



Annual Report 2014

HYDROTEK

• Hydrotek Public Company Limited •

รายงานประจำปี 2557 : บริษัท ไฮโดรเทค จำกัด (มหาชน)



HYDROTEK



Vision

To be a sustainable leader
of engineering and construction
of environmental engineering services
in ASEAN

Mission

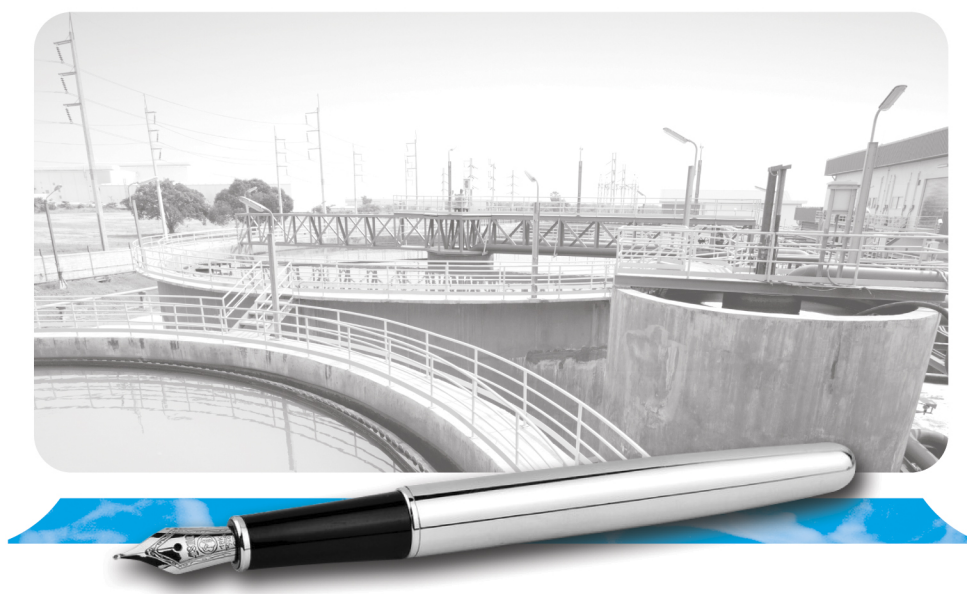
1. Provide full-range services from engineering, procurement, construction, installation, and commissioning which focusing on international quality standard, work efficiency, reasonable price and on time delivery.
2. Manage and control construction cost efficiently.
3. Develop human resource and study 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.

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Message from the Board of Directors



In past year, the Company faced several environmental factors which affect the operating results such as the uncertainty of domestic and international economy lead to a slowdown in domestic investment and price fluctuations of oil and construction materials. In addition, the domestic political problems give rise to the government budget disbursements that could not be executed as planned, which directly affect the construction industry.

The operating results of 2014 was not achieved as forecast due to an adjustment to the construction budget cost estimation as a result from an increase of labor and materials costs, an increase of work quantity, an upgrading of materials' quality and an adjustment to contract value due to an estimation of late delivery. Furthermore, the political problem result in a delay in the disbursement from the government. Hence, the Company has to slow down the operation in some projects. However, in the late of 2014 the Company earned benefit from the government infrastructure investment policy, there were 3 additional awarded projects. The Company and its subsidiaries have 12 projects on hand with a total of work value of Baht 2,091.52 million and remaining work value to be recognized as revenues in 2015 - 2016 totally Baht 1,159.00 million.

The Company concentrates on improvement of management to be effective and sustainable under good corporate governance such as internal control and enterprise risk management improvement, effective cost management and employees' skill development, which could create value for the Company to operate as planned, in consideration of interests of shareholders and all stakeholders.

On behalf of the Board of Directors, we would like to express gratitude to all shareholders, partners, employees and all stakeholders in support. The Board would ensure that we will operate by good governance principle for sustainable growth.

(Mr. Paitoon Goserakwong)
Chairman of the Board

The Board of Directors



1) Mr. Paitoon Goserakwong

Chairman of the Board /
Independent Director

2) Mr. Slib Soongswang

Vice Chairman of the Board /
Member of the Risk Management Committee /
Member of the Nomination and Remuneration Committee

3) Mr. Pichai Klongpitak

Director

4) Mr. Danai Amornpatchara

Director /
Member of the Risk Management Committee

5) Air Chief Marshal Chainan Thumasujarit

Director / Chairman of the Audit Committee /
Chairman of the Nomination and Remuneration Committee /
Independent Director

6) Mr. Anant Gatepithaya

Director / Member of the Audit Committee /
Chairman of the Risk Management Committee /
Member of the Nomination and Remuneration Committee /
Independent Director

7) Mr. Kamphol Panyagometh

Director / Member of the Audit Committee /
Member of the Nomination and Remuneration Committee /
Independent Director

Financial Highlight

Financial Overview

(Unit : Million Baht)

Item	2012	2013	2014
Total Assets	543.82	597.71	668.34
Total Liabilities	262.58	334.04	387.83
Total shareholders' Equity	281.24	263.67	280.51
Construction Income	820.48	646.41	531.83
Service Income	53.57	54.32	57.79
Total Revenues	881.57	704.76	597.41
Gross Profit (Loss)	106.92	39.86	(88.13)
Net Profit (Loss)	52.09	(10.34)	(177.63)
Earnings (Loss) per share	0.27	(0.05)	(0.62)

Financial Ratio

Item	2012	2013	2014
Gross Profit Margin (%)	12.23	5.69	(14.86)
Net Profit Margin (%)	5.96	(1.48)	(29.82)
Return on Equity (%)	19.38	(3.79)	(63.62)
Return on Assets (%)	12.87	(1.08)	(27.30)
Debt to Equity (times)	0.93	1.27	1.39
Book Value per Share (Baht)	1.44	1.35	0.99

Business Policy and Overview

Hydrotek Public Company Limited operates construction, management and investment in environmental engineering business which Water Treatment Plant service is a main income. The company is one of leaders for major customer services and able to provide services from less complicated services which are highly competitive to experience based services which are less competitive such as Water Treatment Plant for petrochemical industry, desalination plant, wastewater treatment plant and wastewater recycle plant. With 30 year-experience, the Company understands customers' need and has various types of service provide for customers' need.

- 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 services

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





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6. Participate in building and support better living in society.

Change and major development in past 3 years

Year	Change and major development
2012	<ul style="list-style-type: none"> - The Company signed joint venture agreement with Universal Adsorbents and Chemicals Public Company Limited to invest in UAC Utilities Co., Ltd. (Presently, UAC Hydrotek Co., Ltd.) in the proportion of 49.997% The objective is to operate and selling portable water and related businesses. Both partners are cooperation to operate this company. - The year 2013 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 No. 1
2013	<ul style="list-style-type: none"> - The Board of the Directors' Meeting No. 1/2013 which was held on 26 February 2013 has passed the following important resolutions: <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> 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;

Year	Change and major development
2013	<p>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.</p> <p>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.</p> <p>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.</p>
2014	<p>- The Board of the Directors' Meeting No. 1/2014 which was held on 27 February 2014 and No. 2/2014 which was held on 7 March 2014 have passed the important resolutions which can be summarized as follows:</p> <p>1. Approved the decrease of the registered capital from the existing registered capital of Baht 195,000,000 to the new registered capital of Baht 194,984,380 by canceling the registered but unissued ordinary shares in the number of 15,620 shares at a par value of 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 decrease of the registered capital, and this matter will be proposed to the shareholders' meeting for further consideration and approval.</p>

Year	Change and major development
2014	<p>2. Approved the increase of the registered capital from the existing registered capital of Baht 194,984,380 to the new registered capital of Baht 389,968,760 by issuing new ordinary shares in the number of 194,984,380 shares at a par value of 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.</p> <p>3. Approved the allotment of the capital increase shares in the number of 194,984,380 shares with a par value of Baht 1 per share to existing shareholders by way of a rights issue (Rights Offering) proportionately to their shareholding, in whole or in part by one tranche or several tranches, at the subscription ratio of 1 existing ordinary share to 1 new ordinary share, whereby the shareholders shall have the right to subscribe for shares in excess of their entitlement. The offering price shall be at Baht 1 per share, and the subscription period are scheduled to be from 26 May to 30 May 2014. In case there are remaining new ordinary shares from the subscription by existing shareholders, the Board of Directors shall have the power and discretion to allot such remaining new ordinary shares to existing shareholders of the Company proportionately to their shareholding. The Board of Directors shall also have the power to consider determining and amending the terms, conditions and offering details, such as the closing date of the share register book to determine the right of the shareholders to subscribe for new ordinary shares (XR), the date and time of offering, the offering price, the subscription ratio, the methods and conditions of payment, and other details relating to the offering of the new ordinary shares (including the new ordinary shares which the existing shareholders have waived their subscription rights) to existing shareholders, including to take any other action necessary and relevant to the offering of the new ordinary shares to existing shareholders in all respects, and to appoint any substitute to perform the acts.</p> <p>This matter will be proposed to the shareholders' meeting for further consideration and approval.</p> <p>4. Approved the increase of the number of directors of the Company in the number of 2 persons from 6 persons to 8 persons by appointing Mr. Paitoon Gosarakwong and Mr. Danai Amornpatchara to be the new directors of the Company, and this matter will be proposed to the shareholders' meeting for further consideration and approval.</p>

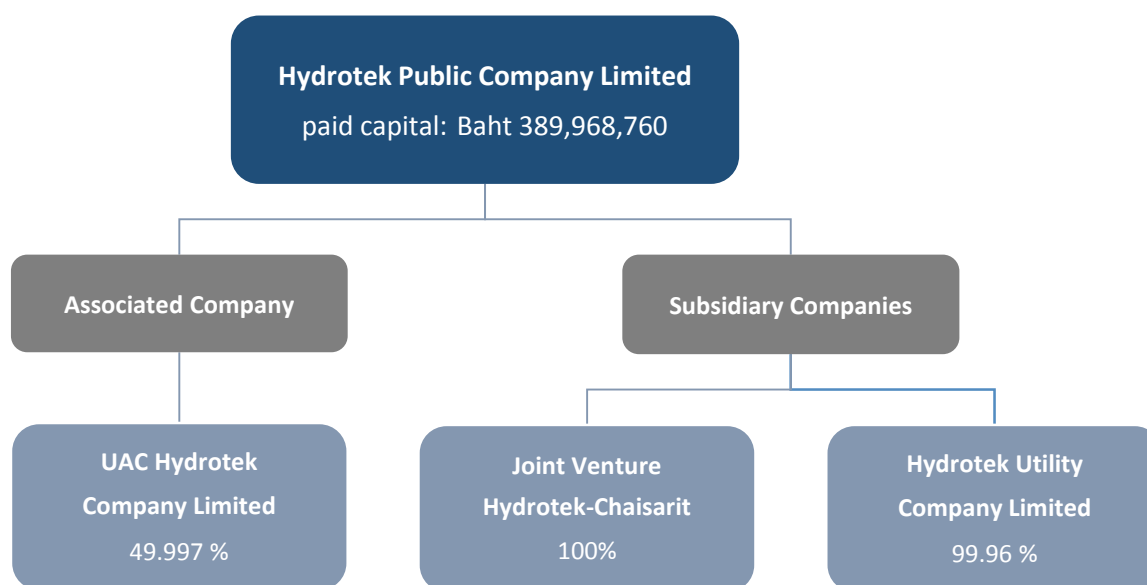
Year	Change and major development
2015	<ul style="list-style-type: none">- The Board of Directors' Meeting No.7/2014 which was held on 13 August 2014, approved to establish Hydrotek Utility Company Limited, which registered on 13 January 2015, registered capital of Baht 1,000,000 Ordinary shares in the number of 10,000 shares at a par value of Baht 100 per share. The company's proportion is 99.96% and the Director and executives' proportion of 0.04%. The objective is to operate in investment project, which operate and selling portable water and related businesses.

Shareholding Structure of the Company and Its Subsidiaries

Hydrotek Public Company Limited is to operate the construction, management and investment in environmental engineering business are following:

- 1) Construction (Design, Supply, Construction, Installation & Commissioning), the company can offer individual service or total solution service
- 2) Operation and Maintenance
- 3) Investment in Water Treatment and Wastewater Treatment System Project

Shareholding Structure of the company as follows:



Associated Company's Business Operation

UAC Hydrotek Company Limited was established on 29 February 2012 with registered capital of Baht 10,000,000 which divided into 100,000 common shares, at a par value of Baht 100 per share. The company signed joint venture agreement with Universal Absorbents and Chemicals Public Company Limited (Presently, UAC Global Public Company Limited) to invest in the portion of 49.997%. The objective is to operate and selling portable water and related businesses.

Subsidiary Companies' Business Operation

- Hydrotek-Chaisarit joint venture was achieved an agreement on 24 February 2014 with registered capital of Baht 1,000,000. The Company's proportion of 100%. The objective of the joint venture operation is to submit proposal for the construction bid of the medical waste treatment systems.
- Hydrotek Utility Company Limited was established on 13 January 2015 with registered capital of Baht 10,000,000 which divided into 100,000 common shares, at a par value of Baht 100 per share. The Company's proportion is 99.96% and the Director and executives' proportion is 0.04%. The objective is to operate in investment project, which operate and selling portable water and related businesses.

Nature of Business



Hydrotek Public Company Limited is to operate the construction, management and investment in environmental engineering business, as listed:

1. Construction (Engineering, Procurement and Construction): the Company can offer individual service or total solution service.

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.

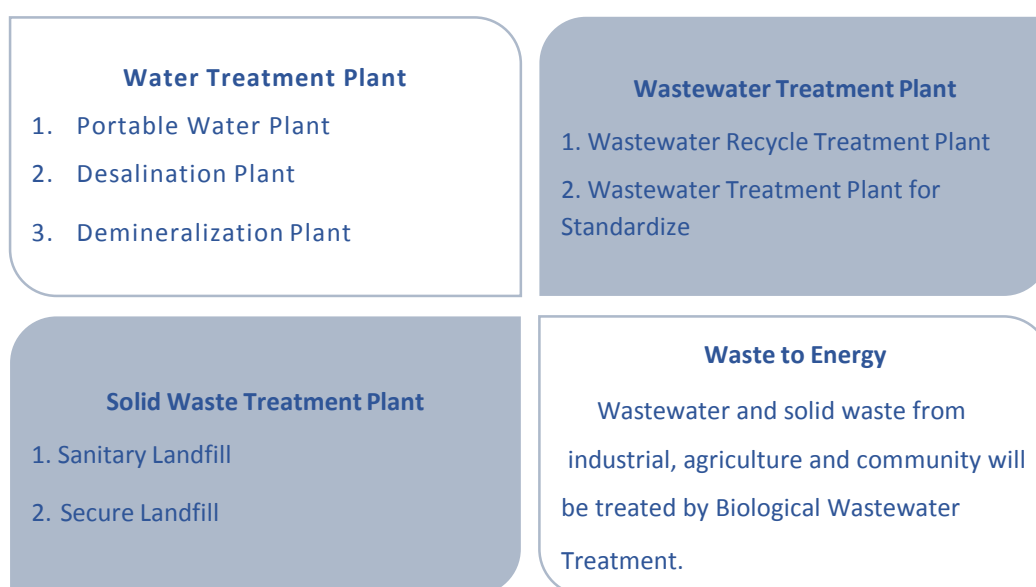
3. Water Operator of Water Treatment Plant and Wastewater Treatment Plant (Water Operator)

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 – 2013, the Company signed 30-year contract with six 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	2012		2013		2014	
	MB	%	MB	%	MB	%
1. Construction	820.48	93.87	646.41	92.25	531.83	89.65
2. Operation and Maintenance	53.57	6.13	54.33	7.75	57.79	9.74
3. Sales	0.00	0.00	0.00	0.00	3.63	0.61
4. Water Operator	0.00	0.00	0.00	0.00	0.00	0.00

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.

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.

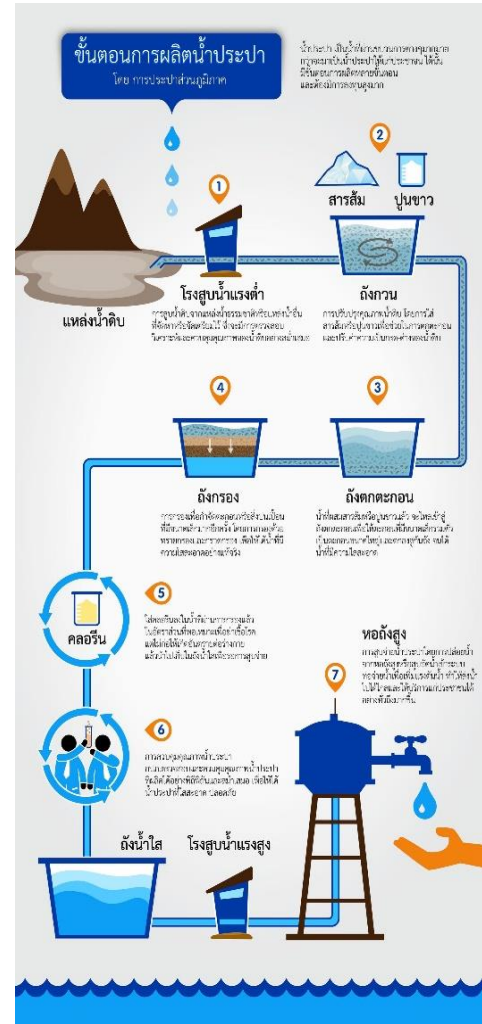
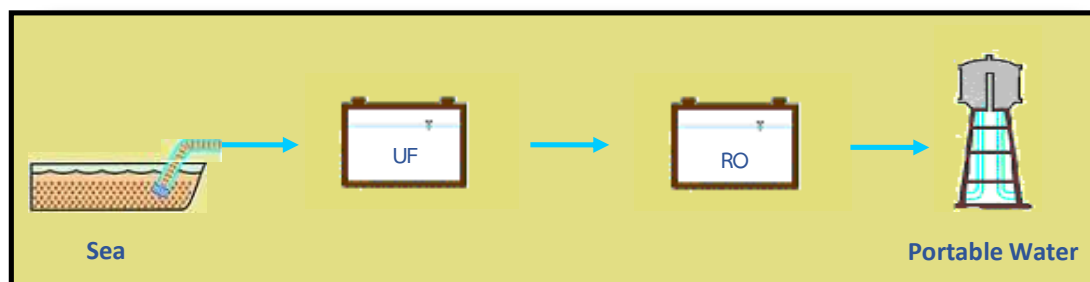


Diagram of Portable Water Plant Process
(Source: Provincial Waterworks Authority)

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.

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

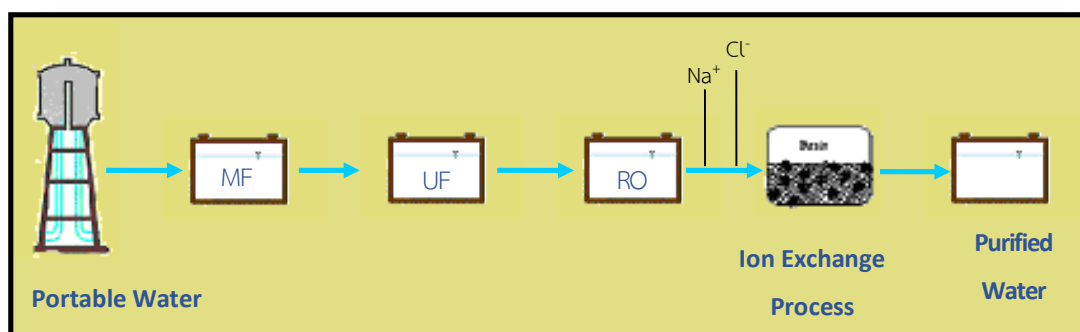
1. Intake sea water from the sea.
2. Flow sea water to pass membrane filtration process by using MF or UF, to separate suspension.
3. RO will filter Sodium Chloride to obtain portable water.
4. Store into storage tank for further usage.

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.

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).

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:

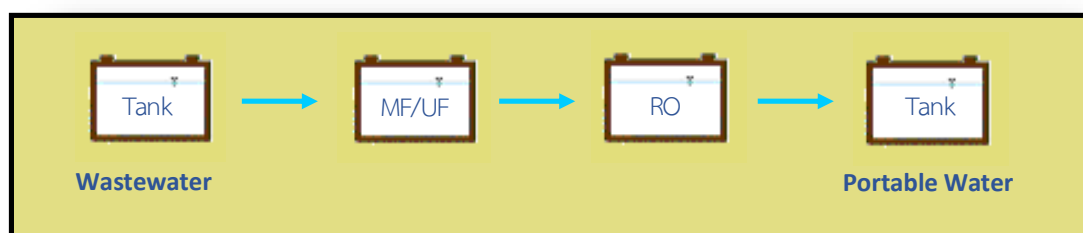
- 1. Wastewater with organic substances:** from consumption, Biochemical Oxygen Demand (BOD) measures the condition of wastewater. BOD shows the amount of Oxygen required by bacteria to decompose organic substances. Wastewater with low BOD, when discharged into river or canal, will not have negative 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 (CO_2) and water (H_2O).
- 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.

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	Anaerobic Digestion
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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	Anaerobic Digestion
<ul style="list-style-type: none"> •Add 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 	<ul style="list-style-type: none"> •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.

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:

3.1 Sanitary Landfill is designed for non-hazardous waste. Sanitary Landfill has two methods, including:

Area Method	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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

3.2 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.

Marketing and Competition

1. Marketing

1.1 Product or Service Strategy

The company offers various environmental engineer solutions as water production system, waste water treatment system and waste disposal system. The company also generates income from complete tap water system management and maintenance services ranging from construction and system maintenance. This is because both activities complement each other and they have made the company continuously generate income although the projects have been completed. The company can cover variety of customers' requirement from basic work yet highly competitive to state-of-the-art work requiring high-end engineering technology with less tense competition such as water production service for petrochemical industry, water desalination and recycling waste water treatment. The service starts from construction as designed by customers or total solution starting from design, construction, procurement, installation and commissioning, management and maintenance of tap water system and investment in producing and selling treated water. For construction, the company has emphasized standard practice and on time completion under management who have been experienced in environmental engineering for 30 years. The company has policy to expand to service requiring higher engineering expertise since the competition is less intense and nature of the business is in line with the company's strength. In the past, the company had experiences in SWRO Project of PTT Chemical Public Company Limited and RIL Project of RIL 1996 Company Limited. The company is the only Thai company to provide total solution as same as international service providers from Japan, Germany and USA.

Apart from variety of solutions offered to the customers, the company prioritizes quality of construction work, efficient service and on time completion with the use of experienced and knowledgeable workforce. It also checks quality of work in every step by ensuring design to meet the customers' requirement and to be efficiently used, hiring sub-contractors who are reliable under supervision of project engineers and consultants, procuring equipment and materials according to specifications and amount and installation of equipment in up-to-standard practice to get efficient system.

1.2 Pricing Strategy

The company has clear policy to bid or submit proposal to customers. Before entering into contract, the company will evaluate its readiness considering experiences and expertise of the company and readiness of workforce and team members. The company's cost policy is to refer construction and service cost and estimated expense plus margin (Cost plus Margin method) which is set at not less than 10% of estimated budget. However, if it is necessary to do work with lower margin, the company will report to the company's Board of Directors later at least once per quarter.

1.3 Place Strategy

The company gets awarded from 2 channels as bidding and being contacted directly from customers. For bidding, the company focuses on an event with high possibility which is normally government agencies' work. The company always monitors bidding news via media as the Internet, newspaper and advertisement that specify primary specification of bidders such as experiences of work similar to the bid work and being a registered vendor in vendor list. The company will buy bid proposal package to study details and budget of the project and present to authorized persons to approve according to the company's authorization table. For direct contact from customers, private agencies who get recommendations from existing customers and business partners of the company and project consultants of the customers and walking-in customers contact the company due to reputation in the business, sincerity to customers, quality and efficient work, good relationship with customers and business partners and good after-sale service.

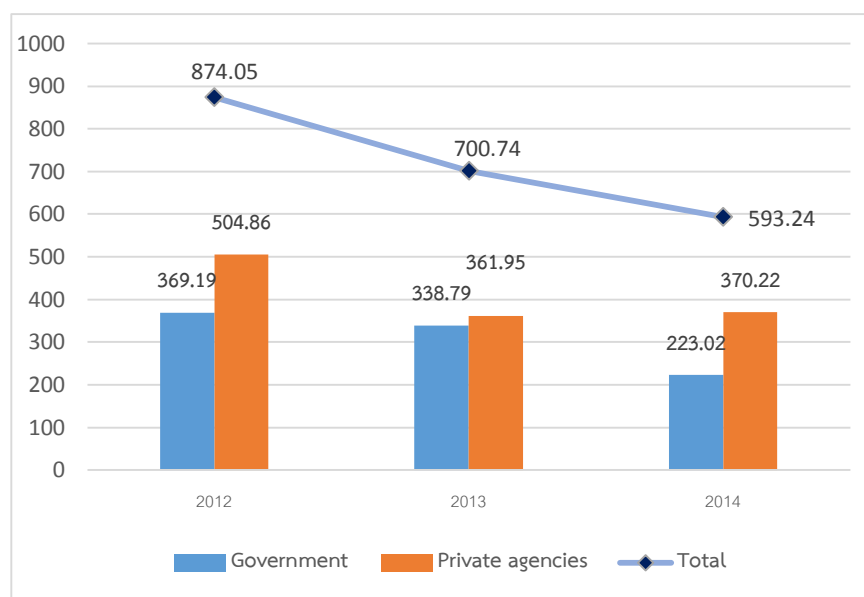
1.4 Promotion Strategy

The company's promotion strategy and public relation focus on quality and standard of construction to create efficient system to satisfy the customers and after-sale services and consulting to create good relationship with customers to retain them. Moreover, the company aims to expand its customer base to other businesses as construction and environmental engineering management which require high engineering expertise for high potential and growing business as energy and industrial estate sectors.

2. Target Group Customer

The company's customers are divided into 2 as government agencies and private agencies for which the company serves as Main contractor. Before entering into contract, the company will evaluate its capability to prevent risk from delay in completing the work. The factors to consider are work in the past or experiences, readiness of workforce and team members and profitability which must comply with the company's policy. At the same time, the company considers prospective customers to avoid risk from unsettled payment. The government and private agency customers have different methods of awarding channel, conditions and specifications of contractors and terms and conditions in contracts. The government agencies have bidding process while private agencies both disseminate bidding news via media and directly contact the company (by recommendation from existing customers and/or business partners or walking-in). The government agencies have conditions in construction contract for adjustment of price using Escalation Factor or K (K means index to measure value of work on the day the contractor wins the bid compared with that on the handing over day. K is only included in contracts with government agencies, state enterprises and agencies under local administration organization law and other agencies appointed by law to have the same status as local administration body while this index does not appear in private agencies' contracts. The ratio between the government and private agency customers in 2012 – 2014 are shown in the table below.

Customers	2012		2013		2014	
	MB	%	MB	%	MB	%
Government	369.19	42.24	338.79	48.35	223.02	37.59
Private agencies	504.86	57.76	361.95	51.65	370.22	62.41
Total	874.05	100.00	700.74	100.00	593.24	100.00



3. Competitions

At present, great number of entrepreneurs has paid more attention to environment preservation to be in line with law and government's regulation due to Global Warming. And due to this environmental preservation trend, there have been more registered environment preservation entrepreneurs in the business with target customers as government agencies which are taking charge of water management as Provincial Waterworks Authority (PWA), Metropolitan Waterworks Authority (MWA), Bangkok Metropolitan Administration (BMA), Sub-district and District Municipality Offices all over the country and private agencies. The competition is on price, quality of work, on time completion and after-sale services while technology of each service is similar among competitors. Considering the company's competitors based on type of work as construction, system management and maintenance of tap water system, details are shown as follows:

3.1 Competition in construction business

Construction business covers water production system, waste water treatment system and recycling waste water treatment system for which competitors are both Thai and joint venture. Contract will cover total solutions starting from design, construction, installation and commissioning. This kind of contract enables contractors to manage cost more efficiently than partial contract especially the one with design

or construction work alone. Therefore, construction entrepreneurs have fierce competition in terms of price, quality and on time completion.

3.2 Competition in system management and maintenance of tap water system business

Competition in this business, is multifaceted as price, amount of water produced and quality of water determined or agreed and fast service. At present, competition is intense since it employs basic technology. The competition focuses on price/rate of service, water quality, on time delivery and after sale service.

3.3 Competition in water production and water treatment project investment

In terms of tap water production investment, competitors compete on price since Provincial Waterworks Authority will compare price of water sold to people. The project will cover small area for which PWA's service does not cover. Moreover, the project requires huge investment so the company requires appropriate source of fund to reduce financial expense. And for investment in waste water treatment system, at present, the company focuses on investment in ASEAN countries which starts to pay more attention to waste water treatment by launching regulations and laws on this issue. The competition is mostly against foreign competitors in terms of price, water quality, on time delivery and after-sale service.

Risk Factors

Hydrotek Public Company Limited aims to exercise risk management tool to effectively run the business to create value added and highest benefits to stakeholders which is in accordance with Good Corporate Governance.

The Board of Directors resolved to appoint Risk Management Committee on 7 March 2014 and the Risk Management Committee appointed Risk Management Unit to manage corporate risk in systematic way and with appropriate risk management process. The committee set up risk management measurement and appointed the unit to prepare risk management report in unit level reporting to the Risk Management Committee. Units will meet with Risk Management Unit before presenting progress of risk management plan implementation for which the Risk Management Committee will report the risk management result to the Board of Directors. Risk factors affecting the company's business are as follows:

1. Strategic Risk

Risk from competition in the industry

The company has 2 groups of customers as government agencies which are taking charge of water management such as Provincial Waterworks Authority (PWA), sub-district and district municipality offices in provinces all over the country and other government agencies such as universities and private sector customers such as petrochemical, energy, steel, food and beverages industries and industrial estates. The company's revenue is from services provided to government and private sectors (both revenue from construction service and system management service) which are various in nature and the company does not depend on any particular customer. However, due to high competition in construction service and as there are large direct competitors to the company, the company's risk are that some private sector agencies use service of other service providers or the company may not win bid of government agencies. And if the company cannot find any other work to compensate for such loss, there may be disruption in revenue which will significantly affect the company's goal achievement.

The government agency customers such as PWA and Bangkok Metropolitan Administration have clear vendor selection criteria in which every construction vendor has to register in vendor list in order to be eligible for bid proposal. The company is classified as first level vendor of PWA and BMA (for route work such as piping and building work such as water tank) which expands the company's chance to be hired by such agencies and sub-contracting from the company's customer. Moreover, competition in the water system construction depending on high engineering technology is not intense. And that the company is one of few private companies which provide service in every level of complexity ranging from work using basic to high engineering technology enables the company to serve variety of customers as petrochemical, energy (power plant) and food and beverages. Therefore, it does not have to depend on any specific customer.

For policy to retain continuity in revenue, the company has defined direction to efficiently control cost to prepare competitive budget and retain profitability and construction quality to create customers' trust and

larger opportunity to be awarded other projects in the future. In the past 5 years, about 50% of the customers have been repeating customers. From this practice, the company is certain to minimize degree of competition to a certain extent.

Risk from setting strategy

In order to efficiently run business to create competitiveness, the company has set up goal and strategy which are appropriate for current situation by analyzing internal factors as human resources, administration, and finance etc. and external factors as policy and politics, economic, social and environmental factors. The company may have risk in wrongly analyzing the internal and external factors, hence, it may use inappropriate strategy.

At present, business running in the industry is in fierce competition. Impacted by domestic and international economic volatility and change in the domestic and international politics, the company has arranged review of vision and mission and business plan on annual basis to create continuity in business and to catch up with ever-changing situation. The company holds monitoring and evaluation meeting periodically to review and adjust the work plans to current situation and to achieve the company's goals.

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.

Risk from additional work apart from those mentioned in contract

For the company's service as design, procurement, construction and installation of machine and equipment and commissioning of any system or turn-key service, the customer will be responsible for all investment and hire the company to construct building and system and pay to the company following the contract's terms. The company has risk in change of the customer's requirement after agreeing to sign contract within budget mutually agreed, whether adding or reducing scope of work. In normal case, additional work will be agreed later and the company has to bear the cost arising from the additional work for a certain period. If the additional scope of work is not agreed, the company has to bear cost of the additional work which reduces profitability.

The company's direction to deal with this risk is to clearly define scope of work and check details of contracts carefully before executing. If the customer has additional scope of work, the company will negotiate to expand the scope of work and additional cost with the customers. The addendum must be signed before additional work is done.

Risk from political instability

The company's main revenue comes from both government and private sectors in similar proportion. Therefore, the company may be affected by political shift in terms of politics and administration in national, regional and local levels that may affect the company's on-going projects due to delay in payment. Moreover, contracts not yet signed may be cancelled due to change in the government's spending policy. If the budget is cut, number of future projects may be affected and the company may not be able to achieve the goal.

From the country's political unrest and conflict, the government has not been able to administer from Quarter 4 of 2013 to Quarter 2 of 2014, such situation caused delay in payment to the company so it had to delay the construction of the project not yet approved payment.

However, the company has closely followed up and analyzed the political situation by arranging monthly meetings of every party to follow up project progress and adjust work plan to response to changing situation and solve problems immediately. The company has checked quality of construction work to be in line with requirement in the contract to expedite acceptance of work and payment of the customers. The company also follows up payment process to prevent lack of cash flow that may affect the company's business as a whole.

2. Construction Risk

Risk from delay of project

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 cannot 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 is aware of such problem, so it defined clear policy on work flow and prevention of risk by creating plan and timeline according to Critical Path Method. It has held meetings to present construction project plan in advance for every quarter as planning to complete construction before due in contracts, preparing procurement/hire plans and defining directions to management risks from incidents that might cause delay. Moreover, the company coordinates and cooperates with relevant parties to expedite problem solving to complete work within the contract's due or in time.

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.

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.

3. Financial Risk

Liquidity Risk

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.

Risk from volatility of construction material price

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.

In Quarter 4 of 2014, construction business was complemented by dropping oil price and construction material price, so the material cost has decreased.

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's procurement risk management policy is to compare prices of raw materials from more than 1 vendor to get best price and payment condition, to agree on validity of main construction material price to control at least 50% of the total construction material and to order in bulk gathering volume from several projects to build negotiation power to receive lower price to control cost to a certain extent. 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.

Risk from retaining financial ratios according to conditions in long term loan contract

In investing in water production and waste water treatment projects, some capital may come from long term loan from financial institutions. Therefore, the company has to follow the loan contract conditions especially those to oblige retaining financial ratios. Failure to comply with such obligation may result in immediate loan pay back. Ability to retain financial ratios depends on revenue earned and the company may not retain them if there is loss. The company has to categorize the long term loan that the lender may demand pay back as current liability as soon as the ratios do not comply with the condition.

Although the company was informed that the lenders would consider the financial ratios only when the company recognizes the revenue, the company is aware of such risk so it defined risk management direction focusing on management, cost and expense control in order to prevent actual cost and expense to be higher than the budget.

Interest rate risk

The interest rate risk is the changing interest rate in the market; the company also could be in difficult situation of the increasing interest rate in the future. Because the company took loan for the investment and the interest has been set as floating rate loan reference from the MLR of the bank. As a result; if in the future

that bank increases the interest rate, there will be effect on the company's cost, cash flow, operation. To reduce risk of the interest rate, the company comprehends the necessity of closely monitoring the change but because majorities of debts are short term and letter of guarantee. The company has fairly low risk as a result.

4. Compliance Risk

Risk from projects disapproved by the public

Some government projects may not be done public hearing with local people since they do not understand advantages and disadvantages of the project. So the project may be delayed since the company cannot enter the construction area and it also loses opportunity to get work from other new customers. Such risk is external factor that the customers have to take care of to hand over the area to the company. However, the company coordinates with the customers to reserve the right to extend the period and adjust construction plan. Moreover, communication to local people to create trust from them that the project will not affect the society and environment is made to create their acceptance.

Legal Disputes

As of December 31, 2014, the Company has legal disputes, to which the Company is a party. The lawsuit or dispute has not ended and which would give rise to negative impact on the assets of the Company by more than 5 percent of the shareholders' equity, as follow:

Legal case, the contract of engineering, procurement and construction of water treatment, operation, maintenance and distribution system.

The Company has been sued by a counterparty on December 26, 2014. The legal case has been filed to the Civil Court accusing the Company of the default contract for Baht 147.88 million. At present, the Company has follow court proceeding to prepare the statement of defense and make a counter-claim to the Civil Court against the counterparty' accusation.

General Information

Company Name in Thai	:	บริษัท ไฮโดรเทค จำกัด (มหาชน)
Company Name in English		Hydrotek Public Company Limited
Registration Number		0107554000097
Nature of Business		<p>Construction, Operation and Maintenance, and Water Operator for environmental engineering business which are</p> <p>Construction (Engineering, Procurement, and Construction: EPC)</p> <p>Operation and Maintenance (O&M)</p> <p>Water Operator of Water Treatment Plant and Wastewater Treatment Plant (Water Operator)</p> <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		1 TP&T Tower, 14thFloor, Soi Vibhavadee-Rangsit19, Chatuchak, Chatuchak, Bangkok, 10900, Thailand
Telephone Number		(66 2) 936-1661-2
Facsimile Number		(66 2) 936-1669
Website		www.hydrotek.co.th
Paid-up Capital		Bath 389,968,760 (389,968,760 shares)
Par Value		Bath 1 per sharer (one Bath per share)

References

Registrar

Thailand Securities Depository Co.,Ltd

62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey,
Bangkok 10110, Thailand

Tel: (66) 2-229-2800

Fax: (66) 2-359-1259

Auditor

Mr. Suchart Panitcharoen Certified Public Accountant No. 4475

SP Audit Company Limited

503/21 K.S.L Tower 12th Fl., Sri Ayudhya Road, Phayathai, Ratchathewi Bangkok 10400

Tel: (66) 2-642-6172-4

Fax: (66) 2-642-6253

Remark: Investors can find additional the company's information from Annual Registration Statement (56-1) at
www.sec.or.th or www.hydrotek.co.th

Registered and paid-up capital

The company's registered capital of Baht 389,968,760 of which has been paid up 389,968,760 Ordinary shares at the par value of Baht 1 per share.

Shareholders

Major Shareholders as at 31 December 2014

	No. of Shares	%
Mr. Kitti Jivacate	52,324,654	13.42
Mr. Slib Soongswang's group	40,727,783	10.44
- Mr. Slib Soongswang	40,444,141	10.37
- Ms. Sujin Srichaiphani	200,000	0.05
- Ms. Suda Srichaiphani	25,642	0.01
- Ms. Sasivimon Soongswang	15,000	0.00
- Mrs. Kobkul Pattanaporn	43,000	0.01
Ms. Wilawan Charumanophat	25,090,000	6.43
Mr. Parin Pattanaporn	17,912,953	4.59
Mrs. Salaya Charuchinda	12,306,000	3.16
Mr. Jiaranai Lertruchkul	10,989,626	2.82
Ms. Chavitsa Jivacate	9,790,000	2.51
Mr. Pichai Klongpitak	9,000,087	2.31
Mr. Chane Ruechai	7,900,000	2.03
Ms. Ladda Lertruchkul	7,735,900	1.98
Total	193,777,003	49.69

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

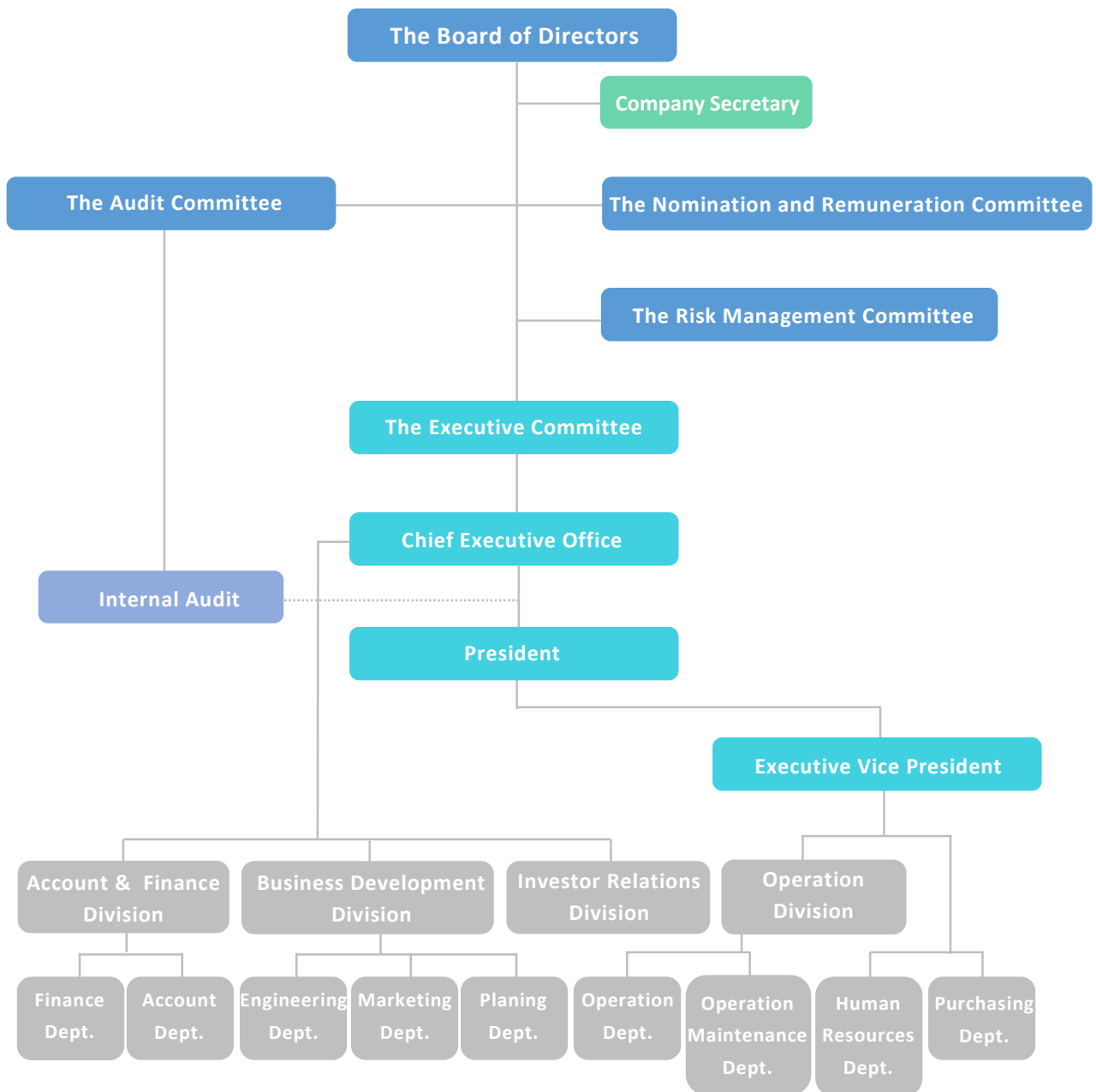
Restriction on foreign shareholders

Foreign shareholders can collectively hold the Company's issued shares by not more than 49.00%. As at 31 December 2014, shares held by foreigner were at 0.01%

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.

Organization Chart



Directors and Management Structure

The Company's management structure consists of 5 groups of directors such as the Board of Directors, Audit Committee, the Risk Management Committee, the Nomination and Remuneration Committee and Executive Committee. Directors were considered from knowledge and experience in the field of business, morals, responsibility, transparency and ethic.

1) The Board of Directors

As at 1 March 2015, the Company's Board of Directors comprised of 7 directors as follows:

- | | |
|---|--|
| 1. Mr. Paitoon Goserakwong | Chairman of the Board |
| 2. Mr. Slib Soongswang | Vice Chairman of the Board / Member of the Risk Management Committee / Member of the Nomination and Remuneration Committee |
| 3. Mr. Pichai Klongpitak | Director |
| 4. Mr. Danai Amornpatchara | Director / Member of the Risk Management Committee |
| 5. Air Chief Marshal Chainan Thumasujarit | Director / Chairman of the Audit Committee / Chairman of the Nomination and Remuneration Committee / Independent Director |
| 6. Mr. Anant Gatepithaya | Director / Member of the Audit Committee / Chairmand of the Risk Management Committee / Member of the Nomination and Remuneration Committee / Independent Director |
| 7. Mr. Kamphol Panyagometh | Director / Member of the Audit Committee / Member of the Nomination and Remuneration Committee / Independent Director |

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

Authorized Directors: Mr. Slib Soongswang or Mr. Pichai Klongpitak or Mr. Danai Amornpatchara two of three directors 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. | operation that required the approval from the shareholders' meeting |
| 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 | 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 The Board of Directors' meeting and shareholders' meeting with the votes mentioned above.

11) The 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

Scope of Duties and Responsibilities of Chairman of the Board

- 1) To ensure operation of the Board with the standard of corporate governance.
- 2) Set the agenda and run the meeting. The Objective for achieve efficiency and effectiveness to implement its business.
- 3) To determine the policy with the Board and management for set goals.
- 4) To support the Board and executive to development of strategy.

2) The Executive Committee

As at 1 March 2015, the Executive Committee of the Company comprised of 5 persons as follows:

- | | |
|-------------------------------|---|
| 1. Mr. Slib Soongswang | Chairman of the Executive Committee |
| 2. Mr. Danai Amorpatchara | Member of the Member of the Executive Committee |
| 3. Mr. Wasit Panichvorapongsa | Member of the Executive Committee |
| 4. Mr. Tanat Supajarunan | Member of the Executive Committee |
| 5. Mrs. Phanalee Noragitt | Member of the 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 800,000,000 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.

3) Executives

As at 1 March 2015, the executives of the Company comprised of 6 persons as follows:

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

Remark : * Mr. Wasit Panichvorapongsa was appointed the Board of Directors' meeting no.1/2015 as a Executive Vice President and Acting Vice President - Operation Division. The appointment shall be effective on 1 April 2015

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 600,000,000 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 300,000,000 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 50,000,000 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.

4) Company Secretary

Qualification of Secretary

- 1) Having knowledge and understanding in the company's business which are construction, management and investment.
- 2) Understanding duties and responsibilities of secretary.
- 3) Having knowledge and understanding in laws, regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.
- 4) Having knowledge and understanding in good corporate governance and code of conduct.

Scope of duties and responsibilities of Secretary

- 1) To perform duties with responsibility, carefulness and honesty according to laws and related regulations.
- 2) To assist in the Board of Directors' activities and advise the directors on company's regulation and relevant agencies' regulations.
- 3) To take care of information disclosure in scope of responsibilities according to good corporate governance.
- 4) To administrate and coordinate the Board of Directors and sub committees' meeting and shareholders' meeting include ensure and coordinate to perform in objectives, company's regulation, the Board of Directors and shareholders' resolutions as well as legal requirements and related regulations.
- 5) To prepare and keep notices, minutes of the Board and Shareholders' meeting and annual report.
- 6) To contact and communication with shareholders and the related regulatory units.

5) Remuneration of the Board of Directors and Executives

Name	The Board of Directors' Remuneration and meeting allowance for the year 2014				
	The Board of Director	Audit Committee	The Risk Management committee	The Nomination and Remuneration Committee	Premium payment 2014
1. Mr. Paitoon Goserakwong	120,000	-	-	-	-
2. Mr. Anusorn Sangnimnuen	210,000	-	-	-	-
3. Mr. Prayoon Vivetpuvanonth	105,000	-	-	-	-
4. Air Chief Marshal Chainan Thumasujarit	165,000	195,000	-	-	-
5. Mr. Anant Gatepithaya	165,000	75,000	-	-	-
6. Mr.Kamphol Panyagometh	165,000	75,000	-	-	-

Remark: * Mr. Paitoon Goserakwong was appointed the Board of Directors' meeting no.1/2015 as a Chairman in replacement of Mr. Anusorn Sangnimnuen, the resigning Director. The appointment shall be effective on 1 March 2015

* Mr. Anusorn Sangnimnuen was appointed the Board of Directors' meeting no.6/2014 as a Chairman in replacement of Mr. Prayoon Vivetpuvanonth, the resigning Director. The appointment shall be effective on 1 June 2014

5.1 Executives' Remuneration

Executives' Remuneration	Fiscal year 2014	
	No. of executives	Amount (Baht)
Salary	7	15,792,000
Bonus	4	170,000
Provident Fund	7	315,840
Others (excl. meeting allowance)	7	831,886
Total		17,109,726

5.2 Other Remuneration

- None -

6) Personnel

6.1 Number of employees (exclude executives)

As at 31 December 2014, the staffs' of the Company and subsidiaries were as follows:

	Fiscal year 2014 No. of staffs
1. Permanent Employee	168
- Business Development Division Development Division	5
- Operation Division	128
- Account & Finance Division	7
- Invertor Relations Division	2
- Purchasing Dept.	3
- Human Resources Dept.	22
- Internal Audit	1
2. Day Laborer	70
Total	238

6.2 Remuneration of employee and laborer and type of remuneration

Baht	2014
Permanent Employee's remuneration: salary, bonus, provident fund	51,640,488
Laborer's remuneration: wage	2,119,874
Training /Seminar	275,386
Total	54,035,748

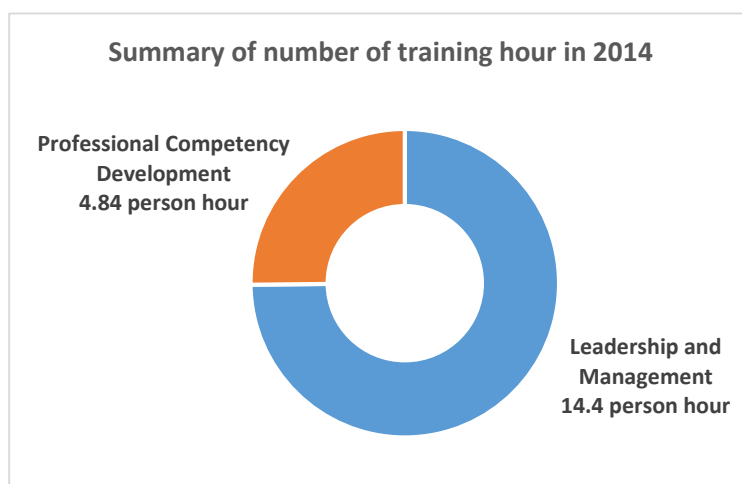
6.3 Human Resources Development Policy

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 staffs 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.

The Company encourage personnel to develop, external and internal training courses, about knowledge and potential including leadership and management and professional competency development, both employee and executive for highly effective work. In 2014, summary of number of training hours as follows :

- Leadership and Management 14.4 person hour
- Professional Competency Development 4.84 person hour

In order to take care staffs completely, the company has been collecting accident data and illness from working rate. In 2014, there is no staff that has an accident and illness from working because the company has been training on using tools and equipments to staffs before start working include safety standards workplace.



Corporate Governance

The company emphasize on efficiency management which has to be transparent and inspected in order to ensure for shareholders, investors, stakeholders, and all related department. To encourage the company to the stability for sustainable growth.

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) 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.

- 2) Allow the shareholder to submit the opinion, advice, question in advance prior to the shareholders' meeting date.
- 3) To encourage the shareholder to use the proxy in form that the shareholder can determine the voting direction and nominate at least 1 independent director.
- 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) 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.
- 6) 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) 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, shareholders' rights to attend the meeting and right to vote in advance.

- 2) To handle and facilitate each shareholder equally and shall not do anything to limit or violate or deprive right of shareholder.

- 3) To determine the independent director to oversee minority shareholders by allowing the minority shareholder to give advice, express opinion or claim to the independent directors. The independent directors shall be the person to properly manage each case such as if it is the claim, the independent directors shall investigate for fact and find way to compensate properly or in case that the independent directors consider that such matter is material which affect to the overall stakeholder or affect the Company's business operation, the independent directors 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 allow shareholder to exercise his right to appoint each director.
- 8) 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 emphasis conduct business to cover Stakeholders sustainable and mutual benefits to all related parties. The Board of Directors oversees the management system to ensure that the Company acknowledges the rights of stakeholders by law and treat equally. The Stakeholders expression of opinion, decision and action takes on matters affecting them. The Company focus stakeholders that we make policy and guidelines to stakeholders. For employee clear guidelines implementation as follows

1) Shareholders

The operation company operates maximum benefit and add value to shareholders in the long term as follows:

- The company manages good corporate governance by the integrity without seeking benefit for themselves or others. The company make maximize shareholder wealth.

- To provide the information about Shareholders' meeting appropriate for the sufficient time of shareholders to decide.
- To provide Independent Directors oversee, complaint and suggest the minority shareholders through the convenient and quick access.
- The company has stipulated control internal audit and risk management effectively.
- Disclosing information to shareholders accurately, completely, and transparently for their acknowledgement the business operation.

2) Employees

The company believes that employee are valuable resource because everyone are the drivers of the company. It is possible to treat employee fairly on human rights for employees and the company has a

good relationship. The company is regarded to want of employees and also developing performance operation the guidelines as follows:

- To give equality for staffs which do not the difference of nationality, religion, skin, age, or language to be factors for hiring consideration and also hiring the disabled in order that give them chance.
- The Company interest in take care of employees fairly by respect in personal freedom and opinions.
- To develop skills of employees to be appropriate with their duties and responsibilities for enhancement of knowledge and efficiency performance.
- To encourage collaboration within the organization to create a harmonious and discipline.
- To encourage the safety system and occupational health that following safety standards for the worker safety and hygiene, according to the principle operators' safety manual.
- The company has policy of remuneration and welfare according by performance which is indicators in remuneration change for the purpose to motivate performance development and increase the profitability of the company and compared industry trend for justice that accordance with labor law, and also provided welfare and other appreciate benefits both short-term and long-term such as provident fund, insurance groups, etc.
- To encourage environmental management in the workplace and motivate employees part of company for decrease turnover of employees

3) Customer

The company policies services the customer turnkey from service, design and engineering, construction contractor as well as commissioning that focus high quality and efficiency. The company treats relationship

our clients by customer services. The guidelines as follows:

- To punctual delivery and customer need.
- To confidence the customer by increasing engineering team high experiences and skill.
- Determine the charge by the method is based on construction cost, services and cost estimates at a fair rate.
- The company emphasizes on quality of work, efficient service and standard construction to the satisfaction of the client and provide after sales consultants for impressive clients.
- The company always develops technology.

4) Business partners

The company operates within a competitive context honestly by strictly upholding its promise and commitment to business partners. The guidelines as follows:

- To consider the purchase and contract rate at a fair price that validity to price, quality and service from business partners
- The company operates sustainable and transparent that manage under commercial condition and promise for fair to stakeholders.
- Closing information of business partners except they permit disclose.

5) Competitor

The company operates within a competitive context, equity and honest. The guidelines as follows:

- company offers services through two channels: bidding and directly-contacted by clients. The company operates within the framework of competitor well, ethical, transparent and do not exploit the competitor by unlawful.
- The company does not find the benefit from the secret of competitors

- The company do not damage a competitor's reputation without facts.

6) Creditors

The company complies with the terms of loans and obligations to its creditors. Based on equality, fairness and transparency in practice the guidelines as follows:

- Do the right contract with creditors for equality and transparency.
- To prepare the contracts require creditor by law in all respects.
- Payment of principle and interest to creditor on time.

7) Social

The Company aware of a part of society. Which is responsible for social assistance and support activities in the community, develop community and environment for quality of life and well-being in society. Because we services from design, construction of the collection system and wastewater treatment and water system to private company and government agencies for reduce wastewater is discharged and may enter source water. And water resources management, which valuable resources of our country the guidelines as follows:

- As part of making a conscious response social to preserve water and use appreciate.
- To encourage and support activities develop community water systems they have water for consumption.
- To enhance meeting for exchange of ideas and give knowledge which are experience and specialization of the company to develop way of life in community that company operated.

8) Environment

- To encourage employees have conscience and responsibility on their activity in order to using of resource as efficiently by educating and campaigning on announcement or internal circular letter.

- To be a part of Thai society by the use of expertise and technology on business operated for development quality of water and quality of life in society.

9) The Company has a non-infringement of human rights policy

The company determines policy about human rights violation for the purpose of equality all both shareholders, investors, stakeholders, and all related as human rights principle, which will not violate individual rights and liberty.

10) The Company determines a non-infringement of intellertual property or copyright policy

The company has non-infringement of intellertual property or copyright policy which prohibit employees to use software that illegal or copy the software.

11) The Company determines an anti-corruption and bribery policy

Securities and Exchange Commission encourage capital market companies operate in a transparent. The Company determines an anti-corruption and bribery policy under code of conduct for staffs guidance.

12) Channels and clues

The company determines opportunity for all related department to discuss information and give advice or inform complaint which not justice ,illegal and rights violation from operation for enhance business operation to be transparent under good corporate governance. All stakeholders can complain to audit committee.

- **e-mail**
audit.committee@hydrotek.co.th

- **Letter**
HYDROTEK PUBLIC COMPANY LIMITED
1 TP&T Tower, 14th Floor 14 Soi Vibhavadee-Rangsit
19, Chatuchak, Chatuchak, Bangkok, 10900

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.
- 5) Disclosure of information in anticipation of circumstances and direction of business and the

projection of the Company's future operating performance (Forward-Looking Information)

- 6) Disclosure of material information already released to the public (Material Public Information) should be made clearly and completely, without creating confusion and consistent in order to avoid misunderstanding of the previously disclosed information.
- 7) Disclosure of other information that is not material (Non-material Information) should be made on the basis of truth and without intention to mislead others from the actual financial status, operational performance, or stock prices. Disclosure should not be made in a way that might lead others to understand that stock prices will rise or fall.

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, 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.

1) Structure of the Board of Directors

- The Company's Board of Directors has 7 persons, comprised of 3 executive directors, 4 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 and the Chairman of the Board is independent directors.
- The Board of Directors support the company to have diversity in the structure inclusive expert who has various knowledge, experience, and specialization that is beneficial to business operation. The expert have to be intent in moral and honest which they are not limited by gender, nationality, religion, age, professional skills, and other special qualification.

2) Business Ethics

In order to operate under good corporate governance and sustainability growth. The Board of Directors announced the Board of Directors' handbook, directors' handbook and code of conducts including improvement for appropriate changing principles.

3) Remuneration of the Board of Directors and executives

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:

- The remuneration is proper and in line with scope of duties and responsibilities of each director.
- The remuneration is at the attractive level and be able to maintain capable and high quality directors to be with the Company.
- The remuneration structure is clear, transparent and easy to understand.
- The remuneration is comparable to remuneration of other companies in the same or similar industry.
- The company have policy to consider remuneration of chief executive officer, president, and vice president by considered from the nomination and remuneration committee which they will consider remuneration and bonus according by industry trend in the same business to comply with responsibility and performance of the company for retain personnel to be on company and propose to the Board of Directors for approval.

4) 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 Board determines in advance meeting schedule for all year except for exclusive agenda. The Boards' meeting at least 4 times a year, the Risk Management Committee and the Nomination and Remuneration Committee meeting at least 2 times a year. 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 for the Board's review prior to attending meeting.
- The Board have policy about minimum number of quorum which the Board's meeting will can the votes not less than 2 over 3 of total votes of the Board, and all committee have to attend at least 75% of all year meeting. Besides, the Company shall record minutes of the meeting accurately and completely in order to be able to be examined by the shareholders

Meeting attendance of each director in 2014 (Number of Attendance / Number of Meeting)

Name	(Number of Attendance / Number of Meeting)			
	The Board of Director	The Audit Committee	The Risk Management Committee	The Nomination and Remuneration Committee
1. Mr. Paitoon Goserakwong	4 / 4	-	1 / 1	-
2. Mr. Slib Soongswang	7 / 8	-	1 / 1	3 / 3
3. Mr. Danai Amornpatchara	4 / 4	-	1 / 1	-
4. ACM Chainan Thumasujarit	8 / 8	4 / 4	-	3 / 3
5. Mr. Anant Gatepithay	8 / 8	4 / 4	1 / 1	3 / 3
6. Mr. Kamphol Panyagometh	7 / 8	4 / 4	-	3 / 3
7. Mr. Pichai Klongpitak	7 / 8	-	0 / 1	3 / 3
8. Mr. Wasit Panichvorapongsa	-	-	0 / 1	-
9. Mr. Tanat Supajarunan	-	-	1 / 1	-
10. Mrs. Phanalee Noragitt	-	-	1 / 1	-
11. Ms. Suparada Amornmanus	-	-	1 / 1	-
12. Mr. Anusorn Sangnimnuan	1 / 2	-	-	-
13. Mr. Prayoon Vivetpuvanonth	5 / 6	-	-	-

Remark : * Mr. Paitoon Goserakwong was appointed the Board of Directors' meeting no.1/2015 as a Chairman in replacement of Mr. Anusorn Sangnimnuan, the resigning Director. The appointment shall be effective on 1 March 2015

* Mr. Anusorn Sangnimnuan was appointed the Board of Directors' meeting no.6/2014 as a Chairman in replacement of Mr. Prayoon Vivetpuvanonth, the resigning Director. The appointment shall be effective on 1 June 2014 and resign from director, which shall be effective on 11 February 2015

* Mr. Paitoon Goserakwong and Mr. Danai Amornpachara was appointed as director from Shareholders' meeting The appointment shall be effective on 29 April 2015

5) 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.

6) The Board of Directors Self-Assessment

The directors will evaluate performance at least one time a year. 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. In 2014, secretary shall submit self-assessment to the Board of Directors and committees.

- the Board of Directors self-assessment shall be divided into six subjects, namely, structure and qualifications of directors, roles, directors' meeting, duties and responsibilities, relationship with management, and self-development of directors.

The assessment result showed that the Board of Directors performed at good level.

- the Audit Committee self-assessment shall be divided into five subjects, namely, structure and qualifications of directors, self-development of directors, directors' meeting, relationship with management and auditor and duties and responsibilities. The assessment result showed that the Board of Directors performed at good level.
- the Risk Management Committee self-assessment shall be divided into five subjects, namely, duties and responsibilities of the Risk Management Committee, qualifications of directors, structure and qualifications of directors, directors' meeting and roles. The assessment result showed that the Risk Management Committee performed at good level.
- The Nomination and Remuneration Committee self-assessment shall be divided into six subjects, namely, structure and qualifications of directors, roles, directors' meeting, duties and responsibilities, relationship with management, and self-development of directors. The assessment result showed that the Nomination and Remuneration Committee performed of directors' meeting, roles and responsibilities, relationship with management at excellent level and structure and qualifications of directors, duties and responsibilities and self-development of directors at good level.

6) Development of directors and executives

- Training for 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.

In this regard, the Company has regularly sent directors and executives to attend training courses. In 2014, Mr. Slib Soongswang, director and Chief Executive Office, participated in TLCA Executive Development Program. Mr. Anant Gatepithaya, director, participated in Strategic Risk Management, and Mr. Wasit Panichvorapongsa, Vice President - Operation, participated in Directors Accreditation Program (DAP)

- Orientation for New Director

The Company also arranges for orientation new director. The Board of Directors assigns the company secretary to meeting with director and/or executives for clarification and answer to question, as well as preparing documents and briefing for new directors, such as, information relating to the Company, business overview, shareholding structure, organization structure, listed company director's handbook, the good corporate governance principles, duties of the Board of Directors, and the annual schedule of the Board of Directors's meetings.

7) 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.

Committee

The Company comprises the Board of Directors and three committees, namely, the Audit Committee, The Risk Management Committee and the Nomination and Remuneration Committee. The names of members of committees, including duties and responsibilities of the respective committees are as follows:

1) The Audit Committee

As at 1 March 2015, the Company's the Audit Committee comprised of 3 directors as follows:

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

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. | 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. |
| 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. | 5) To consider any connected transaction or any conflict of interest transactions and approve such transaction in order to propose to the 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. |
| 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. | 6) To review financial management policy and risk management as assigned by the Board of Directors and approved by the Audit Committee. |
| 4) To select and make suggestions regarding the appointment of the Company's auditor together | 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) The Risk Management Committee

As at 1 March 2015, the Company's Risk Management Committee comprised of 7 directors as follows:

- | | |
|-------------------------------|---|
| 1. Mr. Anant Gatepithaya | Chairman of the Risk Management Committee
/ Independent Director |
| 2. Mr. Slib Soongswang | Member of the Risk Management Committee |
| 3. Mr. Danai Amorpatchara | Member of the Risk Management Committee |
| 4. Mr. Wasit Panichvorapongsa | Member of the Risk Management Committee |
| 5. Mr. Tanat Supajarunan | Member of the Risk Management Committee |
| 6. Mrs. Phanalee Noragitt | Member of the Risk Management Committee |
| 7. Ms. Suprarada Amornmanus | Member of the Risk Management Committee |

Mr. Pilasinee Poomipak is the secretary of the Risk Management Committee.

Scope of duties and responsibilities of the Risk Management Committee

Risk management policy

- 1) To encourage executives and employees develop, awareness and knowledge for risk management and effectively reducing the risk in system.
- 2) To determine risk management for prevention, improvement and transparency.
- 3) To encourage risk management is part of company which shall cover plan, strategic, operation, financial and investment.
- 4) To encourage risk management process that shall cover follow, evaluate, conclude and report risk management and propose to the Board of Directors for approval.
- 5) To determine scope of risk management standard system across the organization.

appropriate and effective also determine the Risk Limited.

- 2) To evaluate the risk factors, process and risk management to consistent with operation and cover credit risk, operation risk, liquidity risk and other risk.
- 3) To evaluate the level of risk, rating and risk management strategic for risk is acceptable.
- 4) To report risk assessment and operate for reduce risks to committee.
- 5) To consider and repeat the risk management effectiveness.
- 6) To concern risk assessment in a regular and crisis.
- 7) The Risk Management Committee has the authority to invite the executives or related persons to attend the meeting to provide additional explanation and information
- 8) The Risk Management Committee may seek advice from experts at the expense of the Company in order to be able to perform their duties in accordance with the Charter efficiently.

Scope of duties and responsibilities of the Risk Management Committee

- 1) To determine the criteria to assess the level of risk in a project such as construction, services and investment that both quantity and quality,

3) The Nomination and Remuneration Committee

As at 1 March 2015, the Company's Nomination and Remuneration Committee comprised of 4 directors as follows:

1. Air Chief Marshal Chainan Thumasujarit Chairman of the Nomination and Remuneration Committee
/ Independent Director
2. Mr. Anant Gatepithaya Member of the Nomination and Remuneration Committee
/ Independent Director
3. Mr. Kamphol Panyagome Member of the Nomination and Remuneration Committee
/ Independent Director
4. Mr. Slib Soongswang Member of the Nomination and Remuneration Committee

Mr. Danai Amorpatchara is the secretary of the Nomination and Remuneration Committee.

Scope of duties and responsibilities of the Nomination and Remuneration Committee

The Company plans to recruit appropriate personnel and transparent for the Company's executives with professionalism and management without controlling majority of shareholder or any shareholder. The Nomination Committee is a succession plan for the CEO, President and senior executives of the Company to the Board of Directors for approval.

Nomination

- 1) To determine qualification of Individuals to hold the position directors and recruit process for replace directors retire or other case that will consider skills, experience and ability.
- 2) To consider and recruit individuals to hold the position director for replace committee retire or other case to propose the Board of Directors and / or shareholders' meeting for approval.
- 3) To provide a succession plan for the CEO, President and Executive Vice President to the Board of Directors for approval.
- 4) To perform other tasks as assigned by the Board of Directors.

Remuneration

- 1) To propose guidelines and methods of the Board of Directors and Board Committee's remuneration have to be appointed by the Board of Directors, including bonus and attendance fees.
- 2) To decide salary, compensation changes and bonus of the company and propose to the Board of Directors for approval
- 3) Reports to the Board of Directors after the Remuneration Committee's meeting.
- 4) To perform other duties as assigned by the Board of Directors.
- 5) The Nomination and Remuneration Committee has the authority to invite the executives or related persons to attend the meeting to provide additional explanation and information.
- 6) The Nomination and Remuneration Committee may seek advice from experts at the expense of the Company in order to be able to perform their duties in accordance with the Charter efficiently.

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 cast for candidates in descending order are tied, which would otherwise cause the number of directors to be exceeded, 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 the 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 the 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 independent directors and at least 1 member of the 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 Independent Directors

- 1) 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.
- 2) 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 filling 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.
- 3) 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.
- 4) 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.

- 5) 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.
- 6) 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.
- 7) 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.
- 8) 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.
- 9) Having no characteristics that may affect the giving of independent opinions on the operation of the Company and its subsidiaries.
- 10) 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

- 1) 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
- 2) Not being a director of parent company, subsidiaries, associates, subsidiaries at the same level which is a listed company.
- 3) 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.
- 4) Having duties as specified in SET's notification with regard to qualifications and scope of duties of the Audit Committee.

Component of the Risk Management Committee

The Risk Management Committee has to the Board of Directors, who was appointed the Board of Directors' meeting, consist of executive committee and at least 1 Independent director. Chairman of the Risk Management

Committee is independent directors and the term of office of the Risk Management Committee is 3 years except expiring according to the Company's Articles of Association and such committee can be re-elected.

Qualifications of the Risk Management Committee

- 1) The Risk Management Committee has appointed by The Board of Directors.
- 2) Having knowledge and sufficient experience in the field.
- 3) No restricted freedom of thought about consideration of risk.
- 4) Independent Director or Executive Director is a Chainman of the Risk Management Committee.

Component of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee is director which has appointed by the Board of Director or shareholders' meeting and the most is Independent directors. The Nomination and Remuneration Committees' meeting at least 2 time per year and the term of office of the Nomination and Remuneration Committee is 3 years except expiring according to the Company's Articles of Association and such committee can be re-elected.

Qualifications of the Nomination and Remuneration Committee

- 1) The Nomination and Remuneration Committee has appointed by The Board of Directors
- 2) No restricted freedom of thought about consideration the director and executives' remuneration principles.

Component and the 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.

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.

Auditor's Remuneration

The Company paid the audit fee to auditor as follows

Unit : Baht	2014
Annual audit fee	550,000
Interim financial reporting for three quarters	450,000
Total audit fee	1,000,000
Other audit fee	35,921
Total audit fee and other audit fee	1,035,921

Corporate Social Responsibilities

The company adhere in business operation along with corporate social responsibility, throughout the process of engineering, construction, procurement, installation, and commissioning for customers. In order to cover all aspects of stakeholders, economy, society and environment with ethics and code of conducts for the social responsibilities' guidelines are continuous and sustainable, therefore the company determines to develop the characters of employees as follow:

1. **Proper business approach:** The Company encourage and support operations to be impartial by provided various of activities that according with law. The company operates the business according to the ideal policies which the description is clearly in roles of stakeholders and the company will never reveal the client confidential information which case the damage to customers, or deliberately conceal and distort the fact. The company selected partners and provided appreciate procurement and also encourage employees to realize of a fair competition.
2. **Anti - Corruption:** The company realizes that corruption are problem with business operation. To support anti – corruption happens, the company has determined anti – corruption policy as writing under business ethics along with encourage employees to understand and realize the importance of implementing the anti – corruption policy and its guidelines by regularity examine performance and continuing review operations. The company also determined channels and clues, fairness investigation process, and proper informant protection measures.
3. **Respect for Human Rights:** The Company has policy in respect for human rights with equality to all shareholders, investors, stakeholders, and all related department according by human rights principle. The company will not violate personal rights and freedom, discrimination and also give chances for all employees, society, and stakeholders to participate in complaining and comments whether the company's operation might be human rights violation.

4. **Fair Treatment of employees:** The Company has respected the human rights according to the principle for working, which the company will not objection or prejudgment on hiring, on force, and respect employees to assemble and demonstrate the negotiation with employers, also to protect the working environment, health and safety which is in accordance with the decent company policy. In addition, there will frequently be the training both internal and external agency and encourage employees to learning new things for enhance their performance and advancement.



5. **Participation in Local Development:** In 2013, the company continually educated university, corporate, and individuals who interested in water management and company development. The activity that opened for the participant was convert sea water to normal water. The participant's objective in this project were the preparation and the feasibility study for management with the drought, and the education in water management technology and desalination plant.



The participants to adapt the concept for their benefits in SWRO plant such as

1. Operator Utilities from PTT Global Chemical Public Company Limited
2. Faculty municipal, Phosai, Phosai, Ubonratchathani
3. The Federation of Thai Industries
4. SCG Chemical Public Company Limited
5. Metropolitan Waterworks Authority (MWA)
6. SiamkolRayong Television Shows



The company expected that this project will make the participants understand in water management system and desalination system and can apply with their works.

Whenever the company's operation has to associate with local community, the company would educate inhabitants before commencement of work by the professional engineers about effects on the local community to ensure them to realize the benefit for their own place.

- 6. Environmental Management:** The Company is a part of management and will control the activity that can lead to the water pollution to local community. The company will be responsible for water treatment system both chemical and non-chemical approaches to eradicate the substance in water resources. The company also associates in rural people's life development, by helping to increase water supply, all aspects of the company mission will mean to assist people to get better quality of life.

Report of Shareholding of the Directors and Executives (as at 31 December 2014)

	Common Shares (Shares)		Add (Reduce)
	31 December 2013	31 December 2014	
1. Mr. Paitoon Goserakwong	-	-	-
2. Mr. Slib Soongswang	28,747,425	40,444,141	11,696,716
3. Mr. Danai Amorpatchara	-	-	-
4. Mr. Pichai Klongpitak	6,098,265	9,000,087	2,901,822
5. ACM Chainan Thumasujarit	-	-	-
6. Mr. Anant Gatepithaya	-	-	-
7. Mr. Kamphol Panyagometh	-	-	-
8. Mr. Wasit Panichvorapongsa	-	-	-
9. Mr. Tanat Supajarunan	-	-	-
10. Mrs. Phanalee Noragitt	-	-	-
11. Ms. Suparada Amornmanus	-	-	-
12. Mr. Anusorn Sangnimnuan	-	-	-

Remark: Between 19 - 23 May 2014, Company allotment of capital increase share at the subscription ratio of 1 existing ordinary share to 1 new ordinary share.

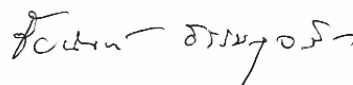
Report of the Nomination and Remuneration Committee

The Board of the Directors' Meeting No. 2/2014, held on 7 March 2014, has appointed the Nomination and Remuneration Committee, which has Air Chief Marshal Chainan Thumasujarit, Independent Director, as a Chairman of the Nomination and Remuneration.

In 2014, the Nomination and Remuneration held three meetings, have passed the following important resolutions.

1. To recruit suitable candidates for strategy and business structure to replace the committee, who resigned, and recommend the Board of the Director to appointed. The Board of the Director duly approves the Committee's recommendation.
2. To consider the 2014 remuneration for the Board of the Director and the Audit Committee submitted it to the Board of the Director and shareholders' meetings for consideration and approval, taking into their responsibilities and compared with industry peers and met with approval from the shareholders
3. The Nomination and Remuneration Committee considered personal qualifications as the President, the Nomination and Remuneration Committee recommend the Board of the Director to appointed Mr. Danai Amornpatchara to replace Mr. Pichai Klongpitak, who resigned from the president, with effect from September 1, 2014, but will remain on the President Consultant. The Board of the Director duly approves the Committee's recommendation.

The Nomination and Remuneration Committee cautiously completed its duties with integrity, based on the responsibilities designated in its charter. It adhered to the principle of good corporate governance and transparent for the benefits of all stakeholders.



Air Chief Marshal Chainan Thumasujarit
Chairman of the Nomination and Remuneration Committee

Report of the Risk Management Committee


The Board of the Directors' Meeting which held on 7 March 2014 No.2/2014 has approved to nominate the Risk Management Committee, which has Mr.Anant Gatepithaya, Independent Director, is a chairman of the Risk Management Committee.

In 2014, the Risk Management Committee has operated under assigned by the Board of Directors with the scope of duties and responsibilities. The actions of the risk management committee are determined risk management framework, evaluated risk factors that could impact significantly to business operation include recommended risk management guidelines to executive and reported to the Board of Director.

Performance summary as follow:

1. Approved charter of the Risk Management Committee.
2. Approved risk management manual, as a guideline in risk management for employees, to acknowledge their role and responsibility in order to operate enterprise risk management.
3. Considered risk factors that could impact significantly to business operation, both external and internal factors.
4. Monitored risk management performance and guided to the working group in order to promote efficient operation.

The Risk Management Committee considered that in 2014, the Company has committed in development, risk management to be efficient. The company provided risk management training in organization for employees to understand the objective and also to be able to identify, estimate and analyze the risk that may occur from operation process and set the guidelines of risk management. Including estimate and review performance continuously for good corporate governance.



Mr.Anant Gatepithaya

Chairman of the Risk Management Committee

Internal Control and Risk Management

The company emphasizes the importance of establishing internal control system for efficient operation. In the 1/2014 Audit Committee meeting, the Audit Committee verifies and evaluates the sufficiency of internal control system that covers both financial and managerial aspects to ensure effective and efficient operations and to focus on continuous improvement which the auditor prepared in accordance with the generally accepted accounting principles and no significant defect. Internal control system that covers all 5 aspects (1) organization and environment (2) risk management (3) management control activities (4) information system and (5) communication, which can be summarized as follows:

1. Organization and Environment

The Company determines objectives and business plan to ensure business stability and develops efficient work process including human resource development on a continuous basis in order to cope with business changes and hierarchy of authority in organizations. Internal audit department as an independent entity reporting directly to the Audit Committee to ensure transparency. The Company determines policy and work plan by considering fair treatment of employees and business partners as well as responsibility towards shareholders, society and environment. In terms of the functional organization chart, the Company clearly divides responsibilities into 3 basic functions of the internal audit system, which are approval, transaction and information recording, and asset tracking and monitoring. Such functions are specified in writing from management to employee levels based on approval and execution authority and operating procedures.

2. Risk Management

In 2014, the Company sets up the Risk Management Committee to assess business risk, analyze problem and factors which its arising from both internal and external factors include activity risk and assign person to be responsible for the risk in each section, determine risk management measures and work plan, implement risk management measures, evaluate and monitor risk management of all sections within the organization for protection and reduction measures, and provide training in risk management of organization for management and employees to have a better understanding of this subject.

3. Management Control Activities

The Company defines scope of responsibility and financial approval limit of each level of the management in writing, determines policy and manual of each function appropriately to achieve efficient operation, and monitors affiliated companies regularly. Moreover, the Company approves of each function to reduce operational risk to ensure that each section has sufficient supervision in terms of finance, operation, compliance with laws, regulations and rules. In case of any transaction that results in a long-term obligation, the Company requires a person responsible for monitoring compliance with conditions and reporting to the Audit Committee periodically to verify appropriateness of the transaction throughout the contract period and to prevent relevant persons from exploiting company's benefits to their own advantages.

4. Information System and Communication

The Company provides emphasis of Information and Communication Technology and continuous development in order to effectively use information to make decisions. The Company provides important and sufficient information to the board of directors for their consideration together with supporting documents for each agenda by submitting

meeting appointment notice and supporting documents to them at least 7 days in advance. The Company secretary acts as a coordinator to submit such information to the board of directors and to record minutes of meeting, questions, comments, and opinions of directors in the board of directors meeting. With regard to the storage of accounting and supporting documents, the Company keeps all items separated by category that is convenient for an audit. The Company has controlled access to information under scope, verify and ensure that the information was correct, timely and effective. The Company has an intranet system that can be linked to external entities in order to allow quick and efficient communication and data transfer between internal and external entities. The aforementioned system has sufficient and suitable data security system.

5. Monitoring System

The company has been meeting regularly review and monitor the operation. The Audit Committee had a duty to report audit results to the board of directors on a quarterly basis. Moreover, The Company held management meeting to report progress of the aforementioned work plan on a monthly basis, if performance vary the target, management will be report the aforementioned work plan to the Board of the Director the Company stipulated that the internal audit department had to monitor internal controls on a regular basis to ensure transparency, which internal audit under the control and must report to the Audit Committee in order to operate freely and honestly. Moreover, if internal audit find a significant defect. Internal audit will be reported to the Audit Committee and the Board of Directors to revise.

Risk Policy and Management

The Risk Management Committee determine policy to assess business risk arising from both internal and external factors and to reduce such risk to an acceptable level. The Risk Management Committee monitors, assess and consider in each process to develop continuously efficient operation that the risk management is appropriate for the business operation and is compliant with objectives and mission of the organization. The risk management is the responsibility of every person within the organization. The Company provides training for all employees to be responsible for and to understand the risk principle within their scope of work in order to ensure appropriateness of risk management. The risk management committee has a duty to approve the risk management plan, review and improve the policy so that it is appropriate for the environment of the Company.

Related Party Transactions

Related Company	Nature of Relationship	Transaction	Value of the Transaction (Baht)		Necessity and Rationality of the Transaction
			2013	2014	
UAC Hydrotek Co., Ltd.	Joint venture company, Hydrotek Public Company Limited holds 49.97% of shares and managed	UAC Hydrotek Co., Ltd hired Hydrotek to handle the project that service engineering, Procurement, construction and installation the water treatment plant. A transaction that occurred as follows. Contraction income Trade receivable Unbilled receivables	71,997,934.50 2,040,146.00 15,542,648.41	1,593,337.59 - -	Pricing policy of bidding have to the gross profit margin of project is 10% that commercial agreement for a general partner. <u>Opinion of the Audit Committee</u> The Audit Committee already considered the rationality of this project
Universal Adsorbents & Chemicals Public Co., Ltd. (UAC)	Mr. Kitti Jivacate who is a major shareholder of Hydrotek Public Company Limited is Chief Executive Office and authorized Director of UAC.	UAC hired hydrotek to handle Bangchak Project that service engineering, Procurement, construction and installation the wastewater recycle plant. A transaction that occurred as follows. Contraction income Trade receivable Less Allowance for doubtful debts Unbilled receivables Other expense-cost Supply-cost	42,517,993.46 4,614,375.00 - 8,709,078.32 65,146.00 154,560.00	131,546.68 13,535,500.00 7,690,625.00 - - -	Pricing policy of bidding have to the gross profit margin of project is 10% that commercial agreement for a general partner. <u>Opinion of the Audit Committee</u> The Audit Committee already considered the rationality of this project

Related Company	Nature of Relationship	Transaction	Value of the Transaction (Baht)		Necessity and Rationality of the Transaction
			2013	2014	
Board of Director	Board of Directors and Audit Committee	Accrued expenses of Director (Bonus)	470,000.00	-	Directors' expense, Shareholders authorized in the Shareholders' meeting, not exceeding the amount to be approved by the shareholders meeting on April 4, 2013 <u>Opinion of the Audit Committee</u> The Audit Committee already considered the rationality of this list and Shareholders authorized in shareholders' meeting.
S.P.C Design Co.,Ltd.	Mr. Prasit Soongswang is Mr. Silb Soongwang's cousin, Chief Executive Office and authorized Director of the Company.	The Company hired SPC design to design 3 project. 1. MLD wastewater treatment Project, construction contract 120,000 Baht 2. UAC-BangChark Project, construction contract 80,000 Baht 3. Pa Pai Project, construction contract 30,000 Baht Supply-cost	230,000.00	-	The design of SPC Design is high quality, with high standard and at the lowest price when compare with other companies <u>Opinion of the Audit Committee</u> The Audit Committee already considered the rationality of this project

Opinion of audit committee

Hydrotek Public Company Limited has the Audit Committee's meeting No. 1/2015 on February 27th, 2015. The Audit Committee discussed related party transactions that might create conflict of interest or potential conflict of interest according to the notification of Securities and Exchange Commission. In the meeting, it was unanimously resolved that such transactions were reasonable. In addition, it was considered that other conditions were justified and money was not siphoned off from the company to any person who might have such conflict of interest.

Policy and tendency of related party transaction and acquisition or disposal of company's asset in the future

In the meeting, it was unanimously resolved to determine the policy on the future related party transaction. Such policy stipulated that audit committee and/or board of directors had to examine the rationality of the transaction and check whether price and conditions of the transaction are consistent with normal business conditions. In addition, the board of directors had to monitor the company to ensure compliance with Securities and Exchange Law, Notification of Capital Market Supervisory Board, as well as regulation, notification, directive, or requirement of the Stock Exchange of Thailand related to disclosure of information on related party transaction and acquisition or disposal of asset of the company or subsidiary company (if any) and to ensure conformity with accounting standards determined by the Federation of Accounting Professions.

If a related party transaction between the company or subsidiary company (if any) and any person might create conflict of interest or potential conflict of interest in the future, the company would ask the Audit Committee to give an opinion on the necessity of transaction and the appropriateness of price of such transaction by considering all conditions to be consistent with ordinary course of business in the market and comparing the price with that of external party. In case the Audit Committee does not have the expertise in considering related party transaction, the company would ask an independent expert or an auditor of the company to give an opinion on such related party transaction in order to support decision-making of audit committee and/or board of directors and/or shareholders as the case may be. The company would disclose the related party transaction in the notes to financial statement reviewed by an auditor of the company.

Approval for the principle of trade agreement with general trading conditions for the transaction between the company or subsidiary company (if any) and director, management, or relevant person

Related party transactions between the company and subsidiary company and director, management, or relevant person can be conducted in the future if the trade agreement of such transactions is made in the same way as the general agreement made between a person of ordinary prudence and the other party under the same condition with the bargaining power that is not influenced by his/her title as a director, management, or relevant person.

Investor protection measure

In order to protect investors in the future, if there is any related party transaction between the company and any person who might have such conflict of interest or potential conflict of interest, the company will present such transaction in the board of directors meeting attended by audit committee in order to ensure that the related party transaction will be conducted fairly with appropriate pricing policy. The board of directors shall ensure compliance with Securities and Exchange Law as well as regulation, notification, or requirement of the Stock Exchange of Thailand and conformity with requirements for disclosure of information on related party transaction and acquisition or disposal of asset.

Report of the Audit Committee

The Audit Committee of Hydrotek Public Company Limited consists 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 a member of the Audit Committee. Mr. Anant Gatepithaya and Mr. Kamphol Panyagometh are director who has knowledge and experience in financial accounting and is able to verify the creditability of the financial statements. All directors possess qualifications of independent director according to the notification of the Stock Exchange of Thailand.

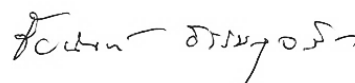
The Audit Committee performs duties in accordance with the charter and notifications of the Stock Exchange of Thailand. In 2014, the Company conducted four audit committee meetings and reported results to the board of directors on a quarterly basis. The performance results of the Audit Committee can be summarized as follows:

Reviewed quarterly and yearly financial statements of year 2013 in order to present them to the board of directors for approval by considering financial statements, which were reviewed and audited by the auditor. In addition the committee regularly had the meeting with the auditor to acknowledge and consult about auditor's opinions and founded issues from financial statement to ensure that financial statements were prepared in accordance with the generally accepted accounting principles with sufficient disclosure of information that were useful for the decision-making of users of financial statements and by considering recommendation from auditor with regard to the internal control system to ensure that the observation found during the audit would be considered and implemented properly by the management.

- Reviewed the related party transaction or transaction that might cause the conflict of interest in order with sufficiency of reasonable, transparency, disclosure and the utmost benefit of the Company according to the good corporate governance policy of the Stock Exchange of Thailand's regulations.
- Reviewed compliance with Securities and Exchange Law, requirements of the Stock Exchange of Thailand and Securities and Exchange Commission, and other laws relevant to the Company's business and compliance with relevant laws and government regulations.
- Reviewed the sufficiency and appropriateness of the internal control system by considering internal audit reports and auditor's opinions on important work system and monitoring results of improvement and did not find any significant problem. The Audit Committee approved the annual internal audit plan, track performance and advice internal audit regularly. In 2014, the Audit Committee reasonably believed that company had sufficient and effective internal control system.
- Reviewed qualifications, performance, independent practice, and audit fee. The Audit Committee unanimously resolved to propose that the board of directors should request approval in the Annual General Meeting of Shareholders for year 2015 to appoint SP Audit Company Limited to be the auditor for year 2015 as the auditor performed duties excellently and appropriate to the operations of the company and possessed proper qualifications in accordance with the notifications of the Stock Exchange of Thailand as well as considered audit fees appropriately to offer to the Board of Directors.

- Provided opinion on the performance of duty according to the Audit Committee Charter based on the Audit Committee self-assessment for year 2014. The Audit Committee evaluated the element of audit committee, training and resources, meeting, relationship with auditor and management, as well as future roles of the Audit Committee. In summary, the assessment result showed that the Audit Committee performed duties sufficiently at an excellent level.

Considering the overall picture, it can be seen that in 2014, 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 and transparent for the utmost benefit of the Company 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 goals, 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 laws and relevant regulation compliance. The Company prioritizes good corporate governance complying with good corporate governance principle having inspection and creates benefits of every stakeholder. The Company has correct report on finance and business. The financial statement ended on 31 December 2014 shows no significant concern on the statement.



Air Chief Marshal Chainan Thumasujarit
Chairman of the Audit Committee

Report of the Board of Directors' Responsibilities to Financial Statements

The Board of Directors of Hydrotek Public Company limited are responsible for financial statements for the year ending 31 December 2014 prepared in accordance with financial reporting standards and the financial reporting requirements of the Securities and Exchange Commission 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. Auditors have been checked and verified the financial statements and expressed opinion in the auditor's report 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 Audit Committee reported in its reported in the Company's annual report in 2014

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 2014 presenting the financial status, operation result and cash flows, including notes to financial statements correctly and reliability and in accordance with financial reporting standards and correctness in all material respects.



Mr. Paitoon Goserakwong
Chairman of the Board of Directors

Financial Position and Operating Result

Financial Statement

(A) Summary of Audit Report

The financial statement and the separate financial statement for accounting period 2014 ended on December 31, 2014 of the company were audited by SP Audit Company Limited. The auditor, Mr. Suchart Panitcharoen, Certified Public Accountant No. 4475, conducted the audit in accordance with Generally Accepted Auditing Standards and gave an unqualified opinion that the company's financial statements presented financial position and separate statement, operating result and separate operation result and cash flow statement and separate statement of cash flow accurately in all material respects according to Financial Reporting Standards.

Emphasis of matter in the auditor's report

As mentioned in the notes to the financial statements No. 29, explaining the uncertainty in regard to the litigation case's outcome where the Company has been sued for compensation by a counter-party. At present, the Company's lawyer is preparing the statement of defense to be submitted to the Civil Court against the counter-party's accusation. My opinion is not qualified in respect of this matter.

Other matters

The consolidated and separate financial statements as at December 31, 2013 of Hydrotek Public Company Limited and its subsidiary and of Hydrotek Public Company Limited, were audited by other auditor in the same firm and who expressed an unqualified opinion on these financial statements and expressed the emphasis of matter paragraph on the change in accounting policy concerning income tax under his report dated February 27, 2014.

The financial statement, in which the equity method was applied, and the separate financial statement for accounting period 2013 ended on December 31, 2013 of the company were audited by SP Audit Company Limited. The auditor, Mr. Somyot Wiwatapinai, Certified Public Accountant No. 5476, conducted the audit in accordance with Generally Accepted Auditing Standards and gave an unqualified opinion that the Company's financial statements presented financial position, operating result and cash flow statement accurately in all material respects according to Financial Reporting Standards.

Emphasis of matter in the auditor's report

Since January 1st, 2013, the company changed its income tax accounting policy to be consistent with Thai Accounting Standard No.12 Income Taxes. The company applied the retrospective adjustment to the comparative financial statement to reflect such change in accounting policy without expressing any qualified opinion with regard to this issue as described in notes to financial statement no.2 and 4.

Other matters

The financial statement, in which the equity method was applied, and the separate financial statement for accounting period ended on December 31, 2012 were audited by another auditor of the same audit firm. An unqualified opinion was given according to the report dated February 26th, 2013.

The financial statement, in which the equity method was applied, and the separate financial statement for accounting period 2012 ended on December 31, 2012 of the company were audited by SP Audit Company Limited. The auditor, Miss Susan Eiamvanicha, Certified Public Accountant No. 4306, conducted the audit in accordance with Generally Accepted Auditing Standards and gave an unqualified opinion that the Company's financial statements presented financial position, operating result and cash flow statement accurately in all material respects according to Financial Reporting Standards

(B) Summary Table of Financial Status and Operation Result

Statements of Financial Status	Audited					
	Ended 31 Dec12		Ended 31 Dec13		Ended 31 Dec14	
	MB	%	MB	%	MB	%
Cash and cash equivalents	156.55	28.79%	44.40	7.43%	89.58	13.40%
Trade and other accounts receivable	109.71	20.17%	142.76	23.88%	110.91	16.60%
Unbilled receivable	109.13	20.07%	197.28	33.01%	238.92	35.75%
Retention receivable	28.71	5.28%	8.87	1.48%	4.30	0.64%
Suspend input vat	2.44	0.45%	3.07	0.51%	2.72	0.41%
Construction in progress	2.57	0.47%	0.00	0.00%	0.59	0.09%
Total Current Assets	409.11	75.23%	396.38	66.32%	447.02	66.89%
Deposits at financial institutions pledged as collateral	46.61	8.57%	59.69	9.99%	77.55	11.60%
Investment in associate	3.79	0.70%	3.81	0.64%	2.79	0.42%
Investments property	1.98	0.36%	1.98	0.33%	1.98	0.30%
Land and equipment –net	64.28	11.82%	112.75	18.86%	124.14	18.57%
Intangible assets –net	0.48	0.09%	0.29	0.05%	1.33	0.20%
Withholding tax deducted at source –net	2.26	0.42%	0.00	0.00%	0.00	0.00%
Other non-current assets –net	14.77	2.72%	21.92	3.67%	11.64	1.74%
Deposits at financial institutions pledged as collateral	0.53	0.10%	0.89	0.15%	1.88	0.28%
Total Non-Current Assets	134.71	24.77%	201.33	33.68%	221.32	33.11%
Total Assets	543.82	100.00%	597.71	100.00%	668.34	100.00%
Short-term loans from financial institutions	0.00	0.00%	51.00	8.53%	94.00	14.06%
Trade and other accounts payable	130.27	23.95%	132.89	22.23%	154.44	23.11%
Construction revenue received in advance	12.44	2.29%	20.39	3.41%	0.63	0.09%
Advances receives from customers under construction contracts	83.12	15.28%	62.18	10.40%	66.83	10.00%
Unbilled output tax	5.09	0.94%	7.95	1.33%	5.22	0.78%
Income tax payable	0.00	0.00%	0.00	0.00%	0.05	0.01%
Current portion of long-term loans	3.24	0.60%	33.96	5.68%	34.20	5.12%
Current portion of obligation under finance lease	1.71	0.31%	1.83	0.31%	1.69	0.25%
Provision of loss from construction	0.00	0.00%	0.00	0.00%	7.98	1.19%
Other current liabilities	0.00	0.00%	0.00	0.00%	3.91	0.59%
Total Current Liabilities	238.80	43.91%	312.00	52.50%	368.96	55.20%
Long-term loans due to financial institutions	10.60	1.95%	7.36	1.23%	3.88	0.58%
Obligation under finance lease – net	4.33	0.80%	2.50	0.42%	0.76	0.11%
Employee benefit obligation	8.85	1.63%	11.70	1.96%	13.81	2.07%
Deferred tax liabilities	0.00	0.00%	0.47	0.08%	0.43	0.06%
Total Non-Current Liabilities	23.79	4.37%	22.04	3.69%	18.88	2.82%
Total Liabilities	262.58	48.28%	334.01	55.88%	387.83	58.03%
Registered share capital	130.00	23.90%	195.00	32.62%	389.97	58.35%
Issued and paid-up share capital	130.00	23.90%	194.98	32.62%	389.97	58.35%
Premium on share capital	67.21	12.36%	67.21	11.24%	66.70	9.98%
Appropriated – statutory reserve	9.62	1.77%	9.62	1.61%	9.62	1.44%
Retained earnings (loss)	74.40	13.68%	-8.14	-1.36%	-185.78	-27.80%
Total Shareholders' Equity	281.24	51.72%	263.67	44.11%	280.51	41.97%
Total Liabilities and Shareholders' Equity	543.82	100.00%	597.71	100.00%	668.34	100.00%

Remark : The financial statements for 2012 the company changed policy about TAS No. 12 Income Taxes which has been becoming effective 1 January 2556. And the company has reclassified the information. The company back adjusted comparative data for changes in accounting policies.

Statements of Comprehensive Income	Audited					
	Year 2012		Year 2013		Year 2014	
	MB	%	MB	%	MB	%
Construction income	820.48	93.87%	646.41	92.25%	531.83	89.65%
Service income	53.57	6.13%	54.32	7.75%	57.79	9.74%
Revenue from sale					3.62	0.61%
Total Revenues	874.05	100.00%	700.73	100.00%	593.24	100.00%
Cost of construction	720.05	82.38%	609.48	86.98%	628.39	105.92%
Cost of services	47.08	5.39%	51.39	7.33%	50.69	8.55%
Cost of goods sold					2.29	0.39%
Total Costs	767.13	87.77%	660.87	94.31%	681.37	114.86%
Gross Profit	106.92	12.23%	39.86	5.69%	-88.13	-14.86%
Other income	7.52	0.86%	4.03	0.58%	4.17	0.70%
Profit before expenses	114.44	13.09%	43.89	6.26%	-83.96	-14.16%
Selling and administrative expenses	44.60	5.10%	50.07	7.15%	87.33	14.72%
Profit from operation	69.84	7.99%	-6.18	-0.88%	-171.29	-28.87%
Finance cost	0.41	0.05%	1.44	0.21%	5.18	0.87%
Income tax	16.14	1.85%	2.73	0.39%	0.15	0.02%
Profit before share of losses from investment in associate	53.29	6.10%	-10.35	-1.48%	-176.62	-29.77%
Share of losses from investment in associate	-1.20	-0.14%	0.01	0.00%	-1.01	-0.17%
Net Profit /(Loss)	52.09	5.96%	-10.34	-1.48%	-177.63	-29.94%
Earnings per share (Baht/share)	0.27		-0.05		-0.62	
Par value (Baht /share)	1.00		1.00		1.00	
Weighted average of ordinary shares (million shares)	194.98		194.98		284.26	

Remark : /1 Other income

- In 2014, other income were interest income at 1.29 million baht, sell material 0.22 million baht and damage claimed from subcontractor 1.71 million baht.
- In 2013, other income were interest income at 1.32 million baht and sell material 1.75 million baht
- 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.

Statements of Cash Flow	Audited		
	Year 2012	Year 2013	Year 2014
Cash Flow From Operating Activities			
Profit / (Loss) before income tax	68.23	-7.61	-177.49
Adjustments to reconcile net profit for cash received (used) from operations			
Share of losses from investments accounted by equity method	1.20	-0.01	1.01
Bad debt and doubtful debt / (reversal)	-2.00	0.03	10.76
Depreciation	2.72	2.88	3.06
Amortization of intangible assets	0.23	0.22	0.41
Provision for warranty	3.10	2.50	3.86
Gain from sales of fixed assetse	0.04	-0.21	0.58
Loss from impairment of land / (reversal)	-0.59	0.00	0.00
Loss from tax refund deduction at source	0.00	0.21	0.00
Loss amortization	0.00	0.03	0.06
Loss from impairment of fixed assets	0.00	0.00	15.26
Loss expected from construction	0.00	0.00	5.33
Provision of cost of service / (reversal)	1.62	0.00	0.00
Provision for penalty fee	-0.63	0.00	0.00
Income from debt settlement	-1.38	0.00	0.00
Unrealized loss on exchange rate	0.06	0.00	0.00
Provision for employee benefit	1.93	2.91	1.89
Interest income	-2.91	-1.32	-1.25
Interest expenses	0.41	1.44	5.18
Profit (loss) from operating activities before changes in operating assets and liabilities	72.03	1.08	-131.35
Trade and other accounts receivable	73.56	-32.98	21.08
Unbilled receivable	-27.29	-88.15	-41.64
Retention receivable	-13.94	19.84	4.57
Suspend input vat	-0.37	-0.63	0.35
Construction in progress	3.67	2.57	-0.59
Trade and other accounts payable	-0.06	2.05	23.82
Construction revenue received in advance	4.35	7.94	-19.76
Advances received from customers under construction contracts	4.25	-20.94	4.65
Unbilled output tax	-5.10	2.87	-2.73
Provision for warranty	-2.15	-3.63	-1.74
Provision of cost of service	-22.60	0.00	0.00
Cash provided from (used) from operating	86.36	-109.99	-143.34
Cash paid-up for employee benefits	0.00	-0.26	0.00
Income tax (paid) received	-21.14	-7.36	10.15
Net cash provided from (used) from operating activities	65.22	-117.61	-133.19

Statements of Cash Flow	Audited		
	Year 2012	Year 2013	Year 2014
Cash Flow From Investing Activities			
(Increase) /decrease in current investment	0.11	0.00	0.00
Cash paid for investment in associate	-5.00	0.00	0.00
(Increase)/decrease in deposits at financial institutions pledged as collateral	20.21	-13.08	-17.86
Cash received from sales/(paid for purchase) of fixed assets	-33.65	-50.76	-30.18
Cash received from disposal of fixed assets	0.52	0.20	0.44
Cash received from sales/(paid for purchase) of intangible assets	-0.03	-0.03	-1.35
(Increase)/ decrease in other current assets	0.00	-0.36	-0.99
Cash received interest income	3.00	1.26	1.26
Net cash provided from (used) in investing activities	-14.83	-62.76	-48.69
Cash Flow From Financing Activities			
Cash received from short-term loans from financial institutions.	0.00	51.00	43.00
Cash paid obligation under finance lease	-1.98	-1.71	-1.88
Increase in long-term loans due to financial institutions	13.84	27.48	-3.24
Short-term loans - others decreased	0.00	0.00	0.00
Cash paid for dividend	-33.80	-72.3	0.00
Cash paid for interest expenses	-0.41	-1.33	-5.29
Cash received from capital increase			194.47
Net cash provided from (used) from financing activities	-22.35	68.22	227.06
Cash and cash equivalent increase /(decrease) net	28.04	-112.15	45.18
Cash and cash equivalent at the beginning of the year	128.50	156.55	44.40
Cash and cash equivalent at the end of the year	156.55	44.40	89.58

Financial ratio		Year 2012	Year 2013	Year 2014
Liquidity ratio				
Current Ratio	Times	1.71	1.27	1.21
Quick Ratio	Times	1.02	0.53	0.46
Cash Flow Liquidity Ratio	Times	0.26	-0.43	-0.39
Account Receivable Turnover	Times	6.75	6.66	5.90
Average Collection Period	Days	54	55	62
Inventory Turnover	Times	0.00	0.00	0.00
Average Sales Period	Days	0.00	0.00	0.00
Account Payable Turnover	Times	7.52	6.86	5.63
Payment Period	Days	49	53	65
Cash cycle	Days	5	2	2
Profitability ratio				
Gross Profit Margin	%	12.23	5.69	-14.86%
Operating Profit Margin	%	7.99	-0.88	-28.93%
Other Profit Margin	%	0.00	0.00	0.00%
Cash to Profit ratio	%	93.37	0.00	0.00%
Net profit Margin	%	5.96	-1.48	-29.94%
Return on Equity	%	19.38	-3.79	-63.62%
Efficiency ratio				
Return on Assets	%	12.87	-1.08	-27.30%
Return on Fixed Assets	%	114.01	-8.42	-44.70%
Assets Turnover	Times	1.65	1.23	0.94
Financial policy ratio				
Debt to Equity Ratio	Times	0.93	1.27	1.39
Interest Coverage Ratio	Times	155.85	-46.70	-20.67
Fixed Charges Coverage Ratio - Cash basis	Times	0.87	-1.90	-3.25
Dividend Payout Ratio	%	138.63	0.00	0.00

Remark : Annual General Meeting of Shareholders 2014 on 30 April 2013 have passed the important resolutions:

- Approved the decrease of the registered capital from the existing registered capital of Baht 195,000,000 to the new registered capital of Baht 194,984,380 by canceling the registered but unissued ordinary shares in the number of 15,620 shares at a par value of Baht 1 per share.

- Approved the allotment of the capital increase shares in the number of 194,984,380 shares with a par value of Baht 1 per share to existing shareholders by way of a rights issue (Rights Offering) proportionately to their shareholding, in whole or in part by one tranche or several tranches, at the subscription ratio of 1 existing ordinary share to 1 new ordinary share, whereby the shareholders shall have the right to subscribe for shares in excess of their entitlement. The offering price shall be at Baht 1 per share, and the subscription period are scheduled to be from 26 May to 30 May 2014. In case there are remaining new ordinary shares from the subscription by existing shareholders, the Board of Directors shall have the power and discretion to allot such remaining new ordinary shares to existing shareholders of the Company proportionately to their shareholding. The Board of Directors shall also have the power to consider determining and amending the terms, conditions and offering details.

The company has changed the registered capital to the Department of Business Development, Ministry of Commerce on 8 May 2014 for the decreasing of the registered capital and on 12 May 2014 for the increasing of the registered capital.

Discussion and Analysis of Financial Position and Operating Result

Operating Result Overview

Hydrotek Public Company Limited operates construction, management and investment in environmental engineering business which Water Treatment Plant service is a main income. The company is one of leaders for major customer services and able to provide services from less complicated services which are highly competitive to experience based services which are less competitive such as Water Treatment Plant for petrochemical industry, desalination plant, wastewater treatment plant and wastewater recycle plant. With 30 year-experience, the Company understands customers' need and has various types of service provide for customers' need.

- 1) Construction (Engineering, Procurement and Construction)) the Company can offer individual services or total solution
- 2) Operation and Maintenance
- 3) Water Operator o Water Treatment Plant and Wastewater Treatment Plant

In 2014, the operating result was not achieved due to an adjustment to the construction budget cost estimation as a result from an increase of labor and materials costs, an increase of work quantity, an upgrading of materials' quality and an adjustment to contract value due to an estimation of late delivery. Furthermore, the political problems result in a delay in the disbursement from the government. Hence, the Company has to slow down the operation in some projects.

However, the Company concentrates on improvement of management to be effective and sustainable under good corporate governance such as internal control and enterprise risk management improvement, effective cost management and employees' skill development, which could create value for the Company to operate as planned, in consideration of interests of shareholders and all stakeholders.

In February 2014, the company was established Hydrotek-Chaisarit joint venture with registered capital of Baht 1,000,000 to submit proposal for the construction bid of the medical waste treatment systems of Naresuan University, Phitsanulok work value of Baht 246.50 million. The shareholding ratio is 50% and changed the shareholding ratio to 100% that is the Hydrotek-Chaisarit joint venture is a subsidiary and consolidated financial statements in 2014.

In addition, in January 2015, the company was established on 13 January 2015 with registered capital of Baht10,000,000 which divided into 100,000 common shares, at a par value of Baht 100 per share. The Company's proportion is 99.96% and the Director and executives' proportion is 0.04%. The objective is to operate in investment project, which operate and selling portable water and related businesses.

Profitability

Revenue

Total revenues of the company for accounting periods 2011, 2012, and 2013 were 689.06 million Baht, 874.05 million Baht, and 700.074 million Baht respectively. Total revenues were comprised of revenues from construction,

which were 600.83 million Baht, 820.48 million Baht, and 646.41 million Baht and revenues from service, which were 88.23 million Baht, 53.57 million Baht, and 54.33 million Baht respectively as shown in the table below.

Types of Revenue (million Baht)	2012		2013		2014	
	million Baht	Percentage	million Baht	Percentage	million Baht	Percentage
Revenue from Construction	820.48	93.87%	646.41	92.25%	531.83	89.65%
Revenue from Service	53.57	6.13%	54.32	7.75%	57.79	9.74%
Revenue from Sold	0.00	0.00%	0.00	0.00%	3.62	0.61%
Revenue from the Investment in Water Production and Wastewater Treatment Plant Projects	0.00	0.00%	0.00	0.00%	0.00	0.00%
Total Revenue	874.05	100.00%	700.73	100.00%	593.24	100.00%
Other Revenues	7.52		4.03		4.17	

Income from construction service of 2012, 2013 and 2014 was 820.48, 646.41 and 531.83 Million Baht respectively accounting for 93.87%, 92.25% and 89.65% of the total income respectively. The income from construction service of the year 2014 has decreased from that of the year 2013 by 114.58 Million Baht or 17.73% due to adjustment of construction project estimates caused by increasing cost because of these reasons.

1. Increase in construction cost due to increase in labor and material costs causing income from construction service to reduce by 41.28 Million Baht.
2. Increase in scope of work and change to materials with higher quality causing the income to reduce by 37.29 Million Baht.

Moreover, reduction of project value due to delay penalty estimation caused the income to reduce by approximately 35.33 Million Baht.

At the end of 2014, the company and subsidiary were awarded 4 new construction projects from government agencies with total value of 735.82 Million Baht which would be recognized in 2015.

Income from service in 2012, 2013 and 2014 was 53.57, 54.34 and 57.79 Million Baht respectively accounting for 6.13%, 7.75% and 9.74% of the total income respectively. The income from service of the year 2014 was 57.79 Million Baht while that of 2013 was 54.32 Million Baht which increased by 3.47 Million Baht or 6.39% due to 2 new projects counting for 16% of the total service income. In 2015, one service contract would expire and no renewal is made.

Income from sale in 2014 was 3.62 Million Baht which was from sale of waste water system improvement equipment abroad while in 2012 and 2013, there was no income from this transaction.

In 2014, there was no income from water production and waste water project investment since it was during construction and improvement of waste water quality to feed to production process.

Other income in 2012, 2013 and 2014 was 7.52, 4.03 and 4.17 Million Baht respectively. When compared with that of 2013 and 2014, the income has increased by 0.14 Million Baht or 3.47%. The majority of them were receiving interest, scrap sale income and expenses collected from contractors.

Cost and Gross Profit

Total costs of the company for accounting periods 2012, 2013, and 2014 were 767.13 million Baht, 660.87 million Baht, and 681.37 million Baht or 87.77%, 94.31 %, and 114.05% of total revenues respectively. Meanwhile, gross profit margins were 12.23%, 5.69%, and -14.75% respectively. If we consider costs categorized by type of revenue, we can see that construction costs of the company for accounting periods 2012, 2013, and 2014 were 720.05 million Baht, 609.48 million Baht, and 628.39 million Baht or 87.76%, 94.29%, and 118.16% of revenues from construction respectively. In 2014, the negative gross profit margin due to material cost and labor cost to rise. As for the service, service costs of the company for accounting periods 2012, 2013, and 2014 were 47.08 million Baht, 51.39 million Baht, and 50.69 million Baht or 87.87%, 94.61% and 87.71% of revenues from service with gross profit margins of 12.11%, 5.39%, and 12.29% respectively. The profit margin of 2014 increased compared with 2013 due to new project 2 project, relatively high profit margin. In 2014, the cost of goods sold was equipment for improve the wastewater treatment system to international was 2.29 million Baht or 63.09%

Selling and Administrative Expenses

Selling and administrative expenses of the company for accounting periods 2012, 2013, and 2014 were 44.60 million Baht, 50.07 million Baht, and 87.33 million Baht or 5.10%, 7.15%, and 14.62% of total revenues of the company respectively. The significant increase in selling and administrative expense ratio was due to provision for loss on construction projects, provision for impairment of investments in associates and provision for doubtful debt were 5.33 million Baht, 2.86 million Baht and 10.85 million Baht respectively and provision for impairment of construction in progress was 15.26 million Baht. Due to we cannot get revenue from BOO because we cannot improve water quality into the system.

Net Profit (Loss) and Net Profit Margin

Net profits (losses) of the company for accounting periods 2012, 2013, and 2014 were 52.09 million Baht, -10.34 million Baht, and -177.63 million Baht and net profit margin were 5.96%, -1.48%, and -29.94% respectively. The operating loss in 2014 was due to the decrease in revenue from construction and the increase in construction cost as mentioned above and provision for impairment of assets due to the Selling and administrative expenses reasons.

Return on equity (ROE) ratios of 2012, 2013, and 2014 were 19.38% -3.79% and -63.62% respectively. They were in line with the negative net profit margin due to the above-mentioned reasons.

Asset Management Ability

Total assets of the company as of 31 December 2012, 31 December 2013, and 31 December 2014 were 543.82 million Baht, 597.71 million Baht, and 668.34 million Baht respectively. The following assets are worthy of attention

- Cash and Cash Equivalents

Cash and cash equivalents of the company at the end of 2012, 2013, and 2014 were 156.55 million Baht, 44.40 million Baht, and 89.58 million Baht respectively. Cash and cash equivalents in 2014 increased compared with 2013 was increased 45.18 million Baht or 101.77% due to rising costs and operating loss, which caused the company to use a large amount of working capital for its operation, therefore, short-term loans from financial institutions. In 2013 was used to investment projects of 2 projects and bought land for construction projects 21.03 million Baht.

- Trade and Other Receivables

Trade and other receivables of the company at the end of 2012, 2013, and 2014 were 109.71 million Baht, 142.76 million Baht, and 110.91 million Baht respectively. Ratios of trade receivables to other receivables in 2012, 2013, and 2014 were 80:20, 86:14, and 71:29 or 88.15 : 21.56 (million Baht), 122.37 : 20.40 (million Baht), and 78.80 : 32.11 (million Baht) respectively Trade receivables in 2014 decreased compared with 2013 wa 43.57 million Baht. Reserve for doubtful account was set for 5 outstanding debt balances of more than 6 months and 1 year with total amount of 10.85 Million Baht which was expected to settle in 2015 except for the balance of 0.83 Million Baht which was during lawsuit. In 2013, the trade receivables have increased from that of 2012 by 34.22 Million Baht, among these 30.63 Million Baht or 60.33% has not reached due. In 2012, payment could be collected from the trade receivables calculated based on progress of work, so the trade receivables have decreased from 2011 by 69.55 Million Baht. The trade receivables decreasing in 2014 were undue and overdue for 1-3 months with total amount of 61.15 Million Baht since the handing over dates in the contracts have not yet reached which was reflected by increasing value of complete work which has not yet collected payment. For quality of trade receivables in ageing report of 2012, 2013 and 2014, 57.60%, 66.52% and 57.90% respectively was undue trade receivables while the overdue balance was 42.40%, 33.48% and 42.10% respectively.

Account receivable turnover ratios of 2012, 2013, and 2014 were 6.75, 6.66 and 5.90 times and average collection periods were 54, 55 and 62 days respectively.

Other receivables were comprised of deposits, advance payment for subcontractors, and other receivables, i.e. advances and prepaid expenses. In 2014, the majority of other receivables were advance payment of 5.70 million Baht and VAT credit carried forward to next month of 12.83 million Baht. In 2014, the company set up an allowance for doubtful accounts for goods of 0.85 million Baht and in 2013, the company set up an allowance for doubtful accounts for a subcontractor since it was suspected that the company might not be able to get a refund of advance payment of 0.03 million Baht from such subcontractor.

- Unbilled Receivables

Unbilled receivables of the company at the end of 2012, 2013, and 2014 were 109.13 million Baht, 197.28 million Baht, and 238.92 million Baht or 20.07%, 33.01%, and 35.75% of total assets respectively. Since 2012, unbilled receivables increased continuously due to the increase in revenue. However, in 2013, the revenue decreased but unbilled receivables increased because the company just undertook new construction projects and started working on such projects at the end of 2013, which old project is not reached the deadline.

- Bank Deposits Pledged as Collateral

Bank deposits pledged as collateral of the company at the end of 2012, 2013, and 2014 were 46.61 million Baht, 59.69 million Baht, and 77.55 million Baht or 8.57%, 9.99%, and 11.60% of total assets of the company respectively. *The aforementioned* bank deposit was used as collateral for letter of guarantee with three financial institution creditors. Such letter of guarantee was used for bid proposal submission, performance bond, retention, advance payment guarantee, and merchandise purchasing guarantee. The increase in bank

deposit pledged as collateral in 2014 was due to a pledged deposit of 17.86 million Baht at a new financial institution for letter of guarantee and promissory note.

- **Investments in Associated Company**

Investments in associated company of the company at the end of 2012, 2013 and 2014 were 3.79 million Baht, 3.81 million Baht and 2.79 million Baht respectively, which were investments in UAC Hydrotek Company Limited with 49.997% of shares together with UAC Global Public Company Limited (Universal Adsorbents and Chemicals Public Company Limited). The company also assigned its representatives to be directors of such associated company. The objective of such associated company was to carry out investment project to produce and sell purified water production for consumption and industrial use in order to enhance its capability and expand its customer base. In 2014, the company recognized loss of 1.20 million Baht because associated company did not has project, which was the cause less impairment of investments was 2.88 million Baht.

- **Land, Equipment, and Investment Property**

Land, equipment, and investment property of the company at the end of 2012, 2013, and 2014 were 64.28 million Baht 112.75 million Baht and 124.145 million Baht or 11.82%, 18.86%, and 18.57% of total assets respectively. The major asset was land with the net value at end of 2014 were construction in process of the investment project on wastewater treatment plant and the investment project on water production and distribution were 3.47 and 23.64 million Baht respectively. But the investment project on wastewater treatment plant could not to improve water quality for feed into system. It is uncertain to charged revenue so we less impairment of assets under construction was 15.26 million Baht and it is resolution process

The investment property was the land being transferred from a large debtor for the settlement of debt. At present, such land was assessed by an independent appraiser and it turned out that the net value at 2.97 million Baht

Based on the above-mentioned asset management, return on assets ratios of the company of 2012, 2013, and 2014 were 12.87%, -1.08%, and -27.30% respectively and return on fixed assets ratios of 2012, 2013, and 2014 were 114.01%, -8.42%, and -44.70% respectively. Meanwhile, asset turnover ratios were 1.65, 1.23, and 0.94 times respectively. It can be seen that ratios of 2014 are lower than those of 2013 and 2012 due to operating loss and decrease in revenue from construction compared with 2012.

Capital adequacy

The source of funds of the company from liabilities and shareholders' equity are as follows:

Liabilities

Total liabilities of the company as of 31 December 2012, 31 December 2013, and 31 December 2014 were 262.58 million Baht, 334.04 million Baht, and 387.83 million Baht respectively. The following liabilities of the company are worthy of attention.

- **Short-term Loan from Financial Institution**

Short-term loan from financial institution of the company as of 31 December 2014 and 2013 was 94 million Baht and 51 million Baht respectively, which increased by 43.00 million Baht or 84.31%, which was a promissory note from a financial institution to be used as working capital for business operation.

- **Trade and Other Payables**

Trade and other payables of the company at the end of 2012, 2013, and 2014 were 130.27 million Baht, 130.24 million Baht, and 154.44 million Baht or 23.95%, 21.79%, and 23.11% of total assets of the company respectively. Ratios of trade payables to other payables of 2012, 2013, and 2014 were 72:28, 74:26, and 81:19 or 93.82 : 37.45 (million Baht), 98.92:33.97 (million Baht), and 125.21 : 29.74 (million Baht) respectively. Other payables were retention payables, accrued expenses, and tax payables. As of 31 December 2014, around 60% of trade payables were subcontractor account payables and the remaining trade payables were material account payables that the company mainly purchased from domestic suppliers. The increase of 24.20 million Baht or 18.85% in trade and other payables of 2014 compared with that of 2013, a significant increase item is trade payables were 26.30 million or 26.59% due to increasing of purchase order and labour cost in 2014.

Accounts payable turnover ratios of 2012, 2013, and 2014 were 7.52, 6.86 and 5.63 times and payment periods were 49, 53 and 65 days respectively. The upper ratio in 2014 was due to cash flow management by slowing payment trade payable. Cash cycle ratios of 2012, 2013 and 2014 were 5, 2 and -2 days respectively.

- **Unearned Revenue from Construction**

Unearned revenues from construction of 2012, 2013, and 2014 were 12.44 million Baht, 20.39 million Baht, and 0.63 million Baht respectively. Such unearned revenues from construction were under payment conditions based on work completion according to the milestone. Construction payment requests could be made for several milestones at the same time and they were greater than revenue recognition based on work completion in such project. As for 2014, unearned revenues from construction came from a projects with payment conditions based on work completion as mentioned above.

- **Deferred Income under the Construction Contract**

Deferred income under the construction contract of the company at the end of 2012, 2013, and 2014 were 83.12 million Baht, 62.18 million Baht, and 66.83 million Baht respectively. In 2014, the company received deferred income under the construction contract of 49.78 million Baht in total from two new employers for construction projects undertaken at the end of 2014.

- **Current Portion of Long-Term Loans**

Current portion of long-term loans at the end of 2012, 2013 and 2014 were 3.24 million Baht, 33.96 million Baht and 34.20 million Baht respectively. Such long-term loans were used for two projects, which were the investment project on wastewater treatment plant and the investment project on water production and distribution. Due to the operating loss, a certain financial ratio (Debt Service Coverage Ratio: DSCR) was not compliant with financial ratio maintenance covenant stipulated in long-term loan agreement with a financial

institution. Therefore, the company classified long-term loan current liabilities of 30.72 million Baht and 30.72 million Baht in 2013 and 2014 respectively, which might be subjected to payment upon request, as current liabilities in order to be consistent with Thai Accounting Standard No. 1 Presentation of Financial Statements. If the company could maintain its financial ratios in compliance with the aforementioned covenant stipulated in long-term loan agreement, such amount would be changed back to long-term loan. In 2013 the company was approved exemption of financial ratio maintenance with a financial institution.

Liquidity ratios of the company of 2012, 2013, and 2014 were 1.71, 1.27, and 1.21 times and quick ratios were 1.02, 0.53, and 0.46 times respectively. Decreases in liquidity ratios and quick ratios of 2014 compared with those of 2013 were due to the increase in current assets less the increase in current liabilities as mentioned above. Cash ratios of 2012, 2013, and 2014 were 0.26, -0.43, and -0.39 times respectively, which decreased due to the same reason.

- Long-Term Loans from Financial Institutions

Long-term loans from financial institutions of the company at the end of 2012, 2013 and 2014 were 10.60 million Baht, 7.36 million Baht and 3.88 million Baht respectively. In 2013, the company had long-term loans from a financial institution of 10.60 million Baht. Out of this amount, 3.24 million Baht was the current portion of long-term loans under current liabilities section and 7.36 million Baht was the long-term loans from a financial institution under non-current liabilities section. In addition, the entire amount of 30.72 million Baht of long-term loans from another financial institution was changed to the current portion of long-term loans due to the above-mentioned reason. In 2014, the company have the decrease of long-term loans were 3.48 million Baht or 47.28% due to loans repayment during the year.

- Deferred Tax Liabilities

Since the Federation of Accounting Professions determined that Thai Accounting Standard No.12 Income Taxes would be applied to the financial statement for an accounting period beginning on or after January 1, 2011 onwards, the company followed such accounting standard, which stipulated that the company would recognize deferred tax liabilities or deferred tax assets every time when there was a temporary difference between tax base of asset or liability and its reported amount in the financial statement while the company did not recognize such amount in the past. The company applied the retrospective adjustment to the comparative financial statement by adjusting deferred tax assets of 2.26 million Baht in the financial statement of 2012 and deferred tax liabilities of 0.47 million Baht in the financial statement of 2013. In 2013, the company adjusted the deferred tax asset, which was reduced by 2.76 million Baht since the company had an operating loss and was not certain whether such asset could be used in the future. In 2014, the Company decreased deferred tax liabilities of 0.43 million Baht, due to Income Tax recognition in Statements of Comprehensive Income.

Shareholders' Equity

The shareholder's equity of 2014 has increased from that of 2013 by only 16.84 Million Baht due to increase in capital of 194.47 Million Baht while the current year had loss of 177.63 Million Baht. The shareholder's equity of 2013 has decreased from that of 2012 by 17.57 Million Baht due to loss of 10.34 Million Baht and dividend

payment of 7.23 Million Baht. For 2012, the shareholder's equity has increased from that of 2011 by 22.69 Million Baht among these, profit from business was 56.49 Million Baht and dividend payment was 33.80 Million Baht. Ratios of debt to equity in the capital structure of the company of 2012, 2013, and 2014 were 0.93, 1.27, and 1.39 times respectively. Such ratio increased in 2014 due to increase of debt more than the shareholders' equity.

Liability management off Balance sheet

As at 31 December 2014, the company has the obligations as follows:

Obligate	Total	Repayment period			
		Less 1 year	1-3 years	3-5 years	More than 5 years
1. Long-term Liability	38.08	34.20	3.88	-	-
2. Financial Lease	2.45	1.63	0.82	-	-
3. Operation Lease	8.43	3.08	5.25	0.10	-
4. Construction	300.52	284.44	16.08	-	-
5. Bank Guarantee	608.67	525.46	82.74	0.47	-
Total	958.15	848.81	108.77	0.57	-

- 1. Long term obligation** was long term loan for investment in recycling water for sale project for a private agency customer at amount of 16 Million Baht. The company had to transfer claim right in demanding water treatment service fee in the contract to financial institutions as guarantee.
- 2. Financial lease obligation** was 8 long term leasing contracts with leasing company to lease vehicles. The rental was paid on a monthly basis of 8,841 – 60,018.00 Baht with lease period of 1-3 years. The company's directors were guarantors of the contracts.
- 3. Rental obligation** was building rental contract, service contracts, and equipment rental contracts of the company's office.
- 4. Construction contract obligation** was construction contractor hiring contracts for all construction projects with value of 300.52 Million Baht which was expense for the year 2014 of 284.44 Million Baht and for the following year of 16.08 Million Baht.
- 5. Guarantee obligation** was guarantee letter issued by financial institutions for submitting bid, advance payment guarantee, performance guarantee, retention guarantee and letter of credit. 68.78% of the total guarantee value of 418.62 Million Baht was performance and advance payment guarantees. Factors impact on Future Operation Performance

Factors impact on Future Operating Performance

The company's vision is to be sustainable leader of engineering and construction of environmental engineering services in ASEAN, the company concentrates to provide total solution services from engineering, procurement, construction, installation through operation with quality and efficiency and effective cost management and employees' skill development In order to expand the business to stable and sustainable. On the other hand, the operating result which was not achieved the goals might has factors affect to the business operations in future as follows:

1. Risk from delay of project

Problems of delay of project operations are resulted from employers, contractors and uncontrollably external factors.

The company is aware of such problem, so it defined clear policy on work flow and prevention of risk by creating plan and timeline according to Critical Path Method. It has held meetings to present construction project plan in advance for every quarter as planning to complete construction before due in contracts, preparing procurement/hire plans and defining directions to management risks from incidents that might cause delay. Moreover, the company coordinates and cooperates with relevant parties to expedite problem solving to complete work within the contract's due or in time.

2. Risk from volatility of construction material price

In the company's construction business has to set the price of construction material and equipment for the whole construction period.

However, 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 and manage construction cost on budget plan.

3. Liquidity Risk

The government agency clients have already been approved the budget from the government but may have a delay in disbursement. And 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. In addition, for foreign customers, the Company will consider and select government agency first because of their security.

4. 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.

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.

Independent Auditor's Report

To the Shareholders of Hydrotek Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Hydrotek Public Company Limited and its subsidiary and of Hydrotek Public Company Limited, which comprise the consolidated and separate statements of financial position as at December 31, 2014, and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and 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 Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Thai 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 consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of Hydrotek Public Company Limited and its subsidiary and of Hydrotek Public Company Limited as at December 31, 2014, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

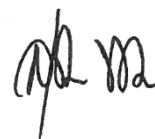
Emphasis of matter

As mentioned in the notes to the financial statements No. 29, explaining the uncertainty in regard to the litigation case's outcome where the Company has been sued for compensation by a counter-party. At present, the Company's lawyer is preparing the statement of defense to be submitted to the Civil Court against the counter-party's accusation. My opinion is not qualified in respect of this matter.

Other matter

The consolidated and separate financial statements as at December 31, 2013 of Hydrotek Public Company Limited and its subsidiary and of Hydrotek Public Company Limited, were audited by other auditor in the same firm and who expressed an unqualified opinion on these financial statements and expressed the emphasis of matter paragraph on the change in accounting policy concerning income tax under his report dated February 27, 2014.

SP Audit Company Limited



(Mr. Suchart Panitcharoen)

Certified Public Accountant (Thailand) No. 4475

Bangkok

February 27, 2015.

Statements of Financial Position

Hydrotek Public Company Limited and Subsidiary

As at December 31, 2014

(Unit : Baht)					
	Note	Consolidated		Separate financial statements	
		Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
<u>ASSETS</u>					
Current Assets					
Cash and cash equivalents		89,579,187.75	44,397,225.42	87,312,813.35	44,397,225.42
Trade and other receivables	6	110,913,718.67	142,763,485.00	110,555,130.46	142,763,485.00
Unbilled receivables	7	238,922,945.73	197,277,962.35	231,136,477.15	197,277,962.35
Retention receivables		4,304,642.23	8,874,472.20	4,304,642.23	8,874,472.20
Suspend input vat		2,715,207.21	3,067,626.02	2,685,353.12	3,067,626.02
Short-term loan due from related party		5.1	-	-	6,080,000.00
Inventory		587,257.65	-	587,257.65	-
Total Current Assets		447,022,959.24	396,380,770.99	442,661,673.96	396,380,770.99
Non-Current Assets					
Deposits at banks pledged as collateral	8	77,554,059.80	59,691,766.40	77,554,059.80	59,691,766.40
Investment in associate	9	2,793,579.06	3,807,036.05	2,142,391.26	4,999,700.00
Investment in subsidiary	10	-	-	1,000,000.00	-
Investments property	11	1,980,000.00	1,980,000.00	1,980,000.00	1,980,000.00
Land and equipment	12	124,136,323.35	112,749,670.51	123,784,533.40	112,749,670.51
Intangible assets	13	1,330,306.25	286,083.43	1,235,621.32	286,083.43
Withholding tax deducted at source		11,640,368.18	21,915,623.17	11,640,368.18	21,915,623.17
Other non-current assets		1,883,078.61	895,160.38	1,883,078.61	895,160.38
Total Non-Current Assets		221,317,715.25	201,325,339.94	221,220,052.57	202,518,003.89
Total Assets		668,340,674.49	597,706,110.93	663,881,726.53	598,898,774.88

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

Statements of Financial Position

Hydrotek Public Company Limited and Subsidiary

As at December 31, 2014

(Unit : Baht)

	Note	Consolidated		Separate financial statements	
		Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>					
Current Liabilities					
Short-term loans due to financial institution	14	94,000,000.00	51,000,000.00	94,000,000.00	51,000,000.00
Trade and other payables	15	154,436,092.05	130,239,073.95	151,344,361.80	130,239,073.95
Construction revenue received in advance	7	629,288.59	20,385,136.60	629,288.59	20,385,136.60
Advances received from customers under construction contracts		66,827,872.88	62,182,580.41	66,827,872.88	62,182,580.41
Unbilled output tax		5,224,068.98	7,955,309.23	5,137,795.62	7,955,309.23
Accrued income tax		53,535.40	-	-	-
Current portion of long-term loans	16	34,200,000.00	33,960,000.00	34,200,000.00	33,960,000.00
Current portion of obligation under finance lease	17	1,693,896.19	1,828,042.52	1,693,896.19	1,828,042.52
Provision for warranty	18	3,914,538.13	1,799,463.96	3,914,538.13	1,799,463.96
Estimated loss from construction		7,978,034.82	2,647,608.33	7,978,034.82	2,647,608.33
Total Current Liabilities		368,957,327.04	311,997,215.00	365,725,788.03	311,997,215.00
Non-Current Liabilities					
Long-term loans due to financial institution	16	3,880,000.00	7,360,000.00	3,880,000.00	7,360,000.00
Obligation under finance lease	17	755,637.45	2,504,880.42	755,637.45	2,504,880.42
Employee benefit obligation	19	13,806,300.00	11,703,057.00	13,806,300.00	11,703,057.00
Deferred tax liabilities	20	434,160.06	470,046.64	434,160.06	470,046.64
Total Non-Current Liabilities		18,876,097.51	22,037,984.06	18,876,097.51	22,037,984.06
Total Liabilities		387,833,424.55	334,035,199.06	384,601,885.54	334,035,199.06

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

(Unit : Baht)					
	Note	Consolidated		Separate financial statements	
		Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Shareholders' Equity					
Share capital	21				
Authorized share capital					
389,968,760 ordinary shares, at par value of Baht 1.00		389,968,760.00	-	389,968,760.00	-
195,000,000 ordinary shares, at par value of Baht 1.00		-	195,000,000.00	-	195,000,000.00
Issued and paid-up share capital					
389,968,760ordinary shares, at par value of Baht 1.00		389,968,760.00	-	389,968,760.00	-
194,984,380 ordinary shares, at par value of Baht 1.00		-	194,984,380.00	-	194,984,380.00
Premium on share capital		66,695,860.87	67,211,860.87	66,695,860.87	67,211,860.87
Deficits					
Appropriated legal reserve	21	9,620,000.00	9,620,000.00	9,620,000.00	9,620,000.00
Unappropriated		(185,777,370.93)	(8,145,329.00)	(187,004,779.88)	(6,952,665.05)
Total shareholders' equity		280,507,249.94	263,670,911.87	279,279,840.99	264,863,575.82
Total Liabilities and Shareholder's Equity		668,340,674.49	597,706,110.93	663,881,726.53	598,898,774.88

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

Statements of Comprehensive Income
Hydrotek Public Company Limited and Subsidiary
For the Year ended on December 31, 2014

(Unit : Baht)

	Note	Consolidated		Separate financial statements	
		2014	2013	2014	2013
Revenues					
Construction income		531,828,051.81	646,407,821.75	522,809,106.59	646,407,821.75
Service income		57,786,874.40	54,327,262.78	57,786,874.40	54,327,262.78
Revenue from sale		3,625,232.34	-	3,625,232.34	-
Other income		4,165,802.95	4,028,722.95	4,207,242.31	4,028,722.95
Total Revenues		597,405,961.50	704,763,807.48	588,428,455.64	704,763,807.48
Expenses					
Cost of construction		628,386,457.98	609,476,051.29	620,138,520.66	609,476,051.29
Cost of services		50,694,587.27	51,389,895.23	50,694,587.27	51,389,895.23
Cost of goods sold		2,285,675.40	-	2,285,675.40	-
Administrative expenses		71,492,495.18	36,621,240.37	74,249,993.82	36,621,240.37
Management benefit expenses	5.3	15,842,923.00	13,454,966.75	15,842,923.00	13,454,966.75
Finance cost		5,175,758.79	1,443,945.66	5,175,756.90	1,443,945.66
Total Expenses		773,877,897.62	712,386,099.30	768,387,457.05	712,386,099.30
Loss before share of profit (loss) from investments in associate		(176,471,936.12)	(7,622,291.82)	(179,959,001.41)	(7,622,291.82)
Share of profit (loss) from investments in associate		(1,013,456.99)	12,159.19	-	-
Loss before income tax expenses		(177,485,393.11)	(7,610,132.63)	(179,959,001.41)	(7,622,291.82)
Income tax expense	22	(146,648.82)	(2,727,957.28)	(93,113.42)	(2,486,992.65)
Total loss for the year		(177,632,041.93)	(10,338,089.91)	(180,052,114.83)	(10,109,284.47)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		(177,632,041.93)	(10,338,089.91)	(180,052,114.83)	(10,109,284.47)
Basic loss per share					
Basic loss per share	23	(0.62)	(0.05)	(0.63)	(0.05)
Weighted average of ordinary shares (share)					
Weighted average of ordinary shares (share)		284,262,942	194,984,380	284,262,942	194,984,380

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

Consolidated Statements of Changes in Shareholders' Equity

Hydrotek Public Company Limited and Subsidiary

For the Year ended on December 31, 2014

(Unit : Baht)						
	Note	Issued and paid-up share capital	Premium on Share capital	Deficit		Total
				Appropriated legal reserve	Unappropriated	
Balance as at January 1, 2013		130,000,000.00	67,211,860.87	9,620,000.00	74,403,426.37	281,235,287.24
Changes in equity for the year						
Stock dividend	25	64,984,380.00	-	-	-	64,984,380.00
Dividend paid	25	-	-	-	(72,210,665.46)	(72,210,665.46)
Total comprehensive loss for the year		-	-	-	(10,338,089.91)	(10,338,089.91)
Balance as at December 31, 2013		194,984,380.00	67,211,860.87	9,620,000.00	(8,145,329.00)	263,670,911.87
Changes in equity for the year						
Increment of capital	21	194,984,380.00	(516,000.00)	-	-	194,468,380.00
Total comprehensive loss for the year		-	-	-	(177,632,041.93)	(177,632,041.93)
Balance as at December 31, 2014		389,968,760.00	66,695,860.87	9,620,000.00	(185,777,370.93)	280,507,249.94

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

Separate Statements of Changes in Shareholders' Equity

Hydrotek Public Company Limited and Subsidiary

For the Year ended on December 31, 2014

(Unit : Baht)

	Note	Issued and paid-up share capital	Premium on Share capital	Deficit		Total
				Appropriated legal reserve	Unappropriated	
Balance as at January 1, 2013		130,000,000.00	67,211,860.87	9,620,000.00	75,367,284.88	282,199,145.75
Changes in equity for the year						
Stock dividend	25	64,984,380.00	-	-	-	64,984,380.00
Dividend paid		-	-	-	(72,210,665.46)	(72,210,665.46)
Total comprehensive loss for the year		-	-	-	(10,109,284.47)	(10,109,284.47)
Balance as at December 31, 2013		194,984,380.00	67,211,860.87	9,620,000.00	(6,952,665.05)	264,863,575.82
Changes in equity for the year						
Increment of capital	21	194,984,380.00	(516,000.00)	-	-	194,468,380.00
Total comprehensive loss for the year		-	-	-	(180,052,114.83)	(180,052,114.83)
Balance as at December 31, 2014		389,968,760.00	66,695,860.87	9,620,000.00	(187,004,779.88)	279,279,840.99

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

Statements of Cash Flow

Hydrotek Public Company Limited and Subsidiary

For the Year ended on December 31, 2014

(Unit : Baht)

	Note	Consolidated	Separate financial statements	
		2014	2013	2014
				2013
Cash Flow From Operating Activities				
Loss before income tax expenses		(177,485,393.11)	(7,610,132.63)	(179,959,001.41)
Adjustments to reconcile loss before income tax expenses for				(7,622,291.82)
cash received (used) from operations				
Share of (profit) loss from investments in associate		1,013,456.99	(12,159.19)	-
Doubtful debt		10,762,616.04	34,197.90	10,762,616.04
Depreciation		3,055,230.43	2,880,941.75	3,034,242.71
Amortisation of intangible assets		409,791.14	223,747.70	404,476.07
Provision for warranty		3,855,640.30	2,503,412.18	3,855,640.30
(Gain) loss on disposal of assets		578,197.23	(211,279.19)	578,197.23
Loss from refund withholding tax		-	206,715.64	-
Loss from write-off assets		60,579.24	33,514.27	60,579.24
Impairment loss on fixed assets		15,256,301.82	-	15,256,301.82
Impairment loss on investment		-	-	2,857,308.74
Provision for construction losses		5,330,426.49	-	5,330,426.49
Provisions for employee benefits		1,888,402.50	2,905,981.21	1,888,402.50
Interest income		(1,246,134.24)	(1,321,733.57)	(1,287,573.60)
Interest expenses		5,175,758.79	1,443,945.66	5,175,758.79
Profit (loss) from operation before changes in operating				
assets and liabilities		(131,345,126.38)	1,077,151.73	(132,042,625.08)
(Increase) decrease in trade and other receivables		21,077,258.39	(32,982,460.16)	21,477,511.26
(Increase) decrease in unbilled receivables		(41,644,983.38)	(88,151,784.21)	(33,858,514.80)
(Increase) decrease in retention receivables		4,569,829.97	19,837,871.40	4,569,829.97
(Increase) decrease in suspend input vat		352,418.81	(629,369.97)	382,272.90
(Increase) decrease in construction in progress		(587,257.65)	2,571,816.00	(587,257.65)
Increase (decrease) in trade and other payables		23,823,169.72	2,045,407.30	20,759,205.97

(Unit : Baht)					
	Note	Consolidated		Separate financial statements	
		2014	2013	2014	2013
Increase (decrease) in construction revenue received in advance		(19,755,848.01)	7,942,269.99	(19,755,848.01)	7,942,269.99
Increase (decrease) in advance received from customer under construction contracts		4,645,292.47	(20,939,798.50)	4,645,292.47	(20,939,798.50)
Increase (decrease) in unbilled output tax		(2,731,240.25)	2,865,279.35	(2,817,513.61)	2,865,279.35
Increase (decrease) in provision for warranty		(1,740,566.13)	(3,629,575.87)	(1,740,566.13)	(3,629,575.87)
Cash generated from operating		(143,337,052.44)	(109,993,192.94)	(138,968,212.71)	(109,993,192.94)
Cash paid for employee benefits		-	(258,000.00)	-	(258,000.00)
Cash received from income tax		10,146,254.99	(7,355,227.11)	10,146,254.99	(7,355,227.11)
Net cash provided from (used) in operating activities		(133,190,797.45)	(117,606,420.05)	(128,821,957.72)	(117,606,420.05)
Cash Flow From Investing Activities					
(Increase) decrease in short-term loan due from related party		-	-	(6,080,000.00)	-
Cash paid for investment in joint venture		-	-	(1,000,000.00)	-
(Increase) decrease in deposits at bank pledged as collateral		(17,862,293.40)	(13,078,678.98)	(17,862,293.40)	(13,078,678.98)
Cash paid for purchase of fixed assets		(30,182,295.55)	(50,758,874.21)	(29,817,221.88)	(50,758,874.21)
Cash received from disposal of fixed assets		440,187.95	202,803.74	440,187.95	202,803.74
Cash paid for purchase of intangible assets		(1,350,578.50)	(26,000.00)	(1,270,641.00)	(26,000.00)
(Increase) decrease in other non-current assets		(987,918.23)	(362,823.84)	(987,918.23)	(362,823.84)
Cash received interest income		1,256,026.14	1,259,875.71	1,255,800.84	1,259,875.71
Net cash provided from (used) in investing activities		(48,686,871.59)	(62,763,697.58)	(55,322,085.72)	(62,763,697.58)
Cash Flow From Financing Activities					
Cash paid for short-term loans due to financial institutions		43,000,000.00	51,000,000.00	43,000,000.00	51,000,000.00
Cash paid for obligation under finance lease		(1,883,389.30)	(1,705,343.83)	(1,883,389.30)	(1,705,343.83)
Cash paid for long-term loans due to financial institutions		(3,240,000.00)	27,480,000.00	(3,240,000.00)	27,480,000.00
Cash paid for dividend		-	(7,226,285.46)	-	(7,226,285.46)
Cash paid for interest expenses		(5,285,359.33)	(1,329,505.66)	(5,285,359.33)	(1,329,505.66)
Cash received from increment of capital		194,468,380.00	-	194,468,380.00	-
Net cash provided from (used) in financing activities		227,059,631.37	68,218,865.05	227,059,631.37	68,218,865.05
Net Increase (Decrease) in Cash and Cash Equivalent		45,181,962.33	(112,151,252.58)	42,915,587.93	(112,151,252.58)
Cash and Cash Equivalent at the Beginning of the Year		44,397,225.42	156,548,478.00	44,397,225.42	156,548,478.00
Cash and Cash Equivalent at the End of the Year	26.1	89,579,187.75	44,397,225.42	87,312,813.35	44,397,225.42

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

Notes to Financial Statements

1. General information

Hydrotek Public Company Limited (“Company”) is a public 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 is 14th Floor, TP&T Tower 1 Soi Vibhavadee-Rangsit 19, Chatuchak, Chatuchak, Bangkok.

On October 2014, the Company head office is relocated from 1363 Soi Ladprao 94, Ladprao Road, Plub-Pla, Wangthonglang, Bangkok to 14th Floor, TP&T Tower 1 Soi Vibhavadee-Rangsit 19, Chatuchak, Chatuchak, Bangkok.

The principal business operations of the Company and subsidiary (“the Group”) 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 consolidated and separate 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 requirements of the Capital Market Supervisory Board under the Securities and Exchange Act B.E.2532 (or 1992).

The consolidated and separate financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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

The financial statements issued for Thai report 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 (FAP) has notified to apply the following financial reporting standards to the financial statements having an accounting period beginning on or after January 1, 2014.

TFRS No. 2 Share-based Payment (revised 2012)
 TFRS No. 3 Business Combinations (revised 2012)
 TFRS No. 5 Non-current Assets Held for Sale and Discontinued Operations (revised 2012)
 TFRS No. 8 Operating Segments (revised 2012)
 TAS No. 1 Presentation of Financial Statements (revised 2012)
 TAS No. 7 Statement of Cash Flows (revised 2012)
 TAS No. 12 Income Taxes (revised 2012)
 TAS No. 17 Leases (revised 2012)
 TAS No. 18 Revenue (revised 2012)
 TAS No. 19 Employee Benefits (revised 2012)
 TAS No. 21 The Effects of Changes in Foreign Exchange Rates (revised 2012)
 TAS No. 24 Related Party Disclosures (revised 2012)
 TAS No. 28 Investments in Associates (revised 2012)
 TAS No. 31 Interests in Joint Ventures (revised 2012)
 TAS No. 34 Interim Financial Reporting (revised 2012)
 TAS No. 36 Impairment of Assets (revised 2012)
 TAS No. 38 Intangible Assets (revised 2012)
 TFRl No. 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities
 TFRl No. 4 Determining whether an Arrangement contains a Lease
 TFRl No. 5 Rights to Interests arising from Decommissioning, Restoration and Environmental
 Rehabilitation Funds
 TFRl No. 7 Applying the Restatement Approach under TAS No. 29 Financial Reporting in
 Hyperinflationary Economies
 TFRl No. 10 Interim Financial Reporting and Impairment
 TFRl No. 12 Service Concession Arrangements
 TFRl No. 13 Customer Loyalty Programmes
 TFRl No. 17 Distributions of Non-cash Assets to Owners
 TFRl No. 18 Transfers of Assets from Customers
 TSI No. 15 Operating Leases-Incentives
 TSI No. 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease
 TSI No. 29 Service Concession Arrangements : Disclosures
 TSI No. 32 Intangible Assets-Web Site Costs

The Group has adopted such financial reporting standards to the financial statements on the current period. The management believes that they don't have any significant impact on the financial statements for the current period.

Moreover, 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>
The Conceptual Framework for Financial Reporting (revised 2014)	January 1, 2015
TFRS No. 2 Share-based Payment (revised 2014)	January 1, 2015
TFRS No. 3 Business Combinations (revised 2014)	January 1, 2015
TFRS No. 5 Non-current Assets Held for Sale and Discontinued Operations (revised 2014)	January 1, 2015
TFRS No. 6 Exploration for and Evaluation of Mineral Resources (revised 2014)	January 1, 2015
TFRS No. 8 Operating Segments (revised 2014)	January 1, 2015
TFRS No. 10 Consolidated Financial Statements	January 1, 2015
TFRS No. 11 Joint Arrangements	January 1, 2015
TFRS No. 12 Disclosure of Interests in Other Entities	January 1, 2015
TFRS No. 13 Fair Value Measurement	January 1, 2015
TAS No. 1 Presentation of Financial Statements (revised 2014)	January 1, 2015
TAS No. 2 Inventories (revised 2014)	January 1, 2015
TAS No. 7 Statement of Cash Flows (revised 2014)	January 1, 2015
TAS No. 8 Accounting Policies, Changes in Accounting Estimates and Errors (revised 2014)	January 1, 2015
TAS No. 10 Events after the Reporting Period (revised 2014)	January 1, 2015
TAS No. 11 Construction Contracts (revised 2014)	January 1, 2015
TAS No. 12 Income Taxes (revised 2014)	January 1, 2015
TAS No. 16 Property, Plant and Equipment (revised 2014)	January 1, 2015
TAS No. 17 Leases (revised 2014)	January 1, 2015
TAS No. 18 Revenue (revised 2014)	January 1, 2015
TAS No. 19 Employee Benefits (revised 2014)	January 1, 2015
TAS No. 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2014)	January 1, 2015
TAS No. 21 The Effects of Changes in Foreign Exchange Rates (revised 2014)	January 1, 2015
TAS No. 23 Borrowing Costs (revised 2014)	January 1, 2015
TAS No. 24 Related Party Disclosures (revised 2014)	January 1, 2015
TAS No. 26 Accounting and Reporting by Retirement Benefit Plans (revised 2014)	January 1, 2015
TAS No. 27 Separate Financial Statements (revised 2014)	January 1, 2015
TAS No. 28 Investments in Associates and Joint Ventures (revised 2014)	January 1, 2015
TAS No. 29 Financial Reporting in Hyperinflationary Economies (revised 2014)	January 1, 2015
TAS No. 33 Earnings per Share (revised 2014)	January 1, 2015
TAS No. 34 Interim Financial Reporting (revised 2014)	January 1, 2015
TAS No. 36 Impairment of Assets (revised 2014)	January 1, 2015
TAS No. 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2014)	January 1, 2015
TAS No. 38 Intangible Assets (revised 2014)	January 1, 2015
TAS No. 40 Investment Property (revised 2014)	January 1, 2015
TFRIC No. 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2014)	January 1, 2015

	<u>Effective date</u>
TFRIC No. 4 Determining whether an Arrangement contains a Lease (revised 2014)	January 1, 2015
TFRIC No. 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2014)	January 1, 2015
TFRIC No. 7 Applying the Restatement Approach under TAS 29 (revised 2014) Financial Reporting in Hyperinflationary Economies	January 1, 2015
TFRIC No. 10 Interim Financial Reporting and Impairment (revised 2014)	January 1, 2015
TFRIC No. 12 Service Concession Arrangements (revised 2014)	January 1, 2015
TFRIC No. 13 Customer Loyalty Programmes (revised 2014)	January 1, 2015
TFRIC No. 14 TAS 19 (revised 2014) - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction	January 1, 2015
TFRIC No. 15 Agreements for the Construction of Real Estate (revised 2014)	January 1, 2015
TFRIC No. 17 Distributions of Non-cash Assets to Owners (revised 2014)	January 1, 2015
TFRIC No. 18 Transfers of Assets from Customers (revised 2014)	January 1, 2015
TFRIC No. 20 Stripping Costs in the Production Phase of a Surface Mine	January 1, 2015
TSIC No. 10 Government Assistance – No Specific Relation to Operating Activities (revised 2014)	January 1, 2015
TSIC No. 15 Operating Leases - Incentives (revised 2014)	January 1, 2015
TSIC No. 25 Income Taxes – Changes in the Tax Status of an Entity or its Shareholders (revised 2014)	January 1, 2015
TSIC No. 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2014)	January 1, 2015
TSIC No. 29 Service Concession Arrangements : Disclosures (revised 2014)	January 1, 2015
TSIC No. 31 Revenue – Barter Transactions Involving Advertising Services (revised 2014)	January 1, 2015
TSIC No. 32 Intangible Assets – Web Site Costs (revised 2014)	January 1, 2015
TFRS No. 4 Insurance Contracts (revised 2014)	January 1, 2015

The Group 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 believes that they will not have any significant impact on the financial statements for the period in which they are initially adopted.

3. Principles of consolidation financial statements

The consolidated financial statements comprise the financial statements of the Company and its subsidiary. Subsidiaries, which are those entities in which the Group has power to govern the financial and operating policies, are consolidated. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Related party transactions, balances and unrealized gains on transactions between group companies are eliminated; unrealized losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

The consolidated financial statements for the year ended December 31, 2014 and 2013 have been prepared by including the financial statements of Hydrotek Public Company Limited and its subsidiary after eliminate the significant related party balances and transactions. The percentage directly and indirectly owned by the Company as follows:-

<u>Name of subsidiaries</u>	<u>Nature of business</u>	Country of incorporation	Percentage of shareholding	
			<u>2014</u>	<u>2013</u>
Hydrotek-Chaisarit joint venture	Service of water treatment and wastewater treatment system by construction service.	Thailand	100.00	-

Balances between the Company and its subsidiary, significant intercompany transactions have been eliminated from the consolidated financial statements.

The financial statements of the subsidiary are prepared using the same significant accounting policies as applied to the Company.

The financial statements of the subsidiary are prepared using the same reporting period as applied to the Company.

4. Accounting policies

4.1 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.

4.2 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.

4.3 Investments

Investments in associates

Investments in associates are accounting for using the cost method of accounting in the separate financial statements less allowance for impairment investment (if any). And investments in associates are accounted for using the equity method in the consolidated financial statements.

Where necessary, accounting policies of associates have been changed to ensure consistency with the policies adopted by the Group. The financial statements of the associates are prepared for the same reporting period as the Company.

Investments in subsidiaries

Investments in subsidiaries are reported by using the cost method of accounting in the separate financial statements less allowance for impairment investment (if any).

4.4 Investment properties

Investment properties, which are properties held to earn rentals income and/or for capital appreciation is measured initially at its costs, including transaction cost. Subsequent to initial recognition, investment property is measured at the cost method net from the allowance for impairment (if any).

4.5 Land 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 Group 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 land 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.

4.6 Intangible assets

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

4.7 Impairment of assets

The carrying amounts of the Group'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 Group 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.

4.8 Accounting for leases

Where the Group 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.

4.9 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.

4.10 Provisions

Provisions are recognized when the Group 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 Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

4.11 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 in the statements of financial position") 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.

Sales are recognized on the delivery of goods or on customer acceptance. Sales are shown net of sales taxes and discounts.

Service income is recognized when service have been rendered.

Interest revenue is recognized on an accrual basis.

4.12 Retirement benefit costs

Defined contribution plan

The Group operates a provident fund which is funded by payments from employees and by the Group. 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 Group has the employee benefit obligation in case of retirement or termination under the labor law. The Group 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.

4.13 Foreign currency transactions

The Group 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.

4.14 Income tax

The Group recognizes the unpaid current tax for current period as a liability in the statement of financial position. In a case where the amount already paid in respect of current period exceeds the amount due for those period, the excess will be recognized as an asset in the statement of financial position.

The Group recognizes a deferred tax liability for all taxable temporary difference, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which affects neither accounting profit nor taxable profit at the time of the transaction. The Group recognizes a deferred tax asset for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in associates, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. And the Group recognizes a deferred tax asset for all deductible temporary differences arising from investment in associates, to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The Group measures the current tax assets and liabilities for the current period using the tax rate that have been enacted by the end of the reporting period. And the deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is

realized or the liability is settled, based on tax rate that have been enacted or substantively enacted by the end of the reporting period.

The Group recognizes the current and deferred tax as an income or an expense and includes it in profit or loss for the period, except the current and deferred tax for items that are recognized in the other comprehensive income or directly in the equity will be recognized in the other comprehensive income or directly in the equity.

4.15 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.

4.16 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 Group'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 Group 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.

5. 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.

Soongswang family and Mr.Kitti Jivacate shareholder, holding 23.87% (2013: 30.91%) 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 on December 31, 2014 and 2013 as follows:-

5.1 Inter-assets and liabilities

	(Unit : Baht)			
	Consolidated		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Trade receivable				
UAC Hydrotek Co., Ltd.	-	2,040,146.00	-	2,040,146.00
UAC Global Public Co., Ltd.	13,535,500.00	4,614,375.00	13,535,500.00	4,614,375.00
Total	13,535,500.00	6,654,521.00	13,535,500.00	6,654,521.00
<u>Less</u> Allowance for doubtful debts	(7,690,625.00)	-	(7,690,625.00)	-
Net	5,844,875.00	6,654,521.00	5,844,875.00	6,654,521.00
Unbilled receivables				
UAC Hydrotek Co., Ltd.	-	15,542,648.41	-	15,542,648.41
UAC Global Public Co., Ltd.	-	8,709,078.32	-	8,709,078.32
Total	-	24,251,726.73	-	24,251,726.73
Other receivable				
Advance				
Hydrotek-Chaisarit joint venture	-	-	1,711,694.84	-
Accrued interest income				
Hydrotek-Chaisarit joint venture	-	-	41,664.66	-
Total	-	-	1,753,359.50	-
Loan due from related party				
Chaisarit joint venture				
Beginning balance	-	-	-	-
Additional in during the year	-	-	6,080,000.00	-
Repayment in during the year	-	-	-	-
Ending balance	-	-	6,080,000.00	-
Accrued expenses				
Director	-	470,000.00	-	470,000.00

5.2 Inter-revenue and expenses

(Unit : Baht)				
	Consolidated		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Construction income				
UAC Hydrotek Co., Ltd.	1,593,337.59	71,997,934.50	1,593,337.59	71,997,934.50
Universal Adsorbents & Chemicals Public Co., Ltd.	131,546.68	42,517,993.46	131,546.68	42,517,993.46
Total	1,724,884.27	114,515,927.96	1,724,884.27	114,515,927.96
Interest income				
Hydrotek-Chaisarit joint venture	-	-	41,664.66	-
Supply-cost				
Universal Adsorbents & Chemicals Public Co., Ltd.	-	154,560.00	-	154,560.00
Other expense-cost				
Universal Adsorbents & Chemicals Public Co., Ltd.	-	65,146.00	-	65,146.00
Subcontractor cost				
S.P.Design Co., Ltd.	-	230,000.00	-	230,000.00

5.3 Management benefit expense

	(Unit : Baht)	
	Consolidated	
	/Separate financial statements	
	<u>2014</u>	<u>2013</u>
Short-term employee benefits	15,195,347.00	13,246,269.75
Post-employment benefits	647,576.00	208,697.00
	15,842,923.00	13,454,966.75

5.4 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
Interest income	Based on interest rate of financial institutions + 0.25%

5.5 Nature of relationship

<u>Name</u>	<u>Relationship</u>
UAC Hydrotek Co., Ltd.	Shares held by Company and common management
Hydrotek-Chaisarit joint venture	Shares held by Company
UAC Global Public Co., Ltd.	The majority shareholder
S.P.C. Design Co., Ltd.	Shares held by close relative of director

5.6 Obligation

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

6. Trade and other receivables

Outstanding trade accounts receivable can be aged as follows:-

				(Unit : Baht)	
		Consolidated		Separate financial statements	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Trade accounts receivable					
Within credit term		45,622,976.93	81,399,883.17	44,304,226.93	81,399,883.17
Overdue 1 – 3 Months		15,531,280.00	28,595,849.23	15,531,280.00	28,595,849.23
Overdue 3 – 6 Months		8,550,000.00	8,422,787.06	8,550,000.00	8,422,787.06
Overdue 6 – 12 Months		6,186,770.71	3,949,737.69	6,186,770.71	3,949,737.69
Overdue over 12 Months		13,758,294.72	-	13,758,294.72	-
Total		89,649,322.36	122,368,257.15	88,330,572.36	122,368,257.15
<u>Less</u> Allowance for doubtful debts		(10,848,053.56)	-	(10,848,053.56)	-
Net		78,801,268.80	122,368,257.15	77,482,518.80	122,368,257.15
Others accounts receivable					
Others accounts receivable		22,732,337.50	14,408,496.27	23,692,499.29	14,408,496.27
Deposit for purchase of goods		6,494,819.24	3,639,792.07	6,494,819.24	3,639,792.07
Advances to subcontractors		3,571,340.41	3,118,424.31	3,571,340.41	3,118,424.31
Total		32,798,497.15	21,166,712.65	33,758,658.94	21,166,712.65
<u>Less</u> Allowance for doubtful debts		(686,047.28)	(771,484.80)	(686,047.28)	(771,484.80)
Net		32,112,449.87	20,395,227.85	33,072,611.66	20,395,227.85
Total trade and other receivables		110,913,718.67	142,763,485.00	110,555,130.46	142,763,485.00

As at December 31, 2014, the Group has transferred the right to receive the progress billing of a debtor in the amount of Baht 0.48 million to a commercial bank as collateral against the credit facilities granted to the Group (2013 : Baht 5.38 million).

The movement of allowance for doubtful debts – Trade receivable for the year ended on December 31, 2014 are as follows:

	(Unit : Baht)	
	Consolidated	
	/Separate financial statements	
	<u>2557</u>	<u>2556</u>
Beginning balance	-	-
Allowance increased during the period	(10,848,053.56)	-
Collected during the period	-	-
Ending balance	<u>(10,848,053.56)</u>	<u>-</u>

The movement of allowance for doubtful debts – other receivable - third parties for the year ended on December 31, 2014 and 2013 are as follows:

	(Unit : Baht)	
	Consolidated	
	/Separate financial statements	
	<u>2014</u>	<u>2013</u>
Opening balance	(771,484.80)	(737,286.90)
Allowance increased during the year	-	(34,197.90)
Collected during the year	85,437.52	-
Ending balance	<u>(686,047.28)</u>	<u>(771,484.80)</u>

7. Unbilled receivable / construction revenue received in advance

Consisted of:-

			(Unit : Baht)	
	Consolidated		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Unbilled receivable				
Value of contract	2,606,475,954.55	1,822,519,836.01	2,359,980,627.45	1,822,519,836.01
Revenue recognised on percentage of completion basis	1,472,980,711.94	1,303,591,335.64	1,463,961,766.72	1,303,591,335.64
<u>Less</u> Value of contract billed	(1,234,057,766.21)	(1,106,313,373.29)	(1,232,825,289.57)	(1,106,313,373.29)
Unbilled receivable	238,922,945.73	197,277,962.35	231,136,477.15	197,277,962.35
Construction revenue received in advance				
Value of contract	17,424,601.20	537,700,000.00	17,424,601.20	537,700,000.00
Value of contract billed	16,983,572.80	321,236,000.00	16,983,572.80	321,236,000.00
<u>Less</u> Revenue recognised on percentage of completion basis	(16,354,284.21)	(300,850,863.40)	(16,354,284.21)	(300,850,863.40)
Construction revenue received in advance	629,288.59	20,385,136.60	629,288.59	20,385,136.60

Additional data of construction are as follows:-

			(Unit : Baht)	
	Consolidated		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Construction costs incurred plus recognized profits (less recognized losses) to date	1,489,334,996.15	1,604,442,199.05	1,480,316,050.93	1,604,442,199.05
<u>Less</u> : Value of contract billed	(1,251,041,339.01)	(1,427,549,373.30)	(1,249,808,862.37)	(1,427,549,373.30)
	238,293,657.14	176,892,825.75	230,507,188.56	176,892,825.75
Amount of the Company has authority from employer (customer) for construction be regarded as assets/liabilities				
- Unbilled receivables	238,922,945.73	197,277,962.35	231,136,477.15	197,277,962.35
- Construction revenue received in advance	(629,288.59)	(20,385,136.60)	(629,288.59)	(20,385,136.60)
	238,293,657.14	176,892,825.75	230,507,188.56	176,892,825.75

8. Deposits at financial institutions pledged as collateral

As at December 31, 2014 and 2013, the amount of Baht 1.48 million of the Group's obligated deposit is the bank deposit the Group 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 Group 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, 2014 and 2013, the Group has additionally pledged the remaining Baht 76.08 million and Baht 58.24 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. 32.3).

9. Investment in associate

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

		Country of incorporation	Paid-up capital		% of holding		Equity Method		(Unit : '000 Baht)	
<u>companies</u>	<u>business</u>		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
UAC Hydrotek Co., Ltd.	Production and distribution of water for consumption and industry	Thailand	10,000	10,000	49.99%	49.99%	2,794	3,807	5,000	5,000
Less allowance for impairment							-	-	(2,858)	-
Net							2,794	3,807	2,142	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>2014</u>	<u>2013</u>
Total assets	4,667,304.97	22,872,400.87
Total liabilities	(382,265.35)	(16,560,325.65)
Net assets	4,285,039.62	6,312,075.22

	(Unit : Baht)	
	<u>2014</u>	<u>2013</u>
Total revenues	9,048,411.66	74,107,389.85
Total expense	(11,075,447.26)	(74,083,070.01)
Total loss for the period	(2,027,035.60)	24,319.84

10. Investment in subsidiary

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

<u>companies</u>	<u>Paid-up capital</u>		<u>% of holding</u>		<u>Cost Method</u>		<u>Dividend</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(Unit : '000 Baht)							
Hydrotek-Chaisarit joint venture	1,000	-	100.00	-	1,000	-	-	-

On February 24, 2014, the new agreement for Hydrotek-Chaisarit joint venture has been entered into. The objective of the joint venture operation is to submit proposal for the construction bid of the medical waste treatment systems. The registered share capital is Baht 1,000,000.00 and the shareholding ratio is as follows: -

Hydrotek holds 50% of shares

Chaisarit holds 50% of shares

On October 28, 2014, the first amendment to the agreement has been entered into, which both parties agreed to the followings: -

- Hydrotek agreed to pay Baht 2,000,000.00 to Chaisarit on the day the first amendment is signed.
- After the payment has been made, Hydrotek would be solely responsible for the operation of the said joint venture, where Chaisarit no longer be held responsible or require to pay indemnity. Should Hydrotek incurred any debt or damage to Hydrotek-Chaisarit joint venture, Chaisarit or any individual; Hydrotek shall be held solely responsible for the said debt or damage. If Chaisarit has paid compensation for the said damage in advance, Hydrotek shall repay the said sum together with the interest charged at MLR+1 of Kasikorn Bank to Chaisarit immediately,
- Hydrotek shall conduct the project in compliance with all the terms and conditions stipulated in the agreement entered into with Naresuan University, Phitsanulok province.

As at December 31, 2014, as a result of the said amendment, Hydrotek Public Company Limited is the sole venturer in Hydrotek-Chaisarit joint venture with the 100.00% shareholding ratio.

11. Investments property

Consisted of:-

	(Unit : Baht)	
	Consolidated /Separate financial statements	
	<u>2014</u>	<u>2013</u>
Cost :		
As at January 1,	3,000,000.00	3,000,000.00
Purchase	-	-
As at December 31,	3,000,000.00	3,000,000.00
Accumulated impairment losses :		
As at January 1,	(1,020,000.00)	(1,020,000.00)
Increase/decrease	-	-
As at December 31,	(1,020,000.00)	(1,020,000.00)
Net book value :		
As at December 31,	1,980,000.00	1,980,000.00

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 December 12, 2014, the appraisal has appraised the land's market value by market approach. The market value of land is Baht 2.97 million. (2013: Baht 1.98 million)

12. Land and equipment

Consisted of:-

	(Unit : Baht)					
	Consolidated					
	Land	Tools and equipments	Office equipments and furniture	Vehicles	Construction in progress	Total
Cost :						
As at January 1, 2014	32,526,750.00	9,821,204.31	6,805,083.89	13,490,233.57	64,428,916.93	127,072,188.70
Purchase	-	765,742.34	2,317,268.33	577,000.00	27,112,129.80	30,772,140.47
Transfer in	-	-	-	-	-	-
Disposal	-	(2,930,867.28)	(691,352.56)	(729,400.00)	-	(4,351,619.84)
Transfer out	-	-	-	-	-	-
Write off	-	-	(92,833.08)	-	-	(92,833.08)
As at December 31, 2014	32,526,750.00	7,656,079.37	8,338,166.58	13,337,833.57	91,541,046.73	153,399,876.25
Accumulated depreciation :						
As at January 1, 2014	-	(5,697,953.05)	(4,132,775.98)	(4,491,789.16)	-	(14,322,518.19)
Depreciation for the year	-	(619,595.69)	(982,460.37)	(1,453,174.37)	-	(3,055,230.43)
Transfer in	-	-	-	-	-	-
Disposal	-	2,007,943.84	595,892.82	729,398.00	-	3,333,234.66
Write off	-	-	37,262.88	-	-	37,262.88
As at December 31, 2014	-	(4,309,604.90)	(4,482,080.65)	(5,215,565.53)	-	(14,007,251.08)
Allowance for implement :						
As at January 1, 2014	-	-	-	-	-	-
Addition	-	-	-	-	(15,256,301.82)	(15,256,301.82)
As at December 31, 2014	-	-	-	-	(15,256,301.82)	(15,256,301.82)
Net book value :						
As at December 31, 2014	32,526,750.00	3,346,474.47	3,856,085.93	8,122,268.04	76,284,744.91	124,136,323.35

	(Unit : Baht)					
	Consolidated					
	Land	Tools and equipments	Office equipments and furniture	Vehicles	Construction in progress	Total
Cost :						
As at January 1, 2013	11,500,000.00	10,482,422.29	5,656,594.51	13,529,485.91	35,810,680.30	76,979,183.01
Purchase	21,026,750.00	584,282.02	1,188,419.38	-	29,870,997.06	52,670,448.46
Transfer in	-	-	-	-	1,283,109.35	1,283,109.35
Disposal	-	(1,135,500.00)	-	-	-	(1,135,500.00)
Transfer out	-	-	-	-	(1,061,720.89)	(1,061,720.89)
Write off	-	(110,000.00)	(39,930.00)	(39,252.34)	(1,474,148.89)	(1,663,331.23)
As at December 31, 2013	32,526,750.00	9,821,204.31	6,805,083.89	13,490,233.57	64,428,916.93	127,072,188.70
Accumulated depreciation :						
As at January 1, 2013	-	(6,147,259.68)	(3,399,726.10)	(3,154,981.84)	-	(12,701,967.62)
Depreciation for the year	-	(768,681.37)	(766,965.61)	(1,345,294.77)	-	(2,880,941.75)
Transfer in	-	-	-	-	-	-
Disposal	-	1,135,488.00	-	-	-	1,135,488.00
Write off	-	82,500.00	33,915.73	8,487.45	-	124,903.18
As at December 31, 2013	-	(5,697,953.05)	(4,132,775.98)	(4,491,789.16)	-	(14,322,518.19)
Net book value :						
As at December 31, 2013	32,526,750.00	4,123,251.26	2,672,307.91	8,998,444.41	64,428,916.93	112,749,670.51

(Unit : Baht)

	Separate financial statements					
	Land	Tools and equipments	Office equipments and furniture	Vehicles	Construction in progress	Total
Cost :						
As at January 1, 2014	32,526,750.00	9,821,204.31	6,805,083.89	13,490,233.57	64,428,916.93	127,072,188.70
Purchase	-	554,911.50	2,155,321.50	577,000.00	27,112,129.80	30,399,362.80
Transfer in	-	-	-	-	-	-
Disposal	-	(2,930,867.28)	(691,352.56)	(729,400.00)	-	(4,351,619.84)
Transfer out	-	-	-	-	-	-
Write off	-	-	(92,833.08)	-	-	(92,833.08)
As at December 31, 2014	32,526,750.00	7,445,248.53	8,176,219.75	13,337,833.57	91,541,046.73	153,027,098.58
Accumulated depreciation :						
As at January 1, 2014	-	(5,697,953.05)	(4,132,775.98)	(4,491,789.16)	-	(14,322,518.19)
Depreciation for the year	-	(609,659.18)	(971,409.16)	(1,453,174.37)	-	(3,034,242.71)
Transfer in	-	-	-	-	-	-
Disposal	-	2,007,943.84	595,892.82	729,398.00	-	3,333,234.66
Write off	-	-	37,262.88	-	-	37,262.88
As at December 31, 2014	-	(4,299,668.39)	(4,471,029.44)	(5,215,565.53)	-	(13,986,263.36)
Allowance for implement :						
As at January 1, 2014	-	-	-	-	-	-
Addition	-	-	-	-	(15,256,301.82)	(15,256,301.82)
As at December 31, 2014	-	-	-	-	(15,256,301.82)	(15,256,301.82)
Net book value :						
As at December 31, 2014	32,526,750.00	3,145,580.14	3,705,190.31	8,122,268.04	76,284,744.91	123,784,533.40

	(Unit : Baht)					
	Consolidated /Separate financial statements					
	Land	Tools and equipments	Office equipments and furniture	Vehicles	Construction in progress	Total
Cost :						
As at January 1, 2013	11,500,000.00	10,482,422.29	5,656,594.51	13,529,485.91	35,810,680.30	76,979,183.01
Purchase	21,026,750.00	584,282.02	1,188,419.38	-	29,870,997.06	52,670,448.46
Transfer in	-	-	-	-	1,283,109.35	1,283,109.35
Disposal	-	(1,135,500.00)	-	-	-	(1,135,500.00)
Transfer out	-	-	-	-	(1,061,720.89)	(1,061,720.89)
Write off	-	(110,000.00)	(39,930.00)	(39,252.34)	(1,474,148.89)	(1,663,331.23)
As at December 31, 2013	32,526,750.00	9,821,204.31	6,805,083.89	13,490,233.57	64,428,916.93	127,072,188.70
Accumulated depreciation :						
As at January 1, 2013	-	(6,147,259.68)	(3,399,726.10)	(3,154,981.84)	-	(12,701,967.62)
Depreciation for the year	-	(768,681.37)	(766,965.61)	(1,345,294.77)	-	(2,880,941.75)
Transfer in	-	-	-	-	-	-
Disposal	-	1,135,488.00	-	-	-	1,135,488.00
Write off	-	82,500.00	33,915.73	8,487.45	-	124,903.18
As at December 31, 2013	-	(5,697,953.05)	(4,132,775.98)	(4,491,789.16)	-	(14,322,518.19)
Net book value :						
As at December 31, 2013	32,526,750.00	4,123,251.26	2,672,307.91	8,998,444.41	64,428,916.93	112,749,670.51

The detail of depreciation are as follows:-

	(Unit : Baht)			
	Consolidated		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Depreciation for the year	3,055,230.43	2,880,941.75	3,034,242.71	2,880,941.75

As at December 31, 2014, certain plant and equipment items of the Group have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 10.29 million. (2013 : Baht 10.55 million)

Vehicles under finance leases, where the Group has lessee with net book value as at December 31, 2014 of Baht 6.34 million. (2013 : Baht 8.15 million)

As at December 31, 2014 and 2013, the Group has pledged the land as collateral for short-term loan from financial institutions in note. 32.3.

13. Intangible assets

Consisted of:-

	(Unit : Baht)	
	Consolidated	
	Computer software	
	<u>2014</u>	<u>2013</u>
Cost :		
As at January 1,	1,227,249.95	1,201,249.95
Purchase	1,459,023.00	26,000.00
Transfer out	(37,270.00)	-
As at December 31,	<u>2,649,002.95</u>	<u>1,227,249.95</u>
Accumulated amortization :		
As at January 1,	(941,166.52)	(717,418.82)
Amortization for the year	(409,791.14)	(223,747.70)
Transfer out	32,260.96	-
As at December 31,	<u>(1,318,696.70)</u>	<u>(941,166.52)</u>
Net book value :		
As at December 31,	<u>1,330,306.25</u>	<u>286,083.43</u>
Amortization charges in statements of comprehensive income		
for the year ended December 31	409,791.14	223,747.70

	(Unit : Baht)	
	Separate financial statements	
	Computer software	
	<u>2014</u>	<u>2013</u>
Cost :		
As at January 1,	1,227,249.95	1,201,249.95
Purchase	1,359,023.00	26,000.00
Transfer out	(37,270.00)	-
As at December 31,	<u>2,549,002.95</u>	<u>1,227,249.95</u>
Accumulated amortization :		
As at January 1,	(941,166.52)	(717,418.82)
Amortization for the year	(404,476.07)	(223,747.70)
Transfer out	32,260.96	-
As at December 31,	<u>(1,313,381.63)</u>	<u>(941,166.52)</u>
Net book value :		
As at December 31,	<u>1,235,621.32</u>	<u>286,083.43</u>
Amortization charges in statements of comprehensive income		
for the year ended December 31	404,476.07	223,747.70

14. Short-term loans due to financial institution

As at December 31, 2014, the whole amount of short-term loan due to security company is in from of short term bill of exchange type discount face value. Interest is charge by Prime rate of 7.00% per annul.

As at December 31, 2014, the whole amount of short-term loan due to financial institution is in from of promissory note with a financial institution in the credit line of Baht 80.00 million (2013 : Baht 80.00 million). Interest is charge by Prime rate of 6.875% per annul (2013: 6.875% per annul). The Group has pledged bank deposit and transfer its right to received the construction revenue to the financial institution.

15. Trade and other payables

Consisted of:-

	Consolidated		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Trade accounts payable	125,214,753.62	98,915,855.67	122,811,839.17	98,915,855.67
Other payables	7,240,765.05	6,433,643.41	6,669,882.12	6,433,643.41
Retention payables	22,439,812.13	24,868,386.80	22,321,879.26	24,868,386.80
Revenue Department payable	1,603.13	-	1,603.13	-
Others	49,158.12	21,188.07	49,158.12	21,188.07
Total	154,946,092.05	130,239,073.95	151,854,361.80	130,239,073.95

16. Long-term loans due to financial institutions

Consisted of:-

	Consolidated	
	/Separate financial statements	
	<u>2014</u>	<u>2013</u>
Long-term loan	38,080,000.00	41,320,000.00
<u>Less</u> Current portion	(34,200,000.00)	(33,960,000.00)
Net	3,880,000.00	7,360,000.00

Long-term loans from financial institutions – minimum payments:

	Consolidated	
	/Separate financial statements	
	<u>2014</u>	<u>2013</u>
Within 1 years	34,200,000.00	33,960,000.00
Within 2 year – 5 years	3,880,000.00	7,360,000.00
Total	38,080,000.00	41,320,000.00

The significant detail of the long-term loan credit facilities are as follows:-

Financial institution	Credit Facility (Unit : Million Baht)		Period	Interest Rate (%)	Repayment of Principal
	2014	2013			
1	16.00	16.00	May 2012 - Jan 2017	MLR per annum	Monthly payable of principal each of the withdrawal within 57 installments. The 1 st - 56 th installments at Baht 0.27 million per installments and the final installment at Baht 0.12 million. The first installment of the principal must be made on November 2012.
2	170.00	170.00	Jan 2015 - Dec 2019	From the date of initial drawdown to August 2015 at MLR-1 per annum and September 2015 onward at MLR-0.50 per annum	Monthly payable of principal each of the withdrawal within 60 installments. The 1 st - 59 th installments at Baht 2.85 million per installments and the final installment at Baht 1.85 million. The first installment of the principal must be made on January 2015.
	<u>186.00</u>	<u>186.00</u>			

Credit facility at Baht 16.00 million. The Group shall transfer the claimant right to receive the water treatment fee under the agreement to the Bank as collaterals for the first commercial bank.

Credit facility at Baht 170.00 million. The Group pledged the land together with any future construction and the tap water production machinery and deposit the money received from the sales of the tap water to the account which the Company has pledged with the bank, when the money is received from the sales of the tap water, the bank would retain the money in the said account at the amount equivalent to the Company's obligation for that particular month. These are collaterals for the second commercial bank.

From the calculation of financial ratios as at 31 December 2014, the Group noted that some of the financial ratios were not complied with the financial covenants specified in the long-term loan agreements. The Group has, therefore, reclassified the long-term loans which may become due and payable on demand to present as current liabilities in accordance with Thai Accounting Standard No. 1: Presentation of Financial Statements. If the Group would be able to maintain the financial ratios according to the long-term loan agreements, the loans would be reclassified back to non-current liabilities.

17. Obligation under finance lease

Obligation under finance lease – minimum lease payment:-

	(Unit : Baht)					
	Consolidated /Separate financial statements					
		<u>2014</u>			<u>2013</u>	
	<u>Obligation under</u>	<u>Deferred</u>	<u>Net</u>	<u>Obligation under</u>	<u>Deferred finance</u>	<u>Net</u>
	<u>finance lease</u>	<u>finance</u>		<u>finance lease</u>	<u>lease charges</u>	
		<u>lease charges</u>				
Not later than 1 year	1,815,143.60	(121,247.41)	1,693,896.19	2,093,072.28	(265,029.76)	1,828,042.52
Later than 1 year but not later than 5 years	782,941.00	(27,303.55)	755,637.45	2,663,650.60	(158,770.18)	2,504,880.42
Total	2,598,084.60	(148,550.96)	2,449,533.64	4,756,722.88	(423,799.94)	4,332,922.94

As at December 31, 2014, the Group performs the contract of long term financial leased with leasing group so as to lease motor vehicle by number of 6 contracts (2013: 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 (2013: Baht 9,041.12 to Baht 65,566.00 Baht). The leased period is carried 3 to 5 years. Such leased contract comprises the Group's directors as guarantors. In addition, ownership of such vehicle will transfer to ownership of the Group when the Group pays the final installment in accordance with the leased contract.

18. Provision for warranty

As at December 31, 2014 and 2013, the provision of Baht 3.91 million and Baht 1.80 million, respectively, in the consolidated and separate financial statements, has been recognized for expected warranty claims on construction contracts. The Group 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, 2014 and 2013 are as follows:-

	(Unit : Baht)	
	Consolidated	
	/Separate financial statements	
	<u>2014</u>	<u>2013</u>
Opening balance	1,799,463.96	2,925,627.65
Increase during the year	4,188,197.16	2,559,800.00
Utilized during the year	(1,740,566.13)	(3,629,575.87)
Unused amount reversed during the year.	(332,556.86)	(56,387.82)
Ending balance	<u>3,914,538.13</u>	<u>1,799,463.96</u>

Long-term provision for warranty – minimum payments:-

	(Unit : Baht)	
	Consolidated	
	/Separate financial statements	
	<u>2014</u>	<u>2013</u>
Within 1 years	3,181,142.75	1,270,735.15
Within 2 year – 5 years	733,395.38	528,728.81
Total	<u>3,914,538.13</u>	<u>1,799,463.96</u>

19. Employee benefit obligation

As at December 31, 2014 and 2013, the Group has the employee benefit obligation in case of retirement or termination under the labor law. The Group 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, 2014 and 2013, the Group recognizes the employee benefit obligation as the liability in amount of Baht 13.81 million and Baht 11.70 million in consolidated and separate statements of financial position respectively.

Changes in the present value of the employee benefit obligation for the year ended on December 31, 2014 and 2013 are as follows:-

	(Unit : Baht)	
	Consolidated	
	/Separate financial statements	
	<u>2014</u>	<u>2013</u>
As at January 1,	11,703,057.00	8,853,779.00
Current service cost	2,089,917.00	1,317,205.00
Interest cost	468,122.00	398,420.00
Benefit obligation paid	-	(258,000.00)
Actuarial (gain) losses	(454,796.00)	1,391,653.00
As at December 31,	13,806,300.00	11,703,057.00

Principal actuarial assumptions as at December 31, 2014 and 2013 are as follows:-

	Consolidated	
	/Separate financial statements	
	<u>2014</u>	<u>2013</u>
Discount rate at end of year	4.00%	4.00%
Increase in future salary	5.34%	5.34%
Proportion of employees opting for early retirement	5.00%	5.00%

20. Deferred tax liabilities

The movements of deferred tax liability for the year ended on December 31, 2014 and 2013, are as follows:-

(Unit : Baht)

	Consolidated				
	January 1, 2013	Recognized in profit or loss	December 31, 2013	Recognized in profit or loss	December 31, 2014
Trade and other receivables	147,457.38	(147,457.38)	-	-	-
Land and equipment	22,246.53	(22,246.53)	-	-	-
Investment in associate	240,964.63	(240,964.63)	-	-	-
Investments property	204,000.00	(204,000.00)	-	-	-
Provision for warranty	375,916.18	(375,916.18)	-	-	-
Obligation under finance lease	(503,429.88)	33,383.24	(470,046.64)	35,886.58	(434,160.06)
Employee benefit obligation	1,770,755.80	(1,770,755.80)	-	-	-
Total deferred tax assets (liability)	2,257,910.64	(2,727,957.28)	(470,046.64)	35,886.58	(434,160.06)

(Unit : Baht)

	Separate financial statements				
	January 1, 2013	Recognized in profit or loss	December 31, 2013	Recognized in profit or loss	December 31, 2014
Trade and other receivables	147,457.38	(147,457.38)	-	-	-
Land and equipment	22,246.53	(22,246.53)	-	-	-
Investments property	204,000.00	(204,000.00)	-	-	-
Provision for warranty	375,916.18	(375,916.18)	-	-	-
Obligation under finance lease	(503,429.88)	33,383.24	(470,046.64)	35,886.58	(434,160.06)
Employee benefit obligation	1,770,755.80	(1,770,755.80)	-	-	-
Total deferred tax assets (liability)	2,016,946.01	(2,486,992.65)	(470,046.64)	35,886.58	(434,160.06)

The deferred tax assets is not recognized in the statement of financial position consisted of :-

(Unit : Baht)

	Consolidated		Separate financial statement	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Unused tax losses				
- Expire in next 1 year	-	-	-	-
- Expire in next 2 – 5 years	21,027,903.07	110,290.42	21,027,903.07	110,290.42
Temporary differences	10,949,687.13	3,819,067.33	11,282,616.08	3,580,534.53
Total	31,977,590.20	3,929,357.75	32,310,519.15	3,690,824.95

The deferred tax assets and liabilities, which is not recognized in the statement of financial position, arises from undistributed profits associated with investments in subsidiary and associate; consisted of :-

(Unit : Baht)

	Consolidated	
	<u>2014</u>	<u>2013</u>
Deferred tax assets are not recognized :		
- Associate	202,691.40	-
Deferred tax liabilities are not recognized :		
- Associate	115,244.23	-
- Subsidiary	-	2,431.84

21. Share capital

	Number of shares (Unit : Share)	Amount (Unit : Baht)
Registered share capital (Bath 1.00 each)		
As at January 1, 2013	130,000,000	130,000,000.00
Increment of capital	65,000,000	65,000,000.00
As at December 31, 2013	195,000,000	195,000,000.00
Reduction of capital	(15,620)	(15,620.00)
Increment of capital	194,984,380	194,984,380.00
As at December 31, 2014	389,968,760	389,968,760.00

	Number of shares (Unit : Shares)	Ordinary shares (Unit : Baht)	Premium on ordinary share (Unit : Baht)	Total (Unit : Baht)
Issued and paid up share capital (Bath 1.00 each)				
As at January 1, 2013	130,000,000	130,000,000.00	67,211,860.87	197,211,860.87
Increment of capital	64,984,380	64,984,380.00	-	64,984,380.00
As at December 31, 2013	194,984,380	194,984,380.00	67,211,860.87	262,196,240.87
Increment of capital	194,984,380	194,984,380.00	-	194,984,380.00
Expenses concerning of ordinary shares	-	-	(516,000.00)	(516,000.00)
As at December 31, 2014	389,968,760	389,968,760.00	66,695,860.87	456,664,620.87

On April 4, 2013, the Annual General Meeting for the year 2013, the Company's shareholders has resolved to increase of the Company's registered share capital from Baht 130,000,000.00 to Baht 195,000,000.00 by issuing new 65,000,000 ordinary shares with a par value of Baht 1 each. The objective of the capital increase is to reserve shares for stock dividend payment. The Company had registered the capital with the Department of Business Development, Ministry of Commerce, effective on May 3, 2013.

On April 30, 2014, the Annual General Meeting of the Company's shareholders of 2014 passed the following important resolutions:

- Approved the decrease of the registered capital from the existing registered capital of Baht 195,000,000.00 to the new registered capital of Baht 194,984,380.00 by canceling the registered but unissued ordinary shares in the number of 15,620 shares at a par value of Baht 1.00 per share.
- Approved the increase of the registered capital from the existing registered capital of Baht 194,984,380.00 to the new registered capital of Baht 389,968,760.00, by issuing new ordinary shares in the number of 194,984,380 shares at a par value of Baht 1.00 per share.
- Approved the allotment of the capital increase shares in the number of 194,984,380 shares with a par value of Baht 1.00 per share to existing shareholders by way of a rights issue (Rights Offering) proportionately to their shareholding, in whole or in part by one tranche or several tranches, at the subscription ratio of 1 existing ordinary share to 1 new ordinary share, whereby the shareholders shall have the right to subscribe for shares in excess of their entitlement. The offering price shall be at Baht 1.00 per share, and the subscription periods are scheduled to be from May 26 to May 30, 2014. In case, there are remaining new ordinary shares from the subscription by existing shareholders, the Board of Directors shall have the power and discretion to allot such remaining new ordinary shares to existing shareholders of the Company proportionately to their shareholding. The Board of Directors shall also have the power to consider determining and amending the terms, conditions and offering details of the new ordinary shares in all respects.

The Company had registered the capital with the Department of Business Development, Ministry of Commerce, effective on May 8, 2014 for reduction of capital and on May 12, 2014 for increment of capital.

On May 19 - 23, 2014, the Company offers ordinary shares by number of 194,984,380 shares to existing shareholders. Such ordinary shares comprises par value of Baht 1.00 per share. Shares are offered in the price of Baht 1.00 per share aggregating to total amount of Baht 194,984,380.00. The Company recorded expenses in respect of shares distribution net of income tax by amount of Baht 516,000.00 as deducted transactions in the premium or share capital.

The shares increment is registered for paid-up from Baht 194,984,380.00 to Baht 389,968,760.00 million equivalent to ordinary shares by number of 389,968,760 shares in the par value of Baht 1.00 per share at the Ministry of Commerce on May 29, 2014.

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.

22. 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.

23. Income tax expense

The income tax expenses recognized in profit or loss for the year ended on December 31, 2014 and 2013, are as follows:-

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current tax expense	182,535.40	-	129,000.00	-
Deferred tax expense relating to the origination and reversal of temporary differences		2,727,957.28		2,486,992.65
	(35,886.58)		(35,886.58)	
Total income tax expense recognized in profit or loss	146,648.82	2,727,957.28	93,113.42	2,486,992.65

The relationship between tax expense and accounting profit for the year ended on December 31, 2014 and 2013, are as follows:-

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Accounting profit (loss)	(177,485,393.11)	(7,610,132.63)	(17,959,001.41)	(7,622,291.82)
Tax rate used	20%	20%	20%	20%
Tax at the applicable tax rate	(35,497,078.62)	(1,522,026.53)	(35,991,800.28)	(1,524,458.36)
Effect of expenses that are not deductible in determining taxation profit	7,470,648.72	323,057.91	7,465,219.50	320,626.07
Share of profit (loss) from investment in associate	202,691.40	(2,431.84)	-	-
Temporary difference not recognized as a deferred tax asset	7,130,619.80	3,819,067.33	7,702,081.55	3,580,534.53
Effect of change in tax rate of subsidiary with capital less than 5 million Baht	(17,845.13)	-	-	-
Profits of the subsidiary exemption with capital less than 5 million Baht	(60,000.00)	-	-	-
Effect of loss that is exempt from taxation	20,917,612.65	110,290.41	20,917,612.65	110,290.41
Income tax expense	146,648.82	2,727,957.28	93,113.42	2,486,992.65

The income tax expenses recognized in shareholders' equity for the year ended on December 31, 2014 and 2013, are as follows:-

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current tax expense				
Expenses concerning of ordinary shares	(129,000.00)	-	(129,000.00)	-
Total income tax expense recognized in shareholders' equity	(129,000.00)	-	(129,000.00)	-

Applicable tax rate	<u>2557</u>	<u>2556</u>
The Company and subsidiary	20%	20%
The company with capital less than 5 million Baht and revenue less than 30 million Baht		
- Net profit between 1-300,000 Baht	-	-
- Net profit between 300,000-1,000,000 Baht	15%	15%
- Net profit from 1,000,001 Baht	20%	20%

24. Basic loss per share

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

25. Dividend paid

On April 4, 2013, the Annual General Meeting for the year 2013 of the Company's shareholders passed to pay dividends to the Company's shareholders from the operations for 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 65,000,000.00, 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 7.22 million. Total annual dividend payment in form of cash and stock dividend equal to Baht 0.556 per share, equivalent to Baht 72.21 million. The Company paid such dividend in May 3, 2013.

26. Supplemental disclosures of cash flow information

26.1 Cash and cash equivalents consisted of:

			(Unit : Baht)	
	Consolidated		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash on hand	424,221.55	318,702.19	424,221.55	318,702.19
Cash at bank	89,154,966.20	44,078,523.23	86,888,591.80	44,078,523.23
Total	89,579,187.75	44,397,225.42	87,312,813.35	44,397,225.42

(Unit : Baht)

	Consolidated		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Purchase assets but not yet paid	375,004.42	457,517.03	367,300.42	457,517.03
Purchase intangible assets but not yet paid	88,382.00	-	88,382.00	-
Employee benefit obligation included in land and equipment	214,840.50	201,296.79	214,840.50	201,296.79
Stock dividend	-	64,984,380.00	-	64,984,380.00

27. Employee benefit

27.1 Provident fund

For the year ended on December 31, 2014 and 2013, the Group recognizes as the employee benefit expense for the payment of contribution into the provident fund at the amount of Baht 0.60 million and Baht 0.69 million in consolidated and separate financial statement, respectively.

27.2 Retirement employee benefit

For the year ended on December 31, 2014 and 2013, the Group recognizes the employee benefit expense in case of retirement or termination under the labor law, as follows:-

(Unit : Baht)

	Consolidated /Separate financial statements	
	<u>2014</u>	<u>2013</u>
Current service cost	2,089,917.00	1,317,205.00
Interest cost	468,122.00	398,420.00
Actuarial (gain) losses	(454,796.00)	1,391,653.00
Total	<u>2,103,243.00</u>	<u>3,107,278.00</u>

An item of the employee benefit expense in case of retirement or termination under the labor law for the year ended on December 31, 2014 and 2013 are inclusively presented in the line items, as follows:-

	(Unit : Baht)	
	Consolidated	
	/Separate financial statements	
	<u>2014</u>	<u>2013</u>
Cost of construction	583,052.25	1,299,021.35
Cost of services	164,866.50	194,942.21
Administrative expenses	507,710.70	1,176,447.90
Management benefit expenses	647,576.00	235,569.75
Construction in progress	200,037.50	201,296.79
Total	2,103,243.00	3,107,278.00

28. Expenses by nature

The following expenditure items of expense have been classified by nature for the year ended on December 31, 2014 and 2013 are as follows:-

	(Unit : Baht)			
	Consolidated		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Construction material used	277,731,452.00	244,405,639.22	275,579,826.41	244,405,639.22
Subcontractor expenses	330,832,491.99	350,170,197.65	326,148,887.32	350,170,197.65
Staff costs	67,849,503.76	55,461,665.42	66,999,132.76	55,461,665.42
Management benefit expense	15,842,923.00	13,454,966.75	15,842,923.00	13,454,966.75
Depreciation	3,055,230.43	2,880,941.75	3,034,242.71	2,880,941.75
Amortized expense	409,791.14	223,747.70	404,476.07	223,747.70

29. Prosecuted cases

In December 2014, the Company has been sued for Baht 147.88 million by a counter party. The legal case has been filed to the Civil Court accusing the Company of the inability to manage, operate and produce the water supply to the standard stipulated in the conditions under the agreement for construction of water treatment system. In February 2015, the Company has appointed a lawyer to prepare the statement of defense to be submitted to the Civil Court against the counter-party's accusation. The quality of the water supply produced by the plant was not comply with the standard because the quality of the raw water fed to the water treatment system continue to be much lower than the level stipulated in the conditions under the agreement and the Company has frequently informed the

counter-party of the said problem. The problem did not caused by the water treatment system as accused by the counter-party. Nevertheless, the said legal case is in court proceeding. The Company believe that eventually the court's adjudication would not cause any damage to the Company; therefore, the Company has not recorded the allowance for damage that may incur from the said legal case in the financial statements.

30. Operating segments

The Group identifies the operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and assess its performance and shall discloses the amount reported for each operating segment item to be the measure reported to the Group's chief operating decision maker for the purpose of allocating resources to the segment and assessing its performance.

The Group classifies the operating segment from the category of service. The Group has three operating segments which are consists of the construction service segment, operation and maintenance service segment and water operator of water treatment plant and wastewater treatment plant.

The Group measures the profit or loss for each segment from the gross profit excluding the items of other income, interest revenue, gain or loss on exchange rate, other central expenses, finance cost and share of profit or loss in associates.

The segment operation for the year ended on December 31, 2014 and 2013 are as follows:-

	Consolidated					(Unit: Baht)
	Construction	Operation and maintenance	Water operator of water treatment plant and wastewater recycle plant	Total		
	2557	2556	2557	2557	2556	
Revenues from external customers	535,453,284.15	646,407,821.75	57,786,874.40	54,327,262.78	593,240,158.55	700,735,084.53
Gross margin (loss)	(95,218,849.23)	36,931,770.46	7,092,287.13	2,937,367.55	(88,126,562.10)	39,869,138.01
Other income					4,165,802.95	4,028,722.95
Administrative expenses					(71,492,495.18)	(36,621,240.37)
Management benefit expenses					(15,842,923.00)	(13,454,966.75)
Finance Cost					(5,175,758.79)	(1,443,945.66)
Share of profit (loss) from investments in associate					(1,013,456.99)	12,159.19
Profit (loss) before income tax					(177,485,393.11)	(7,610,132.63)

The reconciliations of each segment total assets to the Group's assets and other material items.

	Consolidated					(Unit: Baht)
	Construction	Operation and maintenance	Water operator of water treatment plant and wastewater recycle plant	Central	Total	
	2557	2556	2557	2557	2557	2556
Assets	436,836,090.71	426,487,026.38	79,754,443.44	136,692,346.91	97,072,191.95	597,706,110.93
Depreciation	1,091,607.35	940,229.37	43,292.39	1,795,066.86	1,753,913.00	2,880,941.75
Amortization	-	-	-	409,791.14	223,747.70	223,747.70

The Group has the revenue from sale of goods to 3 major customers earned by construction segment and operation and maintenance segment in the amount of Baht 430.00 million. (2013: 2 major customers in the amount of Baht 197.90 million).

31. Financial instruments

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

31.1 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 Group. 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 Group anticipates of non material risk from interest rates.

	Amount (Unit: Baht)		Interest rate (% per annum)	
	Consolidated			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Saving accounts	89,365,918.99	35,840,085.03	0.37 - 0.50	0.50 - 0.85
Fixed deposits not exceeding 3 months	-	15,600.00	-	1.625
Fixed deposited pledged as collateral	77,554,059.80	59,691,766.40	1.15 – 1.90	1.15-2.20
Short-term loans due from financial institution	94,000,000.00	51,000,000.00	7.000	6.875
Long-term loans due from financial institution	38,080,000.00	41,320,000.00	6.750	5.75 - 7.00
Obligation under finance lease	2,449,533.64	4,332,922.94	5.400 - 8.873	4.756 - 8.873

	Amount (Unit: Baht)		Interest rate (% per annum)	
	Separate financial statements			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Saving accounts	87,099,720.52	35,840,085.03	0.37 – 0.50	0.50 - 0.85
Fixed deposits not exceeding 3 months	-	15,600.00	-	1.625
Fixed deposited pledged as collateral	77,554,059.80	59,691,766.40	1.15 – 1.90	1.15-2.20
Short-term loans due from financial institution	94,000,000.00	51,000,000.00	7.000	6.875
Long-term loans due from financial institution	38,080,000.00	41,320,000.00	6.750	5.75 - 7.00
Obligation under finance lease	2,449,533.64	4,332,922.94	5.400 - 8.873	4.756 - 8.873

31.2 Credit risk

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

31.3 Foreign currency risk

The Group 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, 2014 and 2013, the significant outstanding balances of the Group's financial assets and liabilities denominated in foreign currencies are as follows:-

<u>Foreign currency</u> EURO	<u>Assets</u>	<u>2014</u> Consolidated/ Separate financial statements		<u>2013</u>	<u>Assets</u>	<u>Liabilities</u>
		<u>Liabilities</u>			<u>Assets</u>	<u>Liabilities</u>
	12,000.00	-			-	-

31.4 Fair value

Since the majority of the Group'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.

The carrying amounts of obligation under financial lease and long-term loans approximate fair value due to floating interest rate.

32. Obligation and contingent liabilities

As at December 31, 2014 and 2013, the Group have obligation and contingent liabilities as follows:-

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

	<u>Consolidated</u>		<u>Separate financial statements</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Total amount of agreement	2,623,900,555.75	2,360,219,836.01	2,377,405,228.65	2,360,219,836.01
Recognized revenues	1,489,334,996.15	1,604,442,199.05	1,480,316,050.93	1,604,442,199.05
The remaining of non-operating work	1,134,565,559.60	755,777,636.96	897,089,177.72	755,777,636.96

(Unit : Baht)

32.2 The commitment of the construction subcontracts

(Unit : Baht)

	Consolidated		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Total amount of agreement	841,958,736.17	877,199,498.24	821,793,713.07	877,199,498.24
Recognized cost of construction	541,441,183.96	551,171,242.98	536,761,579.29	551,171,242.98
The remaining of non-operating work	300,517,552.21	326,028,255.26	285,032,133.78	326,028,255.26

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

(Unit : Million Baht)

	Consolidated/Separate financial statements					
	<u>2014</u>			<u>2013</u>		
	<u>Total</u>	<u>Utilized</u>	<u>Available</u>	<u>Total</u>	<u>Utilized</u>	<u>Available</u>
Credit line of letters of guarantee	888.38	(612.21)	276.17	738.38	(402.88)	335.50
Credit line of bank overdraft	20.00	-	20.00	20.00	-	20.00
Credit line of letters of credit and trust receipts	155.00	(12.31)	142.69	91.00	-	91.00
Credit line of short-term loans	196.00	-	196.00	150.00	(51.00)	99.00
Credit line of long-term loans	186.00	(46.72)	139.28	186.00	(46.72)	139.28
Credit line of forward contracts	19.54	-	19.54	11.00	-	11.00

The Group pledged the land, as mentioned in the notes to financial statements No. 12, and bank deposit, as mentioned in the notes to financial statements No. 8, as collaterals against the said credit facilities, including transferal of the claimant right to receive the installment payment of project to the bank. The Group's deposit account has been pledged with the bank. When the money is received from the sales of the tap water, the bank would retain the money in the said account at the amount equivalent to the Company's obligation for that particular month. Moreover, two of the Company's directors also offered their personal guarantees for the said credit facilities.

32.4 As at December 31, 2014, the Group has performed the leased and service agreement while there are the period 1-3 years. The Group comprises obligation repay leased and service fee in amount of Baht 2,500.00–132,936.00 per month (2013: Baht 10,218.00–70,327.00 per month).

32.5 As at December 31, 2014, the Group had capital commitments of Baht 1.89 million relating to the construction of assets for water treatment plant and wastewater treatment plant (2013: Baht 5.55 million).

32.6 As at December 31, 2014, the Group had commitments totaling Baht 2.13 million under services agreement (2013: Baht 2.00 million).

33. Approval of financial statements

This financial statements was authorized for issue by the Company's board of directors on February 27, 2015.

Details of Directors and Executives

Mr. Paitoon Goserakwong

Chairman of the Board of Directors / Independent Director

Age (years)	62
Education	Master of Arts in Industrial Management, Northern Illinois University, U.S.A. Bachelor of Chemical Engineer, Chulalongkorn University
Related training programs held by the Thai Institute of Directors Association (IOD)	DCP: Director Certification Program Certificate, Class 53/2005 DAP: Director Accreditation Program Certificate, Class 26/2004
Work Experiences during the past 5 year	
Present	Chairman of the Board of Directors, Hydrotek Public Company Limited
2014	Director and Member of the Risk Management Committee Hydrotek Public Company Limited
2007 – 2012	Director, Sahakarn Wisavakorn Company Limited
1998 – 2012	Director and President, TRC Construction Public Company Limited
Holding the Positions of Director / Executives in other company	
A. Listed company	None
B. Non-listed company	None
Director / management positions in rival companies or other companies which have businesses related to the Company which may cause the conflict or interest to the Company	None
Conflict of interest with the Company / its parent company / subsidiary / associated company or any juristic person which may have current conflict or had conflict during the past 2 years	
A. Being an executive director, employee, staff or advisor who receives a regular salary	No
B. Being a provider of professional services (e.g. auditor, legal advisor)	No
C. Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any)	No
Criminal record during the past 10 years	No
Family relationship of the executive with the Company	None
Shareholding ratio in the Company (percent) (as at 31 December 2014)	None
Tenure as director (years)	1
Attendance in the Board of Directors' Meeting for the year 2014	4 times out of 4 times

Mr. Slib Soongswang

Vice Chairman of the Board of Directors / Authorized Director / Member of the Risk Management Committee / Member of the Nomination and Remuneration Committee / Chairman of the Executive Committee / Chief Executive Officer

Age (years)	61
Education	Master of Business Administration, Thammasat University Bachelor of Engineer (Chemical Engineer), Chulalongkorn University
Related training programs held by the Thai Institute of Directors Association (IOD)	RCP: Role of the Chairman Program Certificate, Class 25/2011 EDP: TLCA Executive Development Program Certificate, Class 14/2014 DCP: Director Certification Program Certificate, Class 117/2009 DAP: Director Accreditation Program Certificate, Class 37/2005
Work experiences during the past 5 years	
2014 – Present	Member of the Risk Management Committee and Member of the Nomination and Remuneration Committee Hydrotek Public Company Limited
2011 – Present	Vice Chairman of the Board of Directors, Chairman of the Executive Committee and Chief Executive Officer, Hydrotek Public Company Limited
1982 – 2010	Chairman of the Board of Directors and Managing Director Hydrotek Company Limited
Holding the positions of director / management in other companies	
A. Listed company	None
B. Non-listed companies	1. Director, UAC Hydrotek Company Limited 2. Director, Hydrotek Utility Company Limited
Director / management positions in rival companies or other companies which have businesses related to the Company which may cause the conflict of interest to the Company	None
Conflict of interest with the Company / its parent company / subsidiary / associated company or any juristic person which may have current conflict or had conflict during the past 2 years	
A. Being an executive director, employee, staff or advisor who receives a regular salary	Yes
B. Being a provider of professional services (e.g. auditor, legal advisor)	No
C. Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any)	No
Criminal record during the past 10 years	No
Family relationship of the executive with the Company	None
Shareholding ratio in the Company (percent) (as at 31 December 2014)	10.37
Tenure as director (years)	32
Attendance in the Board of Directors' Meeting for the year 2014	7 times out of 8 times

Mr. Danai Amorpatchara**Director / Authorized Director / Member of the Risk Management Committee / Member of the Executive Committee / President**

Age (years)	52
Education	Master of Environmental Engineer, University of Akron Ohio, U.S.A. Bachelor of Engineer, Chulalongkorn University
Related training programs held by the Thai Institute of Directors Association (IOD)	DAP: Director Accreditation Program Certificate, Class 107/2014
Work experiences during the past 5 years	
2014 – Present	Member of the Risk Management Committee, Secretary of the Nomination and Remuneration Committee and President Hydrotek Public Company Limited
2013 – 2014	Executive Vice President, Hydrotek Public Company Limited
2004 – 2013	Senior Vice President, S.napa (Thailand) Company Limited
Holding the positions of director / management in other company	
A. Listed company	None
B. Non-listed company	Director, Hydrotek Utility Company Limited
Director / management positions in rival companies or other companies which have businesses related to the Company which may cause the conflict of interest to the Company	None
Conflict of interest with the Company / its parent company / subsidiary / associated company or any juristic person which may have current conflict or had conflict during the past 2 years	
A. Being an executive director, employee, staff or advisor who receives a regular salary	Yes
B. Being a provider of professional services (e.g. auditor, legal advisor)	No
C. Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any)	No
Criminal record during the past 10 years	No
Family relationship of the executive with the Company	None
Shareholding ratio in the Company (percent) (as at 31 December 2014)	None
Tenure as director (years)	1
Attendance in the Board of Directors' Meeting for the year 2014	4 times out of 4 times

Mr. Pichai Klongpitak
Director / Authorized Director / President Consultant

Age (years)	61
Education	Bachelor of Engineer (Chemical Engineer), Chulalongkorn University
Related training programs held by the Thai Institute of Directors Association (IOD)	DAP: Director Accreditation Program Certificate, Class 71/2008
Work experiences during the past 5 years	
2014 – Present	President Consultant, Hydrotek Public Company Limited
2011 – Present	Director, Hydrotek Public Company Limited
2014	Member of the Risk Management Committee and Member of the Nomination and Remuneration Committee Hydrotek Public Company Limited
2011 – 2014	President, Hydrotek Public Company Limited
1982 – 2010	Director and Deputy Managing Director, Hydrotek Company Limited
Holding the positions of director / management in other companies	
A. Listed company	None
B. Non-listed companies	1. Director, UAC Hydrotek Company Limited 2. Director, Hydrotek Utility Company Limited
Director / management positions in rival companies or other companies which have businesses related to the Company which may cause the conflict of interest to the Company	None
Conflict of interest with the Company / its parent company / subsidiary / associated company or any juristic person which may have current conflict or had conflict during the past 2 years	
A. Being an executive director, employee, staff or advisor who receives a regular salary	Yes
B. Being a provider of professional services (e.g. auditor, legal advisor)	No
C. Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any)	No
Criminal record during the past 10 years	No
Family relationship of the executive with the Company	None
Shareholding ratio in the Company (percent) (as at 31 December 2014)	2.31
Tenure as director (years)	32
Attendance in the Board of Directors' Meeting for the year 2014	7 times out of 8 times

Air Chief Marshal Chainan Thumasujarit**Director / Chairman of the Audit Committee / Chairman of the Nomination and Remuneration Committee / Independent Director**

Age (years)	64
Education	Thailand National Defense 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 Honours), Sukhothai Thammathirat University Bachelor of Business Administration, Ramkhamhaeng University M. Eng. Asian Institute of Technology (A.I.T.) Bachelor of Engineer (Second-class honours), Chulalongkorn University
Related training programs held by the Thai Institute of Directors Association (IOD)	ACP: Audit Committee Program Certificate, Class 22/2008 DAP: Director Accreditation Program Certificate, Class 67/2007
Work experiences during the past 5 years	
2014 – Present	Chairman of the Nomination and Remuneration Committee Hydrotek Public Company Limited Member of the Audit Committee, Energy Absolute Public Company Limited
2012 – 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 Government Pensioner 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
Holding the positions of director / management in other company	
A. Listed company	Member of the Audit Committee, Energy Absolute Public Company Limited
B. Non-listed company	None
Director / management positions in rival companies or other companies which have businesses related to the Company which may cause the conflict of interest to the Company	None
Conflict of interest with the Company / its parent company / subsidiary / associated company or any juristic person which may have current conflict or had conflict during the past 2 years	
A. Being an executive director, employee, staff or advisor who receives a regular salary	No
B. Being a provider of professional services (e.g. auditor, legal advisor)	No

C. Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any)	No
Criminal record during the past 10 years	No
Family relationship of the executive with the Company	None
Shareholding ratio in the Company (percent) (as at 31 December 2014)	None
Tenure as director (years)	7
Attendance in the Board of Directors' Meeting for the year 2014	8 times out of 8 times

Mr. Anant Gatepithaya**Director / Member of the Audit Committee / Chairman of the Risk Management Committee / Member of the Nomination and Remuneration Committee / Independent Director**

Age (years)	63
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)	AACP: Advanced Audit Committee Program Certificate, Class 17/2014 RMP: Risk Management Committee Program Certificate, Class 1/2013 R-Forum: Director Nomination Issues and Trend Certificate, Class 1/2013 DTT: Personal Financial Planning Workshop for Directors Certificate, Class 1/2013 AGM: "Integrity Pact: Key measure for Anticorruption-resolving" Certificate, Class 1/2013 NDC: "The 2nd National Director Conference 2013" Board Leadership Evolution" Certificate, Class 1/2013 SE3: "CNBC Summit: Myanmar" Certificate, Class 3/2013 SE2: "Risk Resilience: How the company's directors should deal with the issues of Enterprise Risk Management?" Certificate, Class 2/2013 DBT: The Governance Role of the Board in the Preparation and Response to Unforeseen Crisis and the Oversight of (Foreign) Subsidiaries Certificate, Class 1/2013 HRP: How to Develop a Risk Management Plan Certificate, Class 2/2012 QFR: Improving the Quality of Financial Reporting Certificate, Class 1/2006 DAP: Director Accreditation Program Certificate, Class 7/2004 ACP: Audit Committee Program Certificate, Class 2/2004 DCP: Directors Certification Program Certificate, Class 17/2002
Work experiences during the past 5 years	
2014 – Present	Chairman of the Risk Management Committee Hydrotek Public Company Limited
2008 – Present	Member of the Audit Committee, Zeer Property Company Limited
2007 – Present	Member of the Audit Committee, Hydrotek Public Company Limited Member of the Audit Committee, Raja Ferry Port Public Company Limited
2004 – Present	Member of the Audit Committee and Chairman of the Risk Management Committee, Fortune Parts Industry Public Company Limited
2003 – Present	Member of the Audit Committee and Chairman of the Risk Management Committee, CMO Public Company Limited
2001 – Present	Member of the Audit Committee and Chairman of the Risk Management Committee, Supalai Public Company Limited
2000 – Present	Chairman of the Board of Directors, The Brilliant Solution Company Limited

Holding the positions of director / management in other companies

- | | |
|-------------------------|---|
| A. Listed companies | 1. Member of the Audit Committee and Chairman of the Risk Management Committee, Fortune Parts Industry Public Company Limited
2. Member of the Audit Committee and Chairman of the Risk Management Committee, CMO Public Company Limited
3. Member of the Audit Committee and Chairman of the Risk Management Committee, Supalai Public Company Limited |
| B. Non-listed companies | 1. Chairman of the Board of Directors, The Brilliant Solution Company Limited
2. Member of the Audit Committee, Zeer Property Company Limited
3. Member of the Audit Committee, Raja Ferry Port Public Company Limited |

Director / management positions in rival companies or other companies which have businesses related to the Company which may cause the conflict of interest to the Company None

Conflict of interest with the Company / its parent company / subsidiary / associated company or any juristic person which may have current conflict or had conflict during the past 2 years

- | | |
|---|----|
| A. Being an executive director, employee, staff or advisor who receives a regular salary | No |
| B. Being a provider of professional services (e.g. auditor, legal advisor) | No |
| C. Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any) | No |

Criminal record during the past 10 years No

Family relationship of the executive with the Company None

Shareholding ratio in the Company (percent) (as at 31 December 2014) None

Tenure as director (years) 7

Attendance in the Board of Directors' Meeting for the year 2014 8 times out of 8 times

Mr. Kamphol Panyagometh**Director / Member of the Audit Committee / Member of the Nomination and Remuneration Committee / Independent Director**

Age (years)	43
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)	DAP: Director Accreditation Program Certificate, Class 90/2011
Work experiences during the past 5 years	
2014 – Present	Member of the Nomination and Remuneration Committee, Hydrotek Public Company Limited
2013 – Present	Vice President for Research and Academic Services National Institute of Development Administration Member of the Audit Committee Thai Luxe Enterprises Public Company Limited
2011 – Present	Member of the Audit Committee, Hydrotek Public Company Limited Member of the Audit Committee and Chairman of the Risk Management Committee, Stars Microelectronics (Thailand) Public Company Limited Fund Management Committee National Institute of Development Administration
2010 – Present	Associate Professor, Business Administration Department National Institute of Development Administration
Holding the positions of director / management in other companies	
A. Listed companies	1. Member of the Audit Committee and Chairman of the Risk Management Committee, Stars Microelectronics (Thailand) Public Company Limited 2. Member of the Audit Committee Thai Luxe Enterprises Public Company Limited
B. Non-listed company	Vice President for Research and Academic Services National Institute of Development Administration
Director / management positions in rival companies or other companies which have businesses related to the Company which may cause the conflict of interest to the Company	None
Conflict of interest with the Company / its parent company / subsidiary / associated company or any juristic person which may have current conflict or had conflict during the past 2 years	
A. Being an executive director, employee, staff or advisor who receives a regular salary	No
B. Being a provider of professional services (e.g. auditor, legal advisor)	No
C. Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any)	No

Criminal record during the past 10 years	No
Family relationship of the executive with the Company	None
Shareholding ratio in the Company (percent) (as at 31 December 2014)	None
Tenure as director (years)	3
Attendance in the Board of Directors' Meeting for the year 2014	7 times out of 8 times

Mr. Wasit Panichvorapongsa**Member of the Risk Management Committee / Member of the Executive Committee / Vice President, Operation**

Age (years)	49
Education	Bachelor of Engineer, King Mongkut's University of Technology Thonburi
Related training programs held by the Thai Institute of Directors Association (IOD)	DAP: Director Accreditation Program Certificate, Class 110/2014
Work experiences during the past 5 years	
2014 – Present	Member of the Risk Management Committee Hydrotek Public Company Limited
2013 – 2014	Vice President, Operation, Hydrotek Public Company Limited
2004 – 2013	Senior Project Management, S.napa (Thailand) Company Limited
Holding the positions of director / management in other company	
A. Listed company	None
B. Non-listed company	None
Director / management positions in rival companies or other companies which have businesses related to the Company which may cause the conflict of interest to the Company	None
Conflict of interest with the Company / its parent company / subsidiary / associated company or any juristic person which may have current conflict or had conflict during the past 2 years	
A. Being an executive director, employee, staff or advisor who receives a regular salary	Yes
B. Being a provider of professional services (e.g. auditor, legal advisor)	No
C. Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any)	No
Criminal record during the past 10 years	No
Family relationship of the executive with the Company	None
Shareholding ratio in the Company (percent) (as at 31 December 2014)	None

Mr. Tanat Supajarunan**Member of the Risk Management Committee / Member of the Executive Committee / Vice President, Business Development**

Age (years)	44
Education	Master of Business Administration National Institute of Development Administration Bachelor of Engineer King Mongkut's Institute of Technology Chaokuntahan Ladkrabbang
Related training programs held by the Thai Institute of Directors Association (IOD)	DAP: Director Accreditation Program Certificate, Class 96/2012
Work experiences during the past 5 years	
2014 – Present	Member of the Risk Management Committee, Hydrotek Public Company Limited
2012 – Present	Vice President, Business Development, Hydrotek Public Company Limited
2008 – 2011	Manager, Planning Division, Hydrotek Company Limited
Holding the positions of director / management in other company	
A. Listed company	None
B. Non-listed company	None
Director / management positions in rival companies or other companies which have businesses related to the Company which may cause the conflict of interest to the Company	None
Conflict of interest with the Company / its parent company / subsidiary / associated company or any juristic person which may have current conflict or had conflict during the past 2 years	
A. Being an executive director, employee, staff or advisor who receives a regular salary	Yes
B. Being a provider of professional services (e.g. auditor, legal advisor)	No
C. Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any)	No
Criminal record during the past 10 years	No
Family relationship of the executive with the Company	None
Shareholding ratio in the Company (percent) (as at 31 December 2014)	None

Mrs. Phanalee Noragitt
Member of the Risk Management Committee / Member of the Executive Committee / Vice President,
Account and Finance

Age (years)	50
Education	Master of Accounting, Chulalongkorn University Bachelor of Accounting, Chulalongkorn University
Related training programs held by the Thai Institute of Directors Association (IOD)	DAP: Director Accreditation Program Certificate, Class 90/2011
Work experiences during the past 5 years	
2014 – Present	Member of the Risk Management Committee Hydrotek Public Company Limited
2011 – Present	Vice President, Account and Finance, Hydrotek Public Company Limited
2010	Vice President, Account and Finance, Hydrotek Company Limited
2000 – 2009	Vice President, Accounting Division, G.M. Tour and Travel Company Limited
Holding the positions of director / management in other company	
A. Listed company	None
B. Non-listed company	None
Director / management positions in rival companies or other companies which have businesses related to the Company which may cause the conflict of interest to the Company	None
Conflict of interest with the Company / its parent company / subsidiary / associated company or any juristic person which may have current conflict or had conflict during the past 2 years	
A. Being an executive director, employee, staff or advisor who receives a regular salary	Yes
B. Being a provider of professional services (e.g. auditor, legal advisor)	No
C. Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any)	No
Criminal record during the past 10 years	No
Family relationship of the executive with the Company	None
Shareholding ratio in the Company (percent) (as at 31 December 2014)	None

Miss Suparada Amornmanus**Member of the Risk Management Committee / Vice President, Investor Relations / Company Secretary**

Age (years)	48
Education	Master of Business Administration National Institute of Development Administration
Related training programs held by the Thai Institute of Directors Association (IOD)	DAP: Director Accreditation Program Certificate, Class 90/2011 CSP: Company Secretary Program Certificate, Class 40/2011
Work experiences during the past 5 years	
2014 – Present	Member of the Risk Management Committee Hydrotek Public Company Limited
2011 – Present	Vice President, Investor Relations and Company Secretary Hydrotek Public Company Limited
2007 – 2010	Manager, Investor Relations Division and Company Secretary Hydrotek Company Limited

Holding the positions of director / management in other company

A. Listed company	None
B. Non-listed company	None

Director / management positions in rival companies or other companies which have businesses related to the Company which may cause the conflict of interest to the Company None

Conflict of interest with the Company / its parent company / subsidiary / associated company or any juristic person which may have current conflict or had conflict during the past 2 years

A. Being an executive director, employee, staff or advisor who receives a regular salary	Yes
B. Being a provider of professional services (e.g. auditor, legal advisor)	No
C. Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any)	No

Criminal record during the past 10 years No

Family relationship of the executive with the Company None

Shareholding ratio in the Company (percent) (as at 31 December 2014) None