% per annum)	
	Financial statement in which the equity method is applied/Separate financial statements			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Saving accounts	149,108,098.82	54,511,927.79	0.62-0.75	0.75-0.85
Fixed deposits not exceeding 3 months	15,337.52	80,015,037.44	2.00	1.50-2.00
Fixed deposited pledged as collateral	46,613,087.42	66,824,256.57	2.00-2.35	1.75-3.65

27.2 Credit risk

The Company faces risk from extending credit to customers who default on payment, however the Company evaluate each clients' ability to pay before giving credit and make a sufficient provision for doubtful debts in accordance with accounting policy. Moreover, the Company has no significant concentrations of credit risks.

27.3 Foreign currency risk

The Company constitutes material risk from exchange rates in oversea currencies which has been trade accounts payable that are foreign currency. The management has managed risk from exchange rates by performing the forward foreign currencies contract dependent on each case.

As at December 31, 2012 and 2011, the significant outstanding balances of the Company's financial assets and liabilities denominated in foreign currencies are as follow:-

<u>Foreign currency</u>	Financial statement in which the equity method is applied/ Separate financial statements			
	2012		2011	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
USD	-	-	-	194,850.00
EURO	-	52,000.00	-	590,934.80

27.4 Fair value

Since the majority of the Company's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

28. Obligation and contingent liabilities

As at December 31, 2012, the Company have obligation and contingent liabilities as follow :

- 28.1 The commitment of construction agreements in the project of collection and wastewater treatment system including building

	(Unit : Baht)	
	Financial statement in which the equity method is applied / Separate financial statements	
	<u>2012</u>	
Total amount of agreement	2,029,692,897.32	
Recognized revenues	1,510,926,980.26	
The remaining of non-operating work	518,765,917.06	

28.2 The commitment of the construction subcontracts

(Unit : Baht)

	Financial statement in which the equity method is applied / Separate financial statements
	<u>2012</u>
Total amount of agreement	563,481,779.10
Recognized cost of construction	418,153,949.02
The remaining of non-operating work	145,327,830.08

28.3 Apart from various liability that reflects in the financial statements, the Company still constitutes obligation commitment and contingent liability as follows:

(Unit : Million Baht)

	Financial statement in which the equity method is applied/ Separate financial statements	
	<u>2012</u>	
	<u>Total</u>	<u>Utilized</u> <u>Available</u>
Credit line of letters of guarantee	811.63	(284.30) 527.33
Credit line of bank overdraft	20.00	- 20.00
Credit line of letters of credit and trust receipts	91.00	(16.01) 74.99
Credit line of short-term loans	132.00	- 132.00
Credit line of long-term loans	16.00	(16.00) -
Credit line of forward contracts	5.54	- 5.54

The Company has pledged land according to note no. 10, bank deposit in amount of Baht 45.19 millions according to note no. 7, being surety guaranteed against such credit facility including claimant right transfer of the project task installment fee receipt to the bank. Apart from this, two directors of the Company still have personally guaranteed against such credit facilities.

28.4 The Company has performed the area leased contract and service for the office while there is the period of lease of 3 years since January 1, 2012 to December 31, 2014. The Company comprises obligation repay leased fee in amount of Baht 55,000.00 per month.

29. Reclassification of accounting transactions

Some transactions in separate statements of financial position as at December 31, 2011 is newly reclassified so as to comply with reflection in the separate statements of financial position as at December 31, 2012 which can be summarized as follows:

(Unit : Baht)		
<u>Transactions which formerly</u> <u>reflected</u>	<u>Reclassified</u>	<u>Separate statements of financial</u> <u>position</u> <u>December, 31 2011</u>
Other current liabilities	Trade and other payables - third parties	552,497.78

30. Events after the reporting period

At the board of director's meeting held on February 26, 2013, it is resolved the presentation to the meeting of shareholders to consider and approve to pay the dividend from the Company's operation results of the year 2012 . The dividend is to be paid as stock dividend in the number of 65,000,000 ordinary shares, with par value of Baht 1 each, at a ratio of 2 existing ordinary shares to receive stock dividend of 1 share, with a total amount of not exceed Baht 65.00 million, or equivalent to the dividend of Baht 0.50 per share. In the case of any shareholder with a fraction of the shares after the stock dividend distribution, will be entitled to receive cash dividend at the rate of Baht 0.50 per share. In addition the Company will pay a cash dividend at Baht 0.0556 per share, or equivalent to amount of not exceed Baht 7,222,223.00. Total annual dividend payment in form of cash and stock dividend equal to Baht 0.5556 per share, equivalent to Baht 72,222,223.00.

31. Approval of financial statements

This financial statements was authorized for issue by the Company's board of directors on February 26, 2013.



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