



# 2012

annual report

บริษัท เนาวรัตน์พัฒนาการ จำกัด (มหาชน)  
NAWARAT PATANAKARN PUBLIC COMPANY LIMITED



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# message from chairman



A handwritten signature in black ink, appearing to read 'mana'.

(Mr. Mana Karnasuta)

Chairman

March 6, 2013

Dear All Shareholders

Nawarat Patanakarn Public Company Limited

Nevertheless the economic situation across the world, regardless many large social and economic zones i.e. U.S.A., Europe, China, or Japan, has confronted with many different troubles and caused a slowdown in their country's economic growth, and Thailand had just experienced the great floods during the end of 2011, the most severe ever in the last 50 years in history. Based on the strength in all fundamental structure, political stability, private sector's competitive strength and flexibility, Thailand's economy has rapidly resumed. In addition, the development into AEC (Asean Economic Community) to be commenced in 2015 has been much interested among business society and investors across the world, which will contribute to Thailand's sustainable growth trend in the world market.

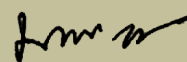
With a long experience since the inaugural year 1976 together with its highly knowledgeable staff in various specialized areas of construction and engineering, the Company has been proud to have passed through all obstacles and hardship hand in hand with the country all through the 37 years, and to have been part of nation development with the strong intention to rise up to international level. In 2012, the Company enjoyed its growing and satisfying operation results, with the income of Baht 6,817 million, an increase by Baht 2,670 million from that of 2011, which ended up with Baht 4,147 million, amounting to a net profit of Baht 539 million, an increase by Baht 443 million from that of 2011, which had net profit of Baht 96 million. With the operation results and the dividend distribution policy, the Board of Directors has approved a proposal to the Shareholder's Meeting for the year 2013 for consideration of dividend payment to all shareholders at the rate of 12 Satang (Baht 0.12) per share.

With the strongly growing country's economy, the Government has boosted investments policy in development of utilities and infrastructure, especially in Logistics, Transportation and Water Management Projects. To increase the potential in responding to the Government's policies, the Company's Board of Directors has also approved the proposal for consideration of its capital increase to the Shareholder's Meeting to support future construction work expansion.

In addition, the Company has intention to continuously develop itself to reach an international level and to be a forefront organization in the country. The Company has been committed to perform its works with fast paces, prudence, and conciseness under principles of Good Corporate Governance for the best benefits to all stakeholders.

On behalf of the Company's Board of Directors and Executives, we would like to take this opportunity to express gratitude to shareholders, our customers, trading partners, financial institutions, business alliances, employees, and other stakeholders for their continuous supports. The Board hopes that the Company will continue to receive honor, trust, and such generous supports for long and to have belief with confidence that the Company will still move forward with firm and vigorous paces and is ready to grow together with Thailand and The Southeast Asia Region.

Respectfully yours



(Mr. Mana Karnasuta)

Chairman

# Vision

“Concentrate in construction and related business,  
both in Thailand and overseas,  
To be number one in our specialized area  
and to be within top five in general contracting  
business in Thailand”

# Mission

“Develop Planning, working procedure  
and measurement system,  
to increase efficiency and effectiveness,  
For the benefit of all stakeholder”



# board of directors



**Mr. Mana Karnasuta**  
**Chairman**

Age : 79 Years

Shareholding

: 3,873,585 Shares as December 31, 2012

Meeting Attendance

: 11 of 13 Board Meetings in 2012

## Education

- Bachelor Degree in Electrical Engineer,  
Chulalongkorn University
- DAP' 55/2006

## Experience

Present : Chairman

Nawarat Patanakarn Public Company Limited

: Director

Kao Chamao Hilly Resort Company Limited

: Director Bua Company Limited

: Director Tanina Company Limited



**Mr. Prasertphand Pipatanakul**  
**Independent Director and**  
**Chairman of the Audit Committee**

Age : 78 Years

Shareholding

: None

Meeting Attendance

: 11 of 13 Board Meetings in 2012

10 of 12 Audit Board Meetings in 2012

## Education

- Master Degree of Business Administration,  
Sasin Graduate Institute of Business  
Administration of Chulalongkorn University
- Bachelor Degree in Engineering,  
Chulalongkorn University
- DAP' 55/2006
- Finance for Non-Finance

## Experience

Present : Independent Director and Chairman of  
the Audit Committee

Nawarat Patanakarn Public Company Limited

# board of directors



**Mr. Niyom Niyamanusorn**  
Independent Director  
and Member of Audit Committee

Age : 81 Years

Shareholding  
: None

Meeting Attendance

: 13 of 13 Board Meetings in 2012  
12 of 12 Audit Board Meetings in 2012

## Education

- Master Degree, N.S.W. University at Australia
- Bachelor Degree in Engineering, Chulalongkorn University
- DAP' 55/2006
- Finance for Non-Finance 2006

## Experience

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



**Mr. Apichart Dharmasaroja**  
Independent Director  
and Member of Audit Committee

Age : 61 Years

Shareholding  
: None

Meeting Attendance

: 12 of 13 Board Meetings in 2012  
12 of 12 Audit Board Meetings in 2012

## Education

- MBA (Marketing, Finance and International Business), Northwestern University, USA
- DAP' 64/2007
- Director Forum' 1/2009
- DCP' 93/2007

## Experience

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



# board of directors



**Mr. Polpat Karnasuta**  
Director and President

Age : 53 Years

Shareholding

: 177,442,300 Shares as December 31, 2012

Meeting Attendance

: 12 of 13 Board Meetings in 2012

## Education

- Bachelor Degree in Business Administration, Oregon University, USA
- DAP' 7/2004

## Experience

Present : Director and President

Nawarat Patanakarn Public Company Limited

: Director Banpulom Company Limited

: Director C.I.N. Estate Company Limited

: Director VSPN Property Company Limited

: Director Bua Company Limited

: Director Tanina Company Limited

: Director E.G.G. Enterprise Company Limited



**Mrs. Wattana Samanawong**  
Director and Senior Vice President

Age : 60 Years

Shareholding

: 1,716 Shares as December 31, 2012

Meeting Attendance

: 13 of 13 Board Meetings in 2012

## Education

- Master of Accounting, Faculty of Commerce & Accountancy, Thammasart University
- Diploma Certificate in Auditing, Faculty of Commerce & Accountancy, Chulalongkorn University
- Bachelor of Accounting, Faculty of Economics, Kasetsart University
- Accounting for Non-Accounting Audit Committee
- DCP' 62/2007

## Experience

Present : Director and Senior Vice President of Finance and Administration Department

Nawarat Patanakarn Public Company Limited

: Director

Utility Business Alliance Company Limited

: Director C.I.N. Estate Company Limited

# board of directors



**Mr. Sook Sueyanyongsiri**  
**Director and Senior Vice President**

Age : 60 Years

Shareholding  
: None

Meeting Attendance  
: 13 of 13 Board Meetings in 2012

## **Education**

- Master Degree of Engineering,  
Asian Institute of Technology
- DAP' 35/2005

## **Experience**

Present : Director and Senior Vice President  
of Operation Department  
Nawarat Patanakarn Public Company Limited



# a n n u a l r e p o r t

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## 1. General Information

### History

Nawarat Patanakarn Public Company Limited primarily provides all types of civil engineering construction services and manufactures pre-stressed concrete piles, other kinds of concrete products and processed steel used in its construction businesses and for sale.

Nawarat Patanakarn Public Company Limited was registered on May 31, 1976 with the registered capital of Baht 4 million. The capital was gradually increased. In 1995, the capital was increased from Baht 400 million to Baht 500 million as new shares were issued and offered to domestic and overseas investors. In September 1995, the Company was incorporated as a listed company in the Stock Exchange of Thailand. Currently, the Company has registered capital amounting to Baht 2,217,950,679 and paid-up capital totaling Baht 1,552,901,243 in the form of 1,552,901,243 common stocks at the par value of Baht 1 per share.



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## Head Office

Head Office	Bangna Towers A, 18th-19th Floor, Moo 14, Bangna-Trad Road Km. 6.5, Bangkaew, Bangplee, Samutprakarn 10540
Tax ID No.	3101090413
Company registration number	0107538000096 (Formerly known as Bor Mor Jor 532)
Web site	<a href="http://www.nawarat.co.th">www.nawarat.co.th</a>
Telephone	(662) 730-2100
Fax	(662) 751-9484 - 90
Company Secretary	Mrs. Wattana Samanawong Tel. (662) 730-2185
Investor Relation Section	Mr. Praty Mankong Tel. (662) 730-2178
Branch Offices	- 1796 Bangna-Trad Road Km. 4.5, Bangna, Bangkok
Pre-stressed Concrete Piles, Concrete Products and Processed Steel Plants	- 1796 Bangna-Trad Road Km. 4.5, Bangna, Bangkok - 53/4 Moo 9, Prong Akat, Bang Nampreaw, Chachoengsao
Pre-cast Concrete Jacking Pipes and Pre-cast Concrete Shaft Plant	- 31/13 Moo 2, Rama II Road Km. 33.5, Bang Krachao, Muang District, Samutsakhon

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### Joint Ventures, Subsidiary Companies, Associated Companies and Related Parties

(Still operating at December 31, 2012)

Joint Ventures	Address	Nature of Business	Share of Profits (Percent)
NWR - SBCC Joint Venture	2034/132-161 Italthai Tower, 34 <sup>th</sup> Floor, Bangkapi, Huaykwang, Bangkok 10310	Construction - excavation and removal of earth and coal	50
Nawarat - A.S. Associated Joint Venture	8/24-25 Soi Ladprao 8, Ladprao Road, Chomphon, Chatuchak, Bangkok 10900	Construction	70
Obayashi - Nawarat Joint Venture	2/3 Moo 14, Bangna Towers A, 18 <sup>th</sup> -19 <sup>th</sup> Floor, Bangna-Trad Road Km. 6.5, Bangkaew, Bangplee, Samutprakarn 10540	Construction	30
NWR - STG Joint Venture	2/3 Moo 14, Bangna Towers A, 18 <sup>th</sup> -19 <sup>th</sup> Floor, Bangna-Trad Road Km. 6.5, Bangkaew, Bangplee, Samutprakarn 10540	Construction	80
A.S. - Nawarat Joint Venture	2/3 Moo 14, Bangna Towers A, 18 <sup>th</sup> -19 <sup>th</sup> Floor, Bangna-Trad Road Km. 6.5, Bangkaew, Bangplee, Samutprakarn 10540	Construction	50
ITD - Nawarat (L.L.C.)	Office No.126, 1 <sup>st</sup> Floor, Sh.rashid Bin Khalifa Al Maktoum Sheikh Zayed Road, Dubai,U.A.E.	Construction	40

Subsidiary Companies	Address	Nature of Business	Share of Profits (Percent)
Myanmar NWR Co., Ltd.	International Business Center,Suite No.106,88 Pyay Road,Hlaing Township,Yangon,Myanmar	Construction	100
Utility Business Alliance Company Limited	21 Viphavadi-Rangsit Road, Chomthong, Chatuchak, Bangkok	Wastewater Treatment	60
NWR (Cambodia) Company Limited	217, Group 1, Smach Meanchey Commune, Smach Meanchey District, Kohkong Province.	Manage and Control Construction Project	100

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Associated Companies	Address	Nature of Business	Share of Profits (Percent)
C.I.N. Estate Company Limited	2922/98 Chan Issara II Tower, New Petchaburi , khwang Bangkapi, Khet Huaikhwang, Bangkok 10310	Property development and Condominium operation	40
VSPN Property Company Limited	Highway No.3 Sta.136+400 km. Sukhumvit Rd, Banglamung, Chonburi 22150	Property development and Villa	25

Related Parties	Address	Nature of Business	Share of Profits (Percent)
New Decade Company Limited	19 Soi 7, Seiree 7 Road, Suan Luang, Bangkok 10260	Construction	-
Ruen Rapee Company Limited	19 Soi 7, Seiree 7 Road, Suan Luang, Bangkok 10260	Property trade	-
East Bangkok Assets Company Limited	19 Soi 7, Seiree 7 Road, Suan Luang, Bangkok 10260	Property trade	-
K Alliance Company Limited	1111 Moo 6, Samrongnua, Muang District, Samutprakarn 10270	Mining business	-
Kao Chamao Hilly Resort Company Limited	9/3 Moo 3, Khaowongkot, Kaenghang maeo, Chantaburi 22160	agricultural	-
E.G.G. Enterprise Company Limited	19 Soi 7, Seiree 7 Road, Suan Luang, Bangkok 10260	Furniture business	-
Italian-Thai Development Public Company Limited	2034/132-161 ItalThai Tower, New Petchburi Road, Bangkapi, Huaykwang, Bangkok 10310	Construction	-

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## References

Position	Name / Address
Share registrar	Thailand Securities Depository Company Limited The Stock Exchange of Thailand Building, 62 Rachadapisek Road, Klongtoey, Bangkok 10110 Tel. 0-2229-2800
Auditor	Ernst & Young Office Limited Mr. Khitsada Lerdwana Certified Public Accountant (Thailand) No. 4958 33 <sup>rd</sup> Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Bangkok 10110 Tel. 0-2264-0777, 0-2661-9190
Legal Advisor	Weerawong, Chinnavat & Peangpanor Limited 22 <sup>nd</sup> Floor, Mercury Tower, 540 Ploenchit Road, Lumpini, Pathumwan Bangkok 10330 Tel. 0-2264-8000





## 2. Summarized Corporate Financial Highlights

(Unit : Million Baht)			
Consolidated Financial Statements	2012	2011	2010
Total assets	7,598.33	6,197.48	5,550.25
Total liabilities	5,626.14	4,768.12	4,038.91
Shareholders' equity	1,972.19	1,429.36	1,511.34
Fully paid common stocks	1,552.90	1,552.90	1,552.90
Total revenues	6,816.61	4,146.65	4,029.84
Net earnings (loss)	538.91	95.78	13.47

Financial Ratios	2012	2011	2010
Net profit margin (%)	7.91	2.31	0.33
Return on equity (%)	27.33	6.70	0.89
Return on total assets (%)	7.09	1.54	0.24
Book value (Baht)	1.27	0.92	0.97
Net profit (loss) / share (Baht)	0.347	0.062	0.01
Current ratio (times)	0.97	0.86	0.82
Debt-equity ratio (times)	2.85	3.34	2.67
Dividend yield (%)	3.82	-	-





## 3. Nature of Business Operation

Nawarat Patanakarn Public Company Limited has provided construction services and manufactured pre-stressed concrete piles since 1976. In 1995, it was listed on The Stock Exchange of Thailand and changed its name from Nawarat Patanakarn Company Limited to Nawarat Patanakarn Public Company Limited on February 17, 1995. The Company increased its registered capital and paid-up capital to 500 million Baht by offering for sale its ordinary shares to the public and also listed on the Stock Exchange of Thailand on 31 August 1995. The registration of the Company's securities was completed on September 27, 1995. Currently, the Company's registered capital is Baht 2,217,950,679 and the paid-up capital is Baht 1,552,901,243.

### Nature of Main Product/Service

#### Construction Contracting Business

Nawarat Patanakarn Public Company Limited is involved in the construction contracting business providing construction services to the government sectors, state enterprises, as well as private sectors. It undertakes works of construction as a main contractor, a sub-contractor, or through a Joint Venture business. The Company is considered a leading contractor by several entities; for example, it has been designated a Category 1 A contractor by Department of Highways having the right to make bids in all sorts of the Department's road construction. Also, the Company has already registered with various government agencies such as Royal Irrigation Department, Public Works Department, Communication Authority of Thailand, Metropolitan Waterworks Authority, Provincial Waterworks Authority. The Company acquires construction projects by way of bidding and direct contact with the project owners, with its reputation and impressive track record being the main factors of building its customers' trust. At present, it is able to undertake various types of works including:

- High Rise Buildings
- Warehouses and Industrial Plants
- Roads, Highways, Expressways, Bridges
- Public Works and Utilities
- Ports, Berths and Jetties
- Power Plants
- Dams, Reservoirs and Irrigation Works
- Wastewater Treatment Plants
- Tunnelling and Pipe Jacking Works



## Pre-stressed Concrete Piles and Precast Concrete Products

The Company established its precast concrete product factories to supply its construction projects and also sell to the public both by bidding and direct employment. The Company's products include pre-stressed concrete piles, pre-stressed concrete girders and precast concrete pipes for construction of wastewater treatment projects, parapets, concrete pre-cast slabs and sheet pile to protect from land subsidence, with the ratio of production for supplying its own projects to that for selling to the outside people being 36:64 in 2010, 55:45 in 2011 and 80:20 in 2012.

## Steel Structure Fabrication

The Company has manufactured fabricated steel product for supplying its construction projects and selling to the outside people, with the ratio of the former to the latter being 89:11 in 2010, 90:10 in 2011 and 98:02 in 2012.

## Subsidiary Companies

### 1. Myanmar NWR Company Limited

In 2000, the Company invested in Myanmar NWR Company Limited situated at International Business Center, Suite No.106, 88 Pyay Road, Hlaing Township, Yangon, Myanmar. The Company holds 100 percent of the shares for the purpose of supporting expansion of its construction contracting in The Union of Myanmar. The registered capital totals Kyat 1,000,000. The paid-up capital amounts to Kyat 500,000 or about three million Baht. The subsidiary has not yet operated due to the new legislation on investment is not clear enough for make decision to increase invest.

### 2. Utility Business Alliance Company Limited

In 2001, the company made an investment in Utility Business Alliance Co., Ltd. which is involved in the management business of waste water treatment plant. The investment portion was at 50 percent. On November 11, 2003, the company sold its investment to the third party partially so the investment portion was reduced to 33.33%. In the third quarter of 2006 the company purchased the investment back from the third party so the investment portion was 60 percent of the registered capital of 40 million baht, The investment value is 28.27 million baht. The other shareholders of the 40 percent portion are the other juristic persons with no relation to the company, both directorship and share-holding.

### 3. NWR (Cambodia) Company Limited

In 2007, the company incorporated NWR (Cambodia) Company Limited in Cambodia with total 100 percent shareholding to facilitate the service work and construction supervision in Cambodia with registered capital of 20 million Riels or about 200,000 baht. At present the paid-up capital is 17,000 baht and the company has accepted the work on supervision of the construction of Tonle Sap Bridge with a private company and the employer is L.Y.P. Group Co., Ltd. and the project value is US\$2 million. Current, the construction of this bridge completed

### Associated Companies

#### 1. C.I.N. Estate Company Limited

In September, 2006, the Company invested in C.I.N. Estate Company Limited to procure a land and develop it into a 47-storey condominium for the purpose of own residence and forward sale. Named "The Issara Ladprao", the condominium is located on Ladprao Road, between soi 12 and 14, with the project price amounting to Baht 1,868.68 million. The construction has commenced since January 2007 and will have been completed in September 2011. Current, start new project named "ISSI Condominium Suksawat" is located on Suksawat Road, Bangpakok (north side), Ratburana, Bangkok, with the project price amounting to Baht 1,850 million. The investment represents 40 percent of C.I.N.'s registered capital. In 2012, the Company obtained its dividend in the amount of Baht 60 million from this company and recorded profit share to increase in "investments in associated companies" amounting to Baht 66.45 million.

#### 2. VSPN Property Limited

In February 2007, the Company invested in VSPN Property Limited to develop a land in Banglamung District, Chonburi, in the area of 20 rai and 33 sq. wa into a seaside village comprising 45 units for sale under the name "Sea Breeze Villa Pattaya" The project value is around Baht 500 million. The project was commenced in June 2007 and to be completed in March 2013. The investment represents 25 percent of VSPN's registered capital. An equal amount to Baht 25 million.

In 2012, The Company recorded profit share from this company to increase in "investments in associated companies" amounting to Baht 3.62 million. The project comprises 45 units and 32 of them have been delivered to customers. The company expects to deliver the 13 units left within 2013.

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## Joint Ventures

Apart from the Company's construction contracting and subcontracting, it operates its construction business in co-operation between other companies in the form of joint ventures. The joint ventures allow the Company to undertake projects requiring advance technologies as well as complement its skill sets. Such strategic alliances enable the parties to meet the client's requirements and maximize the use of their machinery, equipment and personnel in order for the projects to achieve efficiency.

In 2008, the company and Saraburi Coal Co., Ltd. had formed a joint venture called NWR-SBCC Joint Venture with the investment at 50 percent each to undertake the excavation and removal of earth and coal project at Mae Moh mine of the Electricity Generating Authority of Thailand, Mae Moh District, Lampang. At present, the contract has been signed with the employer with the project value of 16,684,716,676.17 baht (excluding the electrical charge) and the contract term of 9 years. As of December 31, 2012, 33.83% of the work has been delivered.

The joint ventures already delivered the construction work but there are a few transactions such as loans borrowed, loans extended are as follows.

Joint Venture	Percent of profit sharing
- Nawarat - A.S. Associates Joint Venture	70
- Obayashi - Nawarat Joint Venture	30
- NWR - STG Joint Venture	80
- ITD - Nawarat (L.L.C.)	40





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## Revenue Structure

Revenues by segment (according to the consolidated Financial Statement)

Revenue Type	2012		2011		2010	
	Million Baht	%	Million Baht	%	Million Baht	%
Construction, Sales and Service Business	5,728.25	84.03	3,053.90	73.65	2,762.94	68.56
Excavation and Removal of Earth and Coal Business	762.89	11.20	883.22	21.30	1,030.03	25.56
Steel Structure Fabrication and Precast Concrete Products Business	212.46	3.12	120.37	2.90	141.96	3.52
Interest Income	21.35	0.31	21.62	0.52	23.42	0.58
Other Revenues	91.66	1.34	67.54	1.63	71.49	1.78
Total Revenues	6,816.61	100.00	4,146.58	100.00	4,029.84	100.00
Increase (decrease) of total revenues (%)	2,670.03	64.39	116.74	2.90	684.82	20.47

- NOTE :
1. Interest income refers to the interest income from financial institutions, joint ventures and other companies.
  2. Other revenues include Profit from sale of assets, Project Management charge and Gain on Foreign Exchange, Etc.







## 4. Risk Factors

Internal and external risk factors affecting the Company's operation are summarized as follows:

1. The Economy and Economic Growth The construction contracting business directly relates to the country's economy and economic growth. The Company's operation, inevitably, has been affected by the recession. However, the corporate diversified supporting businesses allow diversification of risk. The economic recovery stage results in the Company's small growth rate. Construction works in the private sector are still subject to risk in terms of liquidity. Therefore, the Company has been careful with undertaking projects in this sector. The state of the economy adjusted positively in a short-time period resulting in a little increase in the Company's expansion rate. To survive in the industry, the Company has tried to acquire Works in the field it mostly specializes with less competitors. That includes works such as Jacking Pipes, Underground Tunnel, Sewage System and the like. In addition, the Company has become interested in tendering for more foreign projects either in the form of individual or joint-venture company. Still, dealing with those in private sector is risky in terms of the Employers' liquidity; as a result, much more care has to be taken in signing various projects whether within or outside of the country.
  
2. Change in Material Prices The cost of materials is one of the major types of cost to be calculated when making a bid. The change in material prices directly affects the corporate profit particularly that in petrol prices that has impacted on road construction and the cost of delivering materials. Even though the prices of oil and steel (one of the main materials) were falling down during 2010, there have been no confidence that such plummeting prices would bounce back to high prices again, which causes a risk in calculating and fixing construction costs.  
  
Moreover, the cost of imported materials depends on exchange rates.
  
3. Lack of the Construction Workforce The recovering real estate segment results in competitions among contractors over labors. Generally, there are no sufficient labors during important holidays such as New Year's and Songkran holidays. An incentive in the form of increased overtimes is necessary to improve such situation. The operation cost consequently increases in certain times of the year. In general, we do not usually have problem with unskilled labors; on the other hand, when it comes to more expertly skilled labors it becomes more problematic. Some construction projects such as high-priced housing estates are always in need of those highly skilled labors at the same time resulting in competing for such labors among contractors. Therefore, in case the Company is awarded with this kind of project a good planning needs to be done in addition to the negotiation in advance with the highly skilled.

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4. Unpredictable Difficulty Although contingency costs are explicitly part of the total cost estimate, limitations in terms of time or unpredictable problems such as floods or other natural catastrophes still adversely affect projects and no compensation can be sought from clients.
5. Free Trade in Service Sector The policy of opening up a Free-Trade Zone in the service Sector that covers works of construction leads to the increase in the number of foreign competitors. In this, the Company realizes the need to develop its manpower, construction equipments and techniques to be able to compete with other companies in the long run.
6. Capital Sources and Interest Contracting business requires a huge sum of working capital, especially the project hinging on a high investment in machinery. The fact that if there is an obstacle in finding financial support the project might become problematic makes the Company try to get ready by asking for more loan from various commercial banks in support of the Company's business expansion and for the Company to have more choices. In addition, the risk from the fluctuation of future interest rates may also affect the Company's operational result and cash flow; there is on use Derivative of protect it from such a risk.
7. Real estate development project The company has recently expanded its reach into the real estate development business even though there is risk because the company has never been involved in this business. However, the company has already made a study in this business for some time through joint investment with those with long experience. If it is a sole investment, the company would employ the other company with experience to make a study on the project in which the company is interested for investment before any proceeding.
8. Joint Venture Companies' ability or inability to comply with Joint Venture agreements Sometimes, the Company is obliged to get into bidding under the name "Joint Venture" working hand in hand with other companies. Whether working in such form becomes successful or not depends on both the abilities of the Company itself and those of other Joint Venture companies. For the latter, when they face problems whether about money or how to work; in other words, if they cannot perform their duties in accordance with the Contract, all parties involved will each suffer bad effects from operations. If, however, they are able to tackle the problem and continue working together, there will not be much effect to the Company. On the other hand, in case their problems can not be solved, the Company may have to help resolve them by putting more investment money in the Project to prolong their work operation (if the problem is about money) or by sending an expert to them (if the problem is about working).

a n n u a l r e p o r t

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the shareholding structure  
and management

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## 5. The Shareholding Structure and Management

### 5.1 Shareholders

The top ten shareholders as of December 31, 2012 are as follows:

Shareholder	Nationality	As of December 31, 2012	
		Number of Shares	%
1. The Karnasutas (See Note)	Thai	204,531,312	13.171
2. Mr. Suthep Satebunsang	Thai	72,400,000	4.662
3. Thai NVDR Company Limited	Thai	69,215,558	4.457
4. Mr. Sakchai Sakchaichareunkul	Thai	63,000,000	4.057
5. Mr. Sakesun Satetasakol	Thai	60,021,500	3.865
6. Mr. Suchart Areekul	Thai	50,000,000	3.220
7. Mr. Nuttapat Rangsan	Thai	45,015,700	2.899
8. Mr. Pichit Shinvittayakul	Thai	38,000,000	2.447
9. Mr. Tawee Harnkraiwilai	Thai	31,000,000	1.996
10. Mrs. Athitaya Witayanan	Thai	26,687,500	1.719
11. Other Shareholder		893,029,673	57.507
Total		1,552,901,243	100.00

Note.

The Karnasutas shareholders include:

1. Mr. Mana	Karnasuta	Amount	3,873,585	Shares
2. Mrs. Nawarat	Karnasuta	Amount	278	Shares
3. Mr. Polpat	Karnasuta	Amount	177,442,300	Shares
4. Mrs. Sutasanee	Karnasuta	Amount	4,553	Shares
5. Mr. Wasin	Phuttharee	Amount	5,371,313	Shares
6. Mrs. Sutheera	Phuttharee	Amount	500,000	Shares
7. Mr. Apathorn	Karnasuta	Amount	17,013,735	Shares
8. Mrs. Anatchanit	Karnasuta	Amount	325,548	Shares
Total		Amount	204,531,312	Shares

## 5.2 Organization Structure/Personnel

The Company's Management structure consists of the Board of Directors, Audit Committee and executive Officer.

### The Company's Board of Directors

Annual general meeting of shareholder for the year 2012 held on April 27, 2012 approved that the Company Board of Directors consists of 7 directors as follows:

1. Mr. Mana	Karnasuta	Chairman
2. Mr. Prasertphand	Pipatanakul	Independent Director and Chairman of the Audit Committee
3. Mr. Niyom	Niyamanusorn	Independent Director and Member of Audit Committee
4. Mr. Apichart	Dharmasaroja	Independent Director and Member of Audit Committee
5. Mr. Polpat	Karnasuta	Director and President
6. Mr. Sook	Sueyanyongsiri	Director and Senior Vice President
7. Mrs. Wattana	Samanawong	Director and Senior Vice President

### Responsibilities of the Board of Directors

According to the Company's regulations, the directors are responsible for managing the Company in line with objectives, regulations and resolutions of shareholders' meetings as well as maintain the corporate benefit with honesty and integrity. The Board may assign a director or directors or any individual to undertake a piece of work on behalf of the Board themselves, except for matters required by law for adoption of the resolutions before working such as the sale or transfer of the entire business or significant part of it to others, increase or decrease of the corporate capital.

### Signing and binding by Director

Two directors sign and affix the corporate seal. with no exception for Independent Directors or Member of Audit Committee. Every of the directors can sign.

### The Composition and Appointment of the Board of Directors

The Board of Directors consists of not less than five persons appointed by the shareholder's meeting. Not less than half of the directors must be residents of The Kingdom of Thailand.

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In the election of directors, a shareholder has one vote for one share that he/she holds. Each shareholder is required to exercise all their votes and may vote for one person or more to be a director/directors. Votes cannot be shared. Individuals who receive the highest votes are to be corporate directors. Should the number of persons receiving the highest votes exceeds the number of directors required, the chairperson will finalize the appointment of the persons receiving equal votes who are in the last ranks of those given the highest votes.

In each annual general meeting, one third of the Company's directors are due to resign. If the existing total number of directors cannot be evenly divided into three groups, the number of directors due to resign should be as closest to one third of the corporate directors as possible. During the first and the second year after the registration of the Company, directors due to resign are determined by drawing. For later years, directors remaining in their positions for the longest period are due to resign. Directors due to resign may be reappointed.

## Management Committee

The meeting of the board of directors No. 5/2006 on June 1, 2006, made a resolution to appoint the management committee. At present such management committee has been revoked in accordance with the resolution of the meeting of the board of directors No.4/2009 on March 20, 2009.

## The Audit Committee

The meeting of the board of directors No.1/2006 on February 9, 2006 made a resolution to appoint an audit committee and working term of two years consisting of :

- |                     |              |   |
|---------------------|--------------|---|
| 1. Mr. Prasertphand | Pipatanakul  | Chairman of the audit committee<br>Working term ending april 2014 |
| 2. Mr. Niyom        | Niyamanusorn | Member of Audit committee<br>Working term ending april 2014       |
| 3. Mr. Apichart     | Dharmasaroja | Member of Audit committee<br>working term ending april 2013       |

The Audit Committee of the Company has the scope of duties, responsibilities and shall report to the Board of Directors on:

1. Review and assure the accuracy of the Company financial reports in accordance with the generally accepted auditing standard and sufficiency of data disclosure.
2. Review and assure the efficiency and effectiveness of the internal control and internal audit systems.

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3. Review and assure the Company acts in compliance with rules and regulations issued by the Stock Exchange of Thailand and related laws applicable to the Company business.
4. Consider, select and propose the appointment of Accounting Auditors and their auditing fee.
5. Review and consider the accuracy of the Company disclosure occurrence of the related transaction and the conflict of interest.
6. Prepare the report on corporate governance of the Audit Committee to be disclosed in the Company's annual report. The report must be signed by Chairperson of the Audit Committee.
7. Review and provide comments pertaining to the Company related transactions with its subsidiaries in compliance with rules, regulations and related practices of the Stock Exchange of Thailand.
8. Review and assure the suitability and effectiveness of the Company's risk management.
9. Review and provide comments on internal audit plans and internal audit operation, as well as coordinate with the Certified Public Accountant.
10. Provide approval of appointment, transfer and discharge, as well as consider performance and virtue of General Manager of the Internal Audit Department.
11. Report operation results of the Audit Committee to the Board of Directors at least four times a year.
12. Perform any matter as assigned by the Board of Directors, which is agreed by the Audit Committee.

If the items concern an Audit Committee member or persons who gain or lose any interest or may have conflict of interest with the Company and/or subsidiary companies, the members who are involved in any of the matter is determined to have no rights to approve the items in such matter.

## Scope of authority and duty of the Chief Executive Officer

The meeting of the board of directors No.6/2006 on July 3, 2006, made a resolution to approve the authority and duty of the Chief Executive Officer to manage and supervise the business in accordance with the policy of the company and in accordance with the Memorandum of Association with scope covering but not limited to the following authority.

1. To open/close and deposit/withdraw from an account made with a financial institute both in the country and overseas.



2. To prepare or revoke any transaction, including a bid submitted in the bidding contest, joint venture or entering into a juristic act with binding effect on the company (the amount not exceeding 2,000 million baht per transaction) in the country and overseas, based on the portion of the responsibility value of the company in the transaction as follows.
  - Direct liabilities : Direct liability obligation and
  - Contingent liabilities : Non-monetary obligation
3. Credit extension, registration of the mortgage or placement of any guarantee (the amount not exceeding 1,000 million baht per transaction for direct liabilities or 2,000 million baht per transaction for contingent liabilities) in the country and overseas.
4. Investment, purchase/sale of investment units (the amount not exceeding 2,000 million baht per transaction) in the country and overseas.
5. Investment and sale of investment in the other companies (the amount not exceeding 200 million baht) in the country and overseas.
6. Sale/purchase of fixed assets such as land, machines (the amount not exceeding 200 million baht of the book value per transaction).
7. To undertake any work assigned by the board of directors not in conflict with the rules and regulations of the Stock Exchange of Thailand and the Securities Exchange Commission Office.

The authority and assignment of the authority may be made to the suitable person excluding the authority and/or assignment of the authority to approve any transaction that he or such person may have any conflict of interest in the company or the subsidiary company in accordance with the rules and regulations of the Stock Exchange of Thailand and/or the notification of the Securities Exchange Commission and the approval on such transaction is required to be submitted to the meeting of the board of directors and/or the meeting of shareholders for examination and approval on such transaction in accordance with the requirements of the company or related laws.

#### Scope of Duties and Responsibilities of the President

The Board of Director's Meeting No. 6/2006 held on July 3, 2006 approved in principle that the president has the authority to act as the executor and the administrator for the business operation in accordance with the Company's policies and as stipulated in Memorandum of Association covering but not limited to the following authorities:

1. To govern/manage the day-to-day running of the Company. Monitors and evaluates the Company operation regularly to prevent risks from internal and external factors and to report to the Board of Direc-

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- tors the operation results including the cooperation with external agencies in compliance with the law and procurement associated with the Company's normal operation activities.
2. To have the authority to consider the employment of the personnel, appoint, transfer, change the employee's field of work/section/department or dismiss the employee from his/her job, determine salaries, remunerations, bonus payments and fringe benefits for all corporate employees.
  3. To have the authority to take legal actions, withdraw charges, carry out legal executions, proceed the process of arbitration, report or withdraw complaints on criminal cases, file petitions and appeal to the bureaucracy, take any action to maintain the Company's proper rights.
  4. To open/close and deposit/withdraw from saving accounts with finance institutes both inside and outside of the country.
  5. To undertake or cancel transactions and to bid in tendering sessions, enter into Joint Venture agreement, perform juristic act to sign and bind the Company (with the scope of liability not over Baht 1,000 million per one deal for contingent liability) whether inside or outside of the country based on the consideration of the Company's liability values as follows:
 

Direct Liabilities :	burden of debts and
Contingent Liabilities :	non-monetary bond
  6. To apply for a credit, mortgage or put up other securities (with the scope of liability not over Baht 500 million per one deal) for Direct Liabilities and not over Baht 1,000 million per one deal for Contingent Liabilities whether inside or outside of the country.
  7. To invest and buy/purchase investment units (not exceeding Baht 100 million per one time) both inside and outside of the country.
  8. To invest and purchase investments in other companies (not exceeding Baht 100 million per one time) both inside and outside of the country.
  9. To buy/purchase permanent assets such as land and machinery (not exceeding Baht 100 million per one time according to the account cost).
  10. To perform any matter as assigned by the Company's Board of Directors in compliance with the Stock Exchange of Thailand and Securities and Exchange Commission's regulations.
- However, the authorities and authorization granted to suitable persons do not include the authorities and/or authorization in approving any matters that the President or any persons involved may have conflict of interest with the Company and/or subsidiary companies according to the legislation of the Stock Exchange of Thailand and/or the Securities and Exchange Commission's announcements. Such matters are required to be presented to the Board of Directors' meeting or the shareholders' meeting for consideration and approval as specified

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by the Company's regulations or applicable laws.

## The Management and Controlling Team

	<u>Name</u>	<u>Position</u>
1.	Mr. Polpat Karnasuta	President
2.	Mrs. Wattana Samanawong	Senior Vice President of Finance & Administration Department
3.	Mr. Sook Sueyanyongsiri	Senior Vice President of Operation Department & Acting Vice President of Project Management 4 Department
4.	Mr. Apathorn Karnasuta	Senior Vice President of Procurement & Transportation Department
5.	Mr. Pasan Swasdiburi	Senior Vice President of New Business & Strategic Planning Department
6.	Mr. Mongkol Peerasantikul	Senior Vice President of Marketing Department
7.	Mr. Nicolino Pasquini	Senior Vice President of Corporate Integral Management Department
8.	Mr. Pinit Fukcharoenpol	Vice President of Project Management 1 & Equipment Department
9.	Mr. Nivate Lenghong	Vice President of Factory Department
10.	Mr. Somchai Chaithaniyachat	Vice President of Estimate Department
11.	Mr. Somchai Woonpresert	Vice President of Project Management 3 Department
12.	Miss Pakatip Lopandhsri	Vice President of Finance & Accounting Department
13.	Mr. Mitporn Tansrisuk	Vice President of Administration Department
14.	Mr. Visut Suwanwitwaj	Vice President of New Business & Strategic Planning Department

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## Directors and Executive Nomination

The Company does not have the nominating committee in which directors are nominated and voted by the shareholder's meeting.

## Personnel

As at December 31, 2012 the Company's personnel totaled 2,187 : 239 full-time engineers and 555 other monthly-paid employees and 1,393 workers who receive daily wages. Personnel remunerations included salaries, wages, overtimes, allowances and bonuses totaling Baht 597,626,651.23

The Company's personnel development policies involve academic training, on-the-job training in the related fields and support provided to promote further education in the fields that enhance work effectiveness.

## 5.3 Dividend Payment Policy

The Company has the policy on dividend payment which shall be no less than 50 percent of net profit. Subsidiaries and Associated Companies have not setup their dividend payment policy yet. Currently, the Criteria used in sharing profits in Joint Ventures is by way of year-by-year-deviding or when the works have finished or according to the Joint Venture Companies' Consideration.





## 6. Related Party Transactions

Nawarat Patanakarn Public Company Limited had significant business transactions between subsidiary companies, associated companies, joint ventures, related party and executive as follows:

Unit : Million baht

Person/Juristic person	Type of transaction in the profit and loss statement	Amount in 2012	Amount in 2011	Amount in 2010	Balance as of December 31, 2012		Remark
					Transaction in the balance sheet	Amount	
1. Nawarat - A.S. Associated Joint Venture					Accounts receivable	16	The company made an investment jointly with A.S. Associated Engineering Co., Ltd. (1964) in the joint venture at 70:30 to construct the water tunnel from Taksin-Petchkasem Ring Road to Rama 2 Road for the Metropolitan Water Authority at 661 million baht. The project completed in January 2007 and the construction warranty period ended on August 2009.
					Unbilled receivables	14	
					Less Allowance on doubtful accounts	(10) 20	
					Accounts payable	22	
2. Obayashi - Nawarat Joint Venture	Sale revenue	-	< 0.5 mil. baht	-			<p>1. The company made an investment jointly with Obayashi Corporation Co., Ltd. (Bangkok Branch) at 30:70 in the joint venture to construct the underground power line for the Metropolitan Electricity Authority in conjunction with Sojitsu Corporation and Exim Corporation under NEON Consortium. The project value is consisting of two currencies, 4,511 million yen and 1,297 million baht. The project ended April 2009.</p> <p>2. As of December 31, 2012, the investment in this joint venture was 16.10 million baht.</p>

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Unit : Million baht

Person/Juristic person	Type of transaction in the profit and loss statement	Amount in 2012	Amount in 2011	Amount in 2010	Balance as of December 31, 2012		Remark
					Transaction in the balance sheet	Amount	
3. Nawarat - Strega Joint Venture					Accounts receivable	6	It is the joint venture jointly undertaken by the company and Strega Co., Ltd. with the investment portion at 80:20 to undertake the construction work on underground power line of the Metropolitan Electricity Authority with the project value of 83 million baht and the construction work was completed in January 2009.
					Less Allowance on doubtful accounts	(6)	
					Accrued interest income	< 0.5 mil. baht	
4. A.S. - Nawarat Joint Venture	Construction revenue	-	-	-	Accounts receivable	14	1. This joint venture is formed to undertake the construction of Ua Arthorn Project of the National Housing Authority.
					Accrued interest expenses	3	
	Sale revenue	-	-	-			2. As of December 31, 2012, the investment in this joint venture was 5 million baht.
	Interest expense	1	1	1	Short-term loans	19	

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Unit : Million baht

Person/Juristic person	Type of transaction in the profit and loss statement	Amount in 2012	Amount in 2011	Amount in 2010	Balance as of December 31, 2012		Remark
					Transaction in the balance sheet	Amount	
5. ITD - Nawarat (L.L.C.)	Interest income	-	-	8	Accounts receivable	13	1. It is the company jointly invested and is registered in United Arab emirates to undertake the construction work in Dubai and is 40% owned by the company. 2. As of December 31, 2012, the investment in this joint venture was 0.59 million baht and allowance for diminishing in value of assets was 0.59 million baht.
					Less Allowance on doubtful accounts	(13)	
						0	
					Short-term loans and advances	219	
					Less Allowance on doubtful accounts	(219)	
						0	
6. Myanmar NWR Co., Ltd.	Interest income	1	1	2	Accrued interest income	29	1. The company made an investment Myanmar NWR Company Limited at 100%. 2. As of December 31, 2012, the investment in this subsidiary company was 3.01 million baht. 3. The loan interest rate was 5.0% per year.
					Less Allowance on doubtful accounts	(29)	
						0	
					Short-term loans	25	
					Accrued interest income	4	
					Less Allowance on doubtful accounts	(29)	
7. NWR (Cambodia) Co., Ltd.	Project management income	-	-	27			1. This company is registered in Cambodia and is 100% owned by the company. It is involved in the business of management and supervision of the construction project. 2. As of December 31, 2012, the investment in this subsidiary company was 0.02 million baht.



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Unit : Million baht

Person/Juristic person	Type of transaction in the profit and loss statement	Amount in 2012	Amount in 2011	Amount in 2010	Balance as of December 31, 2012		Remark
					Transaction in the balance sheet	Amount	
8. Utility Business Alliance Co., Ltd.	Construction revenue	-	59	3	Accounts receivable	< 0.5 mil. Baht	1. The company has held shares of Utility Business Alliance Co., Ltd. for 60%.
	Other income	< 0.5 mil. Baht	-	-	Unbilled receivables	< 0.5 mil. Baht	2. As of December 31, 2012, the investment in this subsidiary company was 28.27 million baht.
	Construction cost	4	5	< 0.5 mil. Baht	Accounts payable	1	
					Retention	< 0.5 mil. Baht	
9. C.I.N. Estate Co., Ltd.	Management income	5	5	3	Short-term loans and advances	40	1. It is the joint investment between Nawarat Patanakarn Public Co., Ltd. and Charn Issara Development Public Co., Ltd. at the portion of 40:60 to undertake the construction of a condominium at Ladprao Road between Soi 12-14 called "The ISSARA Ladprao" and "ISSI Condominium" at Suksawat Road.
	Interest income	6	5	-	Accrued interest income	< 0.5 mil. Baht	2. As of December 31, 2012, the investment in this associated company was 100.00 million baht.
	Dividend income	60	-	-			

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Unit : Million baht

Person/Juristic person	Type of transaction in the profit and loss statement	Amount in 2012	Amount in 2011	Amount in 2010	Balance as of December 31, 2012		Remark
					Transaction in the balance sheet	Amount	
10. VSPN Property Co., Ltd.	Management income	1	2	-	Accounts receivable	< 0.5 mil. Baht	1. This associated company is 25% owned by the company to develop the residential housing units in Banglamung District, Chonburi. It is under the construction process. 2. As of December 31, 2012, the investment in this associated company was 25.00 million baht. 3. The loans extended are made in accordance with the shareholding portion.
	Interest income	4	5	-	Short-term loans	17	
11. K Alliance Co., Ltd.	Sale and rental revenue	8	5	6	Accounts receivable	3	1. Mrs. Sutasanee Karnasuta and Mrs. Sutteera Phuttharee, daughter of Mr. Mana Karnasuta and the younger sisters of Mr. Polpat Karnasuta, are the authorized director and the shareholders of K Alliance Co., Ltd. by Mr. Mana Karnasuta are the chairman of the company and Mr. Polpat Karnasuta are the director and president of the company. 2. The main business of K Alliance Co., Ltd. is mining business. 3. The accounts receivable have been incurred since the company had repaired the machine for K Alliance Co., Ltd.
	Rental Cost	< 0.5 mil. Baht	< 0.5 mil. Baht	-	Accounts payable	< 0.5 mil. baht	
					Accrued interest expenses	< 0.5 mil. baht	
	Profit(loss) from disposal of assets	-	(1)	-	Short-term loans	15	
	Interest expense	2	2	-			
12. E.G.G. Enterprise Co., Ltd.	Sale and rental revenue	< 0.5 mil. Baht	< 0.5 mil. Baht	1	Accounts receivable	< 0.5 mil. baht	1. Mr. Polpat Karnasuta whose are the director and president of the company, are the authorized director and the shareholders of E.G.G. Enterprise Co., Ltd. 2. Revenue caused E.G.G. Enterprise Co., Ltd. lease land and warehouse from the company.

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Unit : Million baht

Person/Juristic person	Type of transaction in the profit and loss statement	Amount in 2012	Amount in 2011	Amount in 2010	Balance as of December 31, 2012		Remark
					Transaction in the balance sheet	Amount	
13. Ruen Rapee Co., Ltd.	Construction revenue	-	14	-	Accounts receivable	77	1. Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phuttharee, daughter of Mr. Mana Karnasuta and the younger sisters of Mr. Polpat Karnasuta, are the authorized director and the shareholders of Ruen Rapee Co., Ltd. by Mr. Mana Karnasuta are the chairman of the company and Mr. Polpat Karnasuta are the director and president of the company. 2. The main business of Ruen Rapee Co., Ltd. is real estate development business and the project handled and constructed by the company called "Barn Baranee" Project located at Klong 3, Rangsit. 3. The third quarter of 2008, Ruen Rapee Co., Ltd. transferred the houses and land in "Barn Baranee" Project with value of 24.51 million baht to partially repay the debt to the company and in the second quarter of 2009, the houses and land in "Barn Baranee" Project with value of 57.48 million baht were transferred to partially repay the debt to the company. 4. As of December 31, 2012, the shareholders of Ruen Rapee Co., Ltd. consisting of: Mrs. Sutasanee Karnasuta                      590,998 shares Mrs. Sutheera Phuttharee                      1 share Miss Benja Yiemphu                              1 share (Please see Additional Notes at end of the table)
	Other income	< 0.5 mil. Baht	-	-	Less Allowance on doubtful accounts	(77)	
					Accounts payable	< 0.5 mil. baht	
	Construction cost	3	4	6			

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Unit : Million baht

Person/Juristic person	Type of transaction in the profit and loss statement	Amount in 2012	Amount in 2011	Amount in 2010	Balance as of December 31, 2012		Remark
					Transaction in the balance sheet	Amount	
14. East Bangkok Assets Co., Ltd.	Construction revenue	< 0.5 mil. Baht	5	-	Accounts receivable	24	1. Mrs. Sutasanee Karnasuta and Mrs. Sutteera Phuttharee, daughter of Mr. Mana Karnasuta and the younger sisters of Mr. Polpat Karnasuta, are the authorized director and the shareholders of East Bangkok Assets Co., Ltd. by Mr. Mana Karnasuta are the chairman of the company and Mr. Polpat Karnasuta are the director and president of the company.  2. The main business of East Bangkok Assets Co., Ltd. is real estate development business. There are two projects handled and constructed by the company. The first project is "De Ville" Project located at Soi Pattana Chumchon, Sri Nakharin Road and "De Siam" Project located at Soi Chaloemphrakiat Ror 9, Soi No. 38.  3. The fourth quarter of 2009, East Bangkok Assets Co., Ltd. transferred the land in "De Siam" Project with value of 34.5 million baht to partially repay the debt to the company.  4. As of December 31, 2012, the shareholders of East Bangkok Assets Co., Ltd. consisting of:  Mrs. Sutasanee Karnasuta                      399,998 shares Mrs. Sutteera Phuttharee                      1 share Miss Benja Yiempfu                              1 share (Please see Additional Notes at end of the table)
	Construction cost	4	7	-	Less Allowance on doubtful accounts	(24) 0	

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Unit : Million baht

Person/Juristic person	Type of transaction in the profit and loss statement	Amount in 2012	Amount in 2011	Amount in 2010	Balance as of December 31, 2012		Remark
					Transaction in the balance sheet	Amount	
15. Kao Chamao Hilly Resort Co., Ltd	Sale revenue	1	-	-			<p>1. Mr. Mana Karnasuta whose are the chairman of the company, are the authorized director and the shareholders of Kao Chamao Hilly Resort Co., Ltd.</p> <p>2. Mr. Polpat Karnasuta whose are the director and president of the company, are the shareholders of Kao Chamao Hilly Resort Co., Ltd.</p> <p>3. Revenue generated from the sale of construction materials to Kao Chamao Hilly Resort Co., Ltd.</p>

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Unit : Million baht

Person/Juristic person	Type of transaction in the profit and loss statement	Amount in 2012	Amount in 2011	Amount in 2010	Balance as of December 31, 2012		Remark
					Transaction in the balance sheet	Amount	
16. New Decade Co., Ltd.	Construction revenue	21	-	-	Accounts receivable	92	<p>1. Mrs. Sutasanee Karnasuta, daughter of Mr. Mana Karnasuta and the younger sister of Mr. Polpat Karnasuta, is the authorized director of New Decade Co., Ltd.</p> <p>2. Mrs. Sutheera Phuttharee, daughter of Mr. Mana Karnasuta and the younger sister of Mr. Polpat Karnasuta, is the authorized director and shareholder of New Decade Co., Ltd.</p> <p>By Mr. Mana Karnasuta are the chairman of the company and Mr. Polpat Karnasuta are the director and president of the company.</p> <p>3. The main business of New Decade Co., Ltd. is construction and has been subcontracted to undertake the construction of Koh Yor Bridge, Songkhla and subcontracted to undertake the construction of Chonburi-Pattaya Road, Section 3, from the company while some supplies could not be procured at the better conditions and price so they are procured from the company.</p>
	Sale revenue	4	11	1	Less Allowance on doubtful accounts	(93)	
	Profit(loss) from disposal of assets	-	< 0.5 mil. Baht	-	Accounts payable	< 0.5 mil. Baht	
	Construction cost	2	2	1			

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Unit : Million baht

Person/Juristic person	Type of transaction in the profit and loss statement	Amount in 2012	Amount in 2011	Amount in 2010	Balance as of December 31, 2012		Remark
					Transaction in the balance sheet	Amount	
16. New Decade Co., Ltd. (cont.)							<p>4. As of December 31, 2012, the shareholders of New Decade Co., Ltd. consisting of:</p> <p>Mrs. Sutheera Phuttharee 220,000 shares</p> <p>Mr. Wasin Phuttharee 10,000 shares</p> <p>Mr. Satha Chavalit 10,000 shares</p> <p>Mr. Kantharit Thamangraksatr 20,000 shares</p> <p>Mr. Rangsan Boontaem 10,000 shares</p> <p>Mr. Kasemsuk Paisarnsisilp 20,000 shares</p> <p>Miss Orthip Muangcharoen 10,000 shares</p> <p>(Please see Additional Notes at end of the table)</p>
17. Italian-Thai Development Public Co., Ltd.	Construction revenue	305	27	-	Accounts receivable	18	1. Italian-Thai Development Public Co., Ltd. lease the machine from the company for construction project.
					Unbilled receivables	8	
	Sale and rental revenue	5	-	-	Advance receivable	< 0.5 mil. baht	2. The company has been subcontracted to undertake the construction of Flood walls, Rojana Industrial Park from Italian-Thai Development Public Co., Ltd.
	Construction and service cost	25	-	-	Advance cost	18	
					Accounts payable	2	
	Project management expense	20	-	-	Advance payable from construction	18	

## Additional Notes on Related Parties

### 1. Ruen Rapee Company Limited ("Ruen Rapee")

Ruen Rapee was founded on February 6, 2003 with Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phuttharee (daughters of Mr. Mana Karnasuta, the chairman of Nawarat Patanakarn Public Company Limited and the younger sisters of Mr. Polpat Karnasuta, the director and president of Nawarat Patanakarn Public Company Limited) currently being its directors and shareholders.

Ruen Rapee runs the business of real estate development with one project in progress called "Barn Baranee", a housing estate of 205 units of detached house located at Rangsit-Klong 3 within an approximate area of 56 rai and with each having a price range between 2.5 and 3.5 million baht. The company is now undertaking works of its building and utility construction.

#### Guidelines for tackling the problem of unpaid debts

1. During the third quarter of 2008 Ruen Rapee made its transfer of assets to repay its debt by transferring Barn Baranee's 12 deeds of land and house, totally valued 24.505 million baht, to the company to repay part of its debts. And also in the second quarter of 2009, 24 deeds of land and house and 22 deeds of vacant land at "Baranee" with a total value of 57.480 million baht were transferred to additionally repay the debt, therefore, it has so far transferred 58 deeds of land and house to the company in a total value of 81.985 million baht.

(Note: After reassessment of the asset value transferred during the third quarter of 2008 which totaled 39.073 million baht, the forced sale value is found to be equal to 24.505 million baht. Thus, when subtraction the increase of 14.568 million baht out of the forced sale value of the assets transferred for the second time which totals 57.480 million baht, trading value for the second quarter of 2009 becomes equal to 42.912 million baht).

2. Ruen Rapee is going to pay by installments its outstanding balance of debt based on its business's net cash inflows.

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

East Bangkok was founded on May 12, 2003 with Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phuttharee (daughters of Mr. Mana Karnasuta, the chairman of Nawarat Patanakarn Public Company Limited and the younger sisters of Mr. Polpat Karnasuta, the director and president of Nawarat Patanakarn Public Company Limited) currently being its directors and shareholders.

East Bangkok runs the business of real estate development with its two projects in progress consisting of :

1. "De Ville", the construction project of a total of 50 units of detached house located at Soi Pattana



Chumchon, Srinakharin Road (The company has undertaken the work of its utility construction).

2. “De Siam”, the construction project of 80 units of townhome located at Soi Chaloemphrakiat Ror 9, Soi No. 38 (The company has undertaken the work of its buildings and utilities construction).

#### Guidelines for tackling the problem of unpaid debts

1. During the fourth quarter of 2009, East Bangkok made its transferred of asset to repay debt by transferring 50 plots of land located in the area of “De Siam” project totally valued 34.500 million baht.

(Note: The company took on the burden of transferring fee which values 1.203 million baht. Thus, its recording of land value becomes equal to 35.703 million baht).

2. East Bangkok is going to pay by installments its outstanding balance of debt based on its business’s net cash inflows.

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

New Decade was founded on May 6, 2003 with Mrs. Sutasanee Karnasuta and Mrs. Sutheera Phuttharee (daughters of Mr. Mana Karnasuta, the chairman of Nawarat Patanakarn Public Company Limited and the younger sisters of Mr. Polpat Karnasuta, the director and president of Nawarat Patanakarn Public Company Limited) currently being its directors. Mrs. Sutheera Phuttharee is also a shareholder of New Decade.

New Decade was subcontracted to undertake the construction of Koh Yor Bridge, Songkhla in 2003. At that time, the company was in its third year of operating under the business rehabilitation plan (scheduled from late 2000 until 2005), it was therefore facing the difficulty applying for loans and supplying enough working capital for its operations. This is in addition to a staff reduction of 50 percent during the business rehabilitation plan. However, to enable the company to maintain its market share, there needed to be some subcontracting from work awarded, such as that mentioned above. But this was under the agreement in which all main materials must be purchased from the company for the sake of work quality. In early 2004, due to an unexpected adjustment of material prices, market oil price as well as steel and cement costs were also increased which resulted in much higher construction cost. Because of this, New Decade has suffered losses and expenses from materials and machinery rented in part from the company is still unpaid.

#### Guidelines for tackling the problem of unpaid debts

A summary of debt repayment estimation according to New Decade’s income-and-expense assessment is as follows:

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1. New Decade has tried to take part in bidding sessions for construction jobs both in government and private sectors, or in case of lack of qualification, take part in a form of joint venture. This is to try to generate income to repay its debt. It has, for example, joined Samcon Company Limited to undertake an equipment-and-machinery trading and installing project at Saimai Waste Management Center's Waste Transfer Station, with a project value of 735 million baht under the name of "A Joint Venture between Samcon Company Limited and New Decade Company Limited". The project was operated until March, 2011, and during that period New Decade agreed to repay its debt according to its net cash flows, an amount of 200,000 baht per month at least.
2. New Decade is to contact some renowned and financially-stabilized contraction firms and ask to become their construction subcontractor. This is for the benefit of it to absorb some technology know-how and increase its potential and thus gain better chances to be awarded with more construction jobs.
3. New Decade is to undertake jobs of consultation both in and outside of the country.

## Lending Policy Provided for future Joint Ventures

The Company's lending policy mandates that lending providing for its future joint ventures will only be done on necessity basis and with interest charged at the market interest rate. The Annual General Meeting No.1/1997 on April 29, 1997 approved the related party transactions concerning providing and receiving financial support between the Company and its related companies according to the following detail:

The financial management of the Company and related companies is consolidated in order to maximize the usefulness and effectiveness in terms of liquidity and ability to negotiate with financial institutions, the guideline for the Company's providing financial support for its related companies has been determined into three categories:

1. Joint ventures which Nawarat Patanakarn Public Company Limited has the venture capital of lower than 90 percent
2. Joint ventures which Nawarat Patanakarn Public Company Limited has the investment of lower than 90 percent
3. Joint ventures and companies in categories 1 and 2 to be invested in the future

Lending is provided through promissory notes and guarantee obligation with financial obligations. Rewards take the form of interest at a rate close to that issued by leading commercial banks to their good customers. A transaction does not exceed 25 percent of the total assets from each three-month consolidated financial statements. The lending policy has been in use since April 1997 and will remain valid until further changes have been made.

### The Company's policy on future construction projects applied to its related companies

Projects that are contracted by the companies in the group include factory and office construction or real estate development projects. Project prices shall be appropriate market prices to ensure acceptable profit. Also, reasonable cost is assured for the client.

### Construction projects tendered between the Company, its associated companies and its related companies

Independent engineers shall be appointed by the Company's independent directors. The inspection is performed to plans and value assessment of the construction projects. Then results are reported to the Board of Directors (including independent directors) right after the particular tenders. Comments are presented in the annual report.

### Summary of current related transactions

1. In case of business transactions, employments are at the market prices.
2. In case of each other's loans, the interest rate will be according to the cost of the investment capital or in accordance with the Contract signed.
3. Collection of debts from trade accounts receivables from Subsidiaries, Joint Ventures and Related Parties will be performed as if they were general trade accounts receivables.

However, on December 26, 2006 from 1.00 pm to 4.30 pm, members of the auditing committee had a meeting to consider and discuss the Company's related transactions as summarized below:

The Company has related transactions with its Subsidiaries, Joint Ventures, Related Companies and its executives which can be divided into two main groups:

1. Business operations run and conditioned in the same way that other outside businesses are conditioned (which are those dealing with Subsidiaries, Joint Ventures, Related Parties and the Company's executives)
2. Loans granted in the past before the Company's Business Rehabilitation in 2000 to its Subsidiaries, Joint Ventures and Related Parties are those granted to:
  - 2.1 Meeyahta International Hotel Limited
  - 2.2 Myanmar NWR Company Limited
  - 2.3 Joint Venture of Vianini Lavori S.p.A., Nawarat Patanakarn Public Company Limited, Vianini — Thai Construction and Development Co., Ltd.
  - 2.4 Joint Venture of International Quality Assurance Laboratory Company Limited and Nawarat Patanakarn Public Company Limited
  - 2.5 Concorde Yachts International Co.,Ltd.

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The increased amount of loan during 2006 was from the balance of interest the Company set up in order to reserve the right to the unsettled debt outstanding principle and interest not from any more loan. This is for the Company to have the right to claim of debt in full amount with interests up to now. In case there is a debt settlement lawsuit, the Company will be able to exert its right to claim in full amount. In this, the Company has already recorded the reserve of doubtful debts in full amount.

Companies or joint ventures that don't operate anymore. The company will provide to liquidate.

For this, the auditing committee has a view that the Company has observed The Stock Exchange of Thailand's regulations on related transactions in relation to disclosure of data in Financial Statement and compliance with its criteria early from the initiation of each transaction.



## 7 Good Corporate Governance Practice

The Board of Directors strongly believes that good corporate governance is one of the important factors to ensure the success of the company and enable the company to sustain continuous growth. The Principle on Corporate Governance is therefore adopted so that company's directors, management and employees can use it as the guidelines.

In 2012, the Company implemented the following:

### Section 1- Shareholder's rights

#### Principle

Shareholders have their ownership right in which they can control the Company by appointing the Board of Directors to act as their representative who has the right to make decisions on the Company's important changes. The Company should therefore encourage its shareholders to exercise their right.

The Shareholders' basic rights include the purchase and sale of shares, participation in business profit sharing, adequate availability of data and information, attendance at Shareholders' meetings to vote for appointment or release of the Directors, appointment of accounting auditors, and other matters which affect the Company such as dividend allocation, enforcement or amendment of regulations and Article of Association, capital decrease or increase, and approvals on special matters.

Shareholders should be kept informed of rules and methods of Shareholders' meeting participation and of other information sufficiently and early enough for their consideration. They should also have opportunities to ask questions both in advance and in the Shareholders' meeting, to propose meeting agendas, and to have their authorized persons who can represent them in the Shareholders' meeting.

The Company's committee has to put much importance to shareholder's rights and must not perform any actions that are considered a breach of their right.

The Company implemented the followings:

1. Held the annual Shareholders' meetings for the year 2012. The Shareholders' meetings was held at Suwanabhumi Room on the 2nd floor of The Bangna Tower Building located at KM. 6.5 Bangkaew, Bangplee, Samutprakarn province, where shareholders were able to conveniently come to participate in the meeting.

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2. It had submitted the annual Shareholders' meeting's invitation letters seven days before the meeting, enclosed with all meeting-related documents such as copy of annual general Shareholders' meetings minutes for the year 2011, annual report of the year 2011, profile of directors nominated for election in replacement of those retired by rotation, profile of members of audit committee proposed option to be proxy of shareholders unable to attend the meeting, general information on accounting auditors, letter of attorney, the Company's regulations for shareholder's meeting, the invitation letter, and a map for the meeting's venue. In addition, all the aforementioned documents has also been posted on the Company's website to facilitate those shareholders who would possibly receive late mails.
3. Chairman of the Audit Committee, the Audit Committee's members, the Presidents and the Company's Directors together with its executives, accounting auditors, and legal consultant have participated in the meeting. This was to report to the shareholders the operating results and was also to clarify all doubtful issues from the shareholders including taking their issues into consideration.
4. Chairman of the meeting conducted the meeting according to the agendas listed on the invitation letter to shareholders. This was first started by giving explanations and staging discussions before voting for each agenda. Shareholders were allowed to equally exercise their right to inspecting the Company's operation and they also had chances to probe questions, give different views and suggestions, with all stated issues being recorded on the meeting's minutes in order that the shareholders able to review.
5. Recorded the Minutes of Shareholder's Meeting with complete and accurate contents, and has submitted the minutes to The Stock Exchange of Thailand. Furthermore, the Company has posted the minutes' pages on its website within 14 days after the meeting.
6. Giving importance on the disclosure of accurate, complete, constant, and timely information. In this, it has publicized different news and information so that they become known to shareholders, investors, related persons, and interested public through both the SET's channel and that of its own website([www.Nawarat.co.th](http://www.Nawarat.co.th)). In addition, the Company has set up Investor Relations Unit to communicate with shareholders, investors, related persons and public.

## Section 2 – Equality among individual shareholders

### Principle

All shareholders, be its executives, a non-executives, or foreigner, be equally and equitably treated. The minority shareholders whose rights are breached should be compensated.

Since the shareholders' confidence that the Board of Directors and the management are committed to the

appropriate use of their money is an important investment factor, the Board shall govern to ensure that shareholders receive equal treatment and are equally protected from infringement of their basic right as stated in the first principle.

The Board of Directors shall establish shareholders' meeting methodology in such a way as to promote equality among individual shareholders and to specify the policy in which the minority interest is able to propose in advance and in a proper period of time of their candidates to be nominated as director. Also, those who cannot attend the meeting by their own should be allowed to vote by way of proxy. And the minority interest should be allowed to propose the addition of agenda before the date of meeting.

The Board of Directors shall establish a protecting measure in case there is "abusive self-dealing" when any directors and executives make abusive use of internal information to benefit themselves. This kind of action, which may take forms of insider trading, revealing some internal information to persons who are related to any directors or executives, is considered an advantage against other shareholders and may bring about damages to shareholders as a whole, for example.

The Board of Directors shall stipulate to that the Company's directors and executives to disclose the information in relation to their own and the related persons' interest in order for the directors to take into account the Company's business which may involve conflict of interest and to make useful discussion for the Company's interest. In this, all directors and executives who share the interest in business dealing with the Company should not be allowed to participate in decision making process of the transaction.

In 2012, the Company carried out the above matters as follows:

1. Before the meeting, in accordance with the agendas stipulated in the notice calling for the meeting, Chairman of the meeting had informed shareholders regarding the procedure of the meeting and the voting method for each agenda, which approved unanimously by the shareholders.
2. Voting is by way of one-share one-vote rule. Provided there is not any objection or abstention, shareholders will be taken as approving the resolution proposed. If any shareholder desires to object, disagree or vote for no vote, he will be advised to use the ballot provided by the Company. In casting a shareholder's vote, each of his share will represent one vote. However, in finding the result, only the number of votes for disagreement and /or abstention(sent in writing) will be subtracted from all votes present at the meeting. As for the shareholders who issue a letter of attorney to have someone else attend the meeting but choose to cast his vote in the shareholder-own-intention system, the Company will put their votes (whether for agreement, disagreement and /or abstention depending on their own intention) into



- its data base for one such regular resolution.
3. On the agenda appointing directors to replace those who retired by rotation, the company provided opportunity to shareholders to elect directors on individual basis.
  4. In the proxy form, the company provided options to shareholders by providing names of the 3 audit committee members so that shareholders may select one of them as their proxies to attend the meeting and vote in the meeting.
  5. On the day of the meeting, the Company provided one hour for registration before the meeting started.
  6. No other agendas are considered in addition to those stipulated in the notice calling for the meeting.
  7. On December 24, 2012, the Company sent a letter to the Stock Exchange of Thailand as well as posted the information on the company's website, informing the shareholders that the company has provided opportunity to shareholders to add agendas for the meeting also provide opportunity to shareholders to nominate suitable persons to be elected as the company's directors in accordance with the company's procedure (see details in the Company's website at [www.nawarat.co.th](http://www.nawarat.co.th)).

### Section 3 – The role of interested parties

#### Principle

The interested parties should be cared for by the Company in accordance with the applicable law. The Board of Directors shall take into account the setting up of a promotional activity which help encourage the cooperation between the Company and the internal parties in creation of financial prosperity and stability, and the business long-lasting existence.

In the corporate governance process, there are several groups of interested parties; among the important ones are customers, employees, business partners, shareholders or investors, creditors, and the community where the Company is situated, the society or government sector, other interested parties namely competition, and independent accounting auditors, for example.

The Board of Directors shall establish a policy in which there is a treatment to the interested parties in such a way that all their legal rights or ones according to the agreement made with the Company are concerned. There should not be any breach of the rights, and compensation measures for those who suffer damages from the infringement of right should be imposed.

The Board shall develop participating mechanism for the interested parties to support the Company operation performance for long-lasting sustainable growth. In addition, important information should be sufficiently disclosed to interested parties to effectively perform their full duty of such participation.

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The Board of Directors shall establish a measure that allow informing of issues relating to the breach of laws, the accuracy of financial report, internal control failure, or matters about code of conducts. And there should be protective mechanism to protect the right of those who inform infringement clues.

The Board of Directors shall establish a complete policy on social responsibility, especially for matters directly affecting its operation of business. This is to ensure that related persons have confidence that the Company's operation of business is performed in a way that priority is put to the environment and social factors. This is in order to bring about sustainable development.

### 1. The Company policy on dealing with each group of interested parties.

The Company business operation involves with several groups of interested parties which are from shareholders, customers, business partners, competitors, creditors, government sectors, independent accounting auditors, employees, to communities, societies, and the environment. Each of the groups is certainly viewed as having different desires. Therefore, the Company has defined its policy of responsibility in dealing with those parties to suit each of the desires. They are as follows:

#### 1.1 With shareholders

Encourage the shareholders to exercise their rights and the Company to get commit in creating the highest sense of satisfaction among them with sustainable growth, added value and offer appropriate and constant remunerations, and also carry out the business according to good corporate governance.

#### 1.2 With customers

Commit to building up the satisfaction and confidence for customers and public to ensure they will receive quality products and services with reasonable prices and continuous improvement of standard and at the same time maintain good and sustainable relationship.

#### 1.3 With business partners

Determine to equality and honesty in carrying out the business for mutual benefits by strictly observing laws and jointly defined resolutions and also keep the business operation under good code of conducts.

The Company has defined the code of conducts for manufacturers' business operation, Suppliers of goods and materials, and services for the Company as follows:

## The aspect of human rights and labor

- Manufacturer, supplier of goods and materials, and services must respect to human rights and treat the employees equitably in accordance with laws and international standard.
- Manufacturer, supplier of goods and materials, and services must operate the business without hiring forced labor and also refrain from using involuntary or illegal labor.
- Manufacturer, supplier of goods and materials, and services must operate the business without hiring child labor and observe all applicable child or juvenile labor laws.
- Manufacturer, supplier of goods and materials, and services must operate the business without discrimination against races, complexion, sex, religion, age, and handicap, etc.

## The aspect of safety, hygiene, and the environment

- Manufacturer, supplier of goods and materials, and services must be responsible and commit to efficient use of resources.
- Manufacturer, supplier of goods and materials, and services must strictly observe the applicable laws on safety, hygiene, and the environment.
- In the manufacturer's production system, supplier of goods and materials, and services must be ensure of the installation of waste disposed and treatment system, emission of polluted air and safe drainage of water with regularly quality inspection.
- Manufacturer, supplier of goods and materials, and services must provide the employees with safe and hygienic workplace with proper and adequate personal protective gears.

## The aspect of ethic and observation of law

- Manufacturer, supplier of goods and materials, and services must operate the business with ethic and good morale and strictly conform with the law.
- Manufacturer, supplier of goods and materials, and services must operate the business without bribery of all kinds.
- Manufacturer, supplier of goods and materials, and services must operate the business with fair competition.
- Manufacturer, supplier of goods and materials, and services must manage complete and accurate business and accounting recording related to the operation of business and be ready for auditing when requested.
- Manufacturer, supplier of goods and materials, and services must protect the Company's confidential information.

## 1.4 With business competitors

Treat business partners in conform with international standard under the framework of laws relating to guidelines for trade competition. Commit to fair competition.

## 1.5 With creditors

Commit to the terms and conditions with fairness including punctual repayments to be made to creditors.

## 1.6 With government sector

Give priority to the government sector which is taken as one of the Company's interested parties by establishment of guidelines for treating with government sectors in any countries where the Company invest to avoid issues that may leads to undesirable actions.

## 1.7 With independent accounting auditors

The Company has realized the importance of independent accounting auditors who are shareholders' inspecting mechanism when it comes to examining the Company's management through financial reports that must be complete and accurate . The Company must fully cooperate with the accounting auditors by providing accurate and complete information and also facilitate them when inspecting the Company's financial statement including the report of year 2012 which has been approved by these independent auditors without conditional comment.

## 1.8 With employees

Commit to organizational development to become a learning organization. Create the working culture and atmosphere to encourage teamwork activities. Provide fair remunerations with care for safety and maintain good working environment. Giving priority to knowledge transfer and employees' competencies development. Equally take into account of suggestions and viewpoints from employees of all levels. Define and develop organizational culture while realizing that employees is the important and valuable resources for sustainable success and advancement growth to the Company.

In 2012, the Company carried out the above matters as follows:

1. In addition to salaries that the company paid to the employees within the same range of other companies with similar size and nature of business, the company has arranged for annual bonus, the Provident Fund, Nawarat Patanakarn Saving and credit Cooperative Limited., Medical treatment fee, Rural Allowance, Foreign Allowance, Uniform, Life Assurance and Accident Insurance as well as the annual Physical Check up for all employees.

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2. The Company has jointly worked with Government Housing Bank Limited and Government Savings Bank Limited (Sai Thong Loans) provided a residential credit to the employee of which the privileges are better than that of the personal loan so the employees are able to acquire their own residence.
3. Privileges on holidays and financial assistance in case that the employee's father-mother has passed away.
4. Daily transportation service for the employees and vehicles for employees in some positions at the construction site and head office.
5. Residential welfare for employees, including free electricity and potable water for employees at the construction site.
6. The Company has organized various training course to improve knowledge and skills of the employees in order to improve operation productivity and efficiency by both in-house training course and outside training centers. In 2012, there were 1,666 employees who attended courses and that made up a total of 15,755 training hours.
7. The Company has organized the Orientation Course to all new employees to acknowledge the policy culture of the Company and operation practices.

## 1.9 With community, society and the environment

The Company operate its business with responsibilities to communities , societies and the environment. Encourage energy conservation and quality of life and surrounding communities both in the construction sites and country level. Also allocate the operation profit to return back for communities and society development. Determine impact of the business to the environment with care of operating process starting from early stage of construction selection of technologies, manufacturing process, and waste elimination, including innovative research and development which will promote efficient use of energy.

### Guidelines for interested parties' compensation due to damages from right infringement

The Company has its guidelines to protect the right of the interested parties who suffer from any right infringement in relation to its business operation. The compensation rates will not be lower than those stipulated by law.

2. Since the Company has conducted the construction business and has realized that occupational health and safety are very crucial in the business, therefore the policy is established as follows:

2.1 To properly carry out and continuously develop the system of occupational health and safety in accordance with TIS 18001 and OHSAS 18001 and conform with the rules of law and other standards.

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2.2 To control under acceptable risk level, improve work sites, and prevent employee and related parties from health hazard, fire, chemical substances, machinery, emergency incidents, occupational diseases and others which may occur to employees or related persons.

2.3 The Company has provided human resources, time, budget and proper as well as sufficient training.

2.4 The Company has encouraged its employees' participation in activities and in giving suggestions and opinion on occupational health and safety.

2.5 To review the standard of occupational health and safety procedure at least once a year.

The Company has established occupational health and safety manual to enable all working units to understand the principles and processes and use them as guidelines for occupational health and safety management. It has required all sections within the Company as mandate to apply the occupational health and safety management continuously in operations.

The Company has Division of Safety and Environment directly in charge and carries out activities in this area. In addition, the Management Committee for Occupational Health Safety and Environmental has been established comprising 8 top executives and has authorities and duties as follows:

- Govern the operating committee for occupational health safety and work environment in various work sites, control its operation under the rules, orders, and/or safety measures stipulated
- Promote and support activities relating to safety, occupational health and work environment to meet all requirements
- Convene meetings to review the operation of occupational health and safety at least once a year

### 3. The Company has a strict policy not to breach intellectual property or copyright.

Since all software or computer program have been protected under the Act of Copyright B.E. 2537 (Copyright Act) which protect the right to ownership of computer program, in other word, any acts of duplication, adapting, installing, renting, and distributing them must be approved in advance by the copyright owner.

The Company has, therefore, issued an instruction to prevent all employees from doing any actions in relation to the infringement of Software copyright. Software or other computer program which the Company does not have the copyright are not allowed to install into any Company's computers. If any employee is found to breach the instruction, he/she will be considered committing crime by intention and deliberately damaging

the Company's reputation and will be dismissed.

If any employee is found to install into the Company's computer program without copyright, he will have to delete or uninstall all such programs. However, the Company is going to examine all programs installed into all computers. If its employee does not sure whether or not the software or program being used have registered a proper copyright, the employee must contact the IT Department.

4. The Company has its guidelines for counter corruption

The Company has promoted and encouraged employees of all levels to give priority and have awareness of counter corruption. It has also set up internal control systems to prevent from corruption, extortion, receiving or giving bribes of all kinds.

Acceptance of gifts, properties, or other forms of benefit including a treat taken or given by ones related to the Company's business can be performed in proper occasions especially those during the time of traditional festivals at an appropriate value and without requesting or acceptance which is considered abnormal or inappropriate, besides normal tradition, which may cause partiality while work.

5. Receiving channel of incidence informing, complaints, suggestions to inform clues to the Company's damages and the protection of right for clue informants.

The Company has established a unit for receiving incident information, complaints or suggestions from interested parties affected by the Company's 24 hours operation. This is by ways of informing in person, through telephone, fax machine, e-mail, and letters. The Company shall clarify and inform the ways to manage or measure for such matters as soon as possible or no later than 1 day.

Shareholders and interested parties can inform clues in case there are any actions considered the breaking of law, the Company's or any person's regulations or an incident that may cause damages to the Company. They can inform to the Company's Board of Directors using the address below:

The Secretariat of the Board of Directors  
Nawarat Patanakarn Public Company Limited  
18-19 floors, The Bangna Towers Building A, 2/3 moo 14  
Bangna-Trad Road, Km 6.5 Bangkaew, Bangplee, Samutprakarn province, 10540

The Company will keep the information confidential to protect the clue informant from trouble.

6. The Company has a policy to give knowledge and provide training on the environment.

The Company is under the process of applying for the acknowledgement by ISO 14001 which is a sequence standard for environmental management established in September 1996 for various organization to have their system for preserving, controlling, and improving the environment quality including protection of human health by establishment of plans and guidelines for operations. The objective is to protect and reduce pollution at the root cause by paying attention to the effects to the environment caused by activities, process of products, and organization services starting from the acquisition of materials, design, research and development, production, and delivery with efficiently usage of materials to meet the purpose, reuse, and avoidance of dangerous chemical usage which are good and effective environmental management system.

The Company has therefore established Environmental Section to be in charge in this area.

7. Corporate Social Responsibility- CSR

Nawarat Patanakarn Public Company Limited was established on May 31, 1976 throughout the Company's business operation period, it has been recognized as one of the leading companies in Thailand with the customers' trustworthy and has been awarded with various construction projects.

The Company has executed works according to management principles with the focus on customers' best benefits and satisfaction. In addition, it has a policy on social responsibility which is supported and cooperated well from government agencies and various local authorities to create benefit for those communities. The Company has also supported and given assistance in many forms for example the support of religious activities and charity, Thailand educational development, several areas of social, sanitation, and environmental development.

The policy on the promotion of religious activities and charity

The Company has realized the importance in maintenance of all religious. It has donated money for restoration of religious places, shrines, sermon halls in monasteries, toilets, utilities infrastructure, electricity, water supply, telephone lines for temples in remote areas.

The policy on educational development activities

The Company has placed much importance to education and committed to participate in educational development to ensure Thailand becomes a learning society that leads to its sustainable development.



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The Company has been supporting different projects such as:

- Financial support in construction educational institutes
- Financial support in building educational and occupational centers such as the school for blind people
- Financial support for improving school
- Provision of education tools for different educational institutes
- Financial support for students' voluntary projects from different institutions
- Sending staff who are specialists in specific field to teach and give lecture in various educational institutes.

The policy to promote social activities and sanitation

The Company has constantly contributed support in activities of foundations and public charities to give help to socially disadvantaged people to improve their quality of life. Also, donations to those who suffered from several natural disasters with focus to relieve their hardship in many forms such as:

- Donation in a fund to purchase medical equipments for hospitals
- Donation in a fund to built hospitals, purchase foods and medicines for HIV patients at Thammrak foundation in Prapatnamphu temple
- Donation in a fund for construction of a new building in a hospital in Chumporn province.
- Donation and giving support for organizing social activities in communities surrounding its construction sites such as those on Children's day (joining with Sub-district administration office) and sport competitions etc.

The policy on supporting communities

- The Company has performed its duty in dealing with people surrounding the communities with friendship and give help and support to make them live good life including being responsible when problems arises in relation to its operation; this is to be done with equality and being equitable.
- The Company and its employees have to act and behave properly as a good citizen for the benefit to community and society.
- The Company has a duty in supporting and promoting useful activities with willingness which benefit the society and in cooperation with the government and other agencies with dedication for the public.

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## The policy on sustaining the environment

- The Company has to fulfill its duty in executing works while sustaining the environment to protect it from being affected with the least impact.
- The Company has a duty to initiate promoting programs to encourage environmental protection measure both in communities, around its work sites as a whole. All initiative projects have to be proposed to and approved by the Company's Board of Directors.
- The Company has a duty in promptly correcting when a complaint on environmental problems from the community arises. And this will be done with seriousness and urgency.

In 2012, The Company carried out the activities on CSR as follows:

1. The Company provided financial support for the project called " Ruam Raeng Thai Raksa Namsai Tuk Koo Klong" in which the Government by the Ministry of Finance has initiated the project called "allies" to help care for canals. This is to create participation in caring for canals in Bangkok and its surrounding areas after excavation. With cooperation of



- private sector in an attempt to be part of creating happiness for Thai people and to prevent suffering from the great floods as occurred in the previous year.
2. The Company joined force in donation for the Foundation of Prince Mahitarathibet Aduyadejwikkrom Prabaromratchanak which has performed the mission of granting scholarship to medical students who are industrious in education but poverty. They shall have a chance to graduate from universities that offer courses in medical science and dentistry
3. The Company joined force in supporting fund for the fund-raising project named "Walk 84 KM. to honor the King's 84th Birthday" to build a hospital for elderly people. This donation is for "Bangkok Metropolitan Foundation 2009" This project's objective was to invite the general public to jointly donate money for a fund to build a hospital for elderly people and to honor his Majesty the King's generosity and to celebrate his 84th birthday.

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4. The Company offered different offerings to temples such as making an off-season offering of robes others needs to monks, building pagodas/sermon halls in monasteries
5. The Company in cooperation with Electricite du Laos (EDL) have jointly implemented afforesting activities in areas around the construction site and the community nearby. This a project to construct a hydropower dam that has a capacity of 14 MW., located on Nam Sana River, Kasi district, Vientiane, Laos PDR. The project area is 96 Sq. Km.



Also, the environmental quality inspection was conducted during construction period. The Company inspected the Sana River's Surface Water Quality around both ends of the river during construction period in order to assess the impact on the community and the environment around the project area. This is also an additional measure for reduction, protection, and correction of impact on the community and the environment that may occur during the time of construction.



6. Has constructed the wastewater treatment systems during construction of Chana Power Plant Unit 2 located in the area of Chana Power Plant which had earlier run its electricity generation (Chana Power Plant has generated the electricity since July, 2008 with a gross capacity of 746.8 MW or net productivity of 731.8 MW ) The plant area is 775 rai covering the area of Ban Kok Muong(Moo1), Paching sub-district and Ban Kuan huachang (Moo6)Klongpia Sub-district, Chana District, Songkha Province. Chana

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Power Plant Project Unit 2 which construction is in progress and which situates in the same location with Chana Power Plant Unit1 will have a gross capacity of around 860 MW.

At the moment, the Construction work is only for equipment and machinery building including different utility systems on 38 rai of land, coincide with the location of Chana Power Plant Unit1. The majority of its composition plan is set around electricity generating section and the transmission system of Chana Power Plant Unit 1 which comprises, for example, gas turbines building, Steam Turbine Generator Building, Steam Generator Building and its controlling system, Cooling Tower, Electric Trigger, Water Treatment Building, Storage System, Water Treatment Pond with details of space applicant attached.

The Company constructed Water Treatment System at a capacity of 50 M2 per day to support the Waste Water from the project's workers before releasing to the community and environment surrounding the project while can be considered a measure for protection and reduction of impact on communities and the environment during construction period.



## Section 4- Disclosure and Transparency

### Principle

The Board of Directors should pay attention to the Company's activities in disclosing important information. This includes the disclosure of both financial information and other information, performed correctly, completely, transparently, and timely through an easy access and with equality and credibility.

The Company's important information includes financial report and non-financial information in accordance with the Securities and Exchange Commission and the Stock Exchange of Thailand and other related information such as the duty performed throughout the year by the directors and the commissioner, business governance policy, the policy on social and environmental responsibility and observation of the aforesaid policies.

The financial report quality matters to the shareholders and also outside persons. The Board should ensure all the data shown in the financial report is accurate and meet the accounting standard generally accredited and is approved by independent accounting auditors. The Chairman and the Managing Director are the most qualified persons to be the Company's spoke-person. However, the Board may appoint other director or executive to carry out the function. The appointed person should carefully perform the duty. In addition, the Disclosure Policy should be established to clearly disclose the information to the public. Also, the Board should adopt a responsible unit or person who will take the IR (Investment Relations) work in order to communicate with the outside people in matters such as the shareholders, the institution investors, general investor, analysts, and the government sectors involved. This should be equally and equitably performed with a chance to see the Company's executives in person based on the notion that the information provided has been publicly disclosed.

In 2012, the Company carried out the matters as follows:

The company realizes the importance to pay attention to the disclosure and transparency with regard to the corporate governance. The company has disclosed information both the financial information and other information correctly, accurately, transparently, and on time in accordance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand as follows:

1. Had submitted the financial reports and other reports to Securities and Exchange Commission and Stock Exchange of Thailand within the given time set forth by them.
2. Had disclosed the financial status and other information such as nature of business, business risk,

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the number of the Company's shares held by each director, the connected transactions and Good Corporate Governance Practice etc. in the annual report and in the Form 56-1.

3. Had disclosed the financial information and other information correctly and accurately in the company's website [www.nawarat.co.th](http://www.nawarat.co.th)
4. The company has established the Investor Relations office so that shareholders and other persons can contact at

Mr. Praty Mankong

Tel : (662) 730-2178

Fax : (662) 751-9484

E-mail : [ir@nawarat.co.th](mailto:ir@nawarat.co.th)

5. The Board of Directors had selected the Independent Auditors who are independent and do not have conflict of interests with the company and the Auditors have been approved by Securities and Exchange Commission. The company has appointed the auditors from Ernst&Young Office Limited. As the company's auditor for the year 2011 (who were the company's existing auditor) as recommended by the Audit Committee as follows:

1. Ms. Siraporn Uranantakul C.P.A. License No. 3844 and/or

2. Mr. Termphong Opanaphan C.P.A. License No. 4958

3. Mr. Khitsada Lerdwane C.P.A. License No. 4958

The audit fee for year 2012 of not exceed 1,950,000 Baht

6. The Company audited financial reports have been certified by the Independent Auditor and the financial reports are unqualified (clean reports)
7. The Company has adopted the safeguard and inspection system for the use of internal information for inappropriate personal gain. All directors and management must report the changes in holding of the company's securities to the Securities and Exchange Commission. All directors, management and the employees involved in the internal information are prohibited to disclose such information to outside people or people whose job are not involved with the information. Also, all directors, management and employees involved in the preparation of the financial reports are prohibited to sell or buy the company's securities before the information is disclosed to the public.

8. The Company has adopted a policy in which its directors including the executives up from the Vice President position are required to report their or their related persons' interest in accordance with the announcement issued by Capital Market Supervisory Board ref. No. 2/2009.

## Section 5- Responsibilities of the Board

### Principle

The Board of Directors has an important role in governing the business for the best interest of the Company. The Board is responsible for performance of duties to the shareholders and is independent from the management.

The Board should have leadership, vision, and freedom in decision making for the best interest of the Company and shareholders as a whole. The Board should adopt a mechanism in which the Board and the Management can work under duty and role separation and govern the Company and adopt the system to ensure the Company's activities are carried out in compliance with laws and with good ethics.

The Board should comprise directors who have different skills, experience and specific talents that benefit the Company. This includes some qualification in relation to dedication and effort in performing duties to reinforce the Company's Board of Directors.

The selection process for appointment of directors at the shareholder's meeting should be transparent without any influence from powerful shareholders or the Management and should produce confidence to outside people.

In order to perform duty efficiently and effectively, the Board should adopt different sub-committees to help study and filter works as appropriate, especially in cases which must depend on a neutral scrutiny. All the policies, roles, responsibilities, and working process, for example, organizing meeting procedure or presentation to the Board of Directors should be clearly defined.

All directors should clearly understand their roles and responsibilities and the nature of business. They must be ready to give opinions independently and always being modernized. The Board should perform the work with honesty, prudence, and transparency. They should work under the concept of the Company's best interest and of being equitable to all shareholders by receiving accurate and complete information. In addition, all directors should dedicate enough time to fully carry out their responsibilities. Each of the directors has his duty to attend the Board of Directors' Meeting except there is a really reasonable reason not to attend.



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The requirement of director's remuneration is a direct benefit to them. Directors should not approve the remuneration themselves. The Board should adopt a transparent method of remuneration requirement and seek approval from shareholders. The rate and proportion of director's remuneration should be appropriate and proper enough to and able to retain quality directors; however, too much payment of remuneration should be avoided.

In 2012, the Company carried out the matters as follows:

### 1. Board Structure

1. The Board of Directors comprises 7 members: 4 executive directors, 3 independent directors.
2. The Board has 3 independent directors which is more than 1/3 of total directors. And the whole are Audit Committee members
3. The Chairman and the Chief Executive Officer is not the same person
4. The retired directors by rotation may be re-elected.
5. The executive directors must not be the directors in other public companies more than 5 companies. The holding of directorship in other companies mentioned above must be informed to the Board and approved by the Board.
6. No directors is allowed to be the partner or director of other companies which have similar business and operate the business in competition with the Company except that the matters were informed in shareholder's meeting before the person was appointed to the company's director.
7. Every director should understand comprehensively the duties and responsibilities of the Company director and the nature of business of the Company as well as shall express their opinions independently. The director should also dedicate time and effort in carrying out the duties to reinforce the position of the Board of Directors.
8. Definition and Qualification of Director
  - Executive Director is an executive who is appointed as member of the Board of Directors. The Executive Directors must be knowledgeable and understand the business of the Company and must not be a person who is prohibited to be company's director by law, or regulations of the Securities and Exchange Commission or the Stock Exchange of Thailand.
  - Non-executive director is a director who has no position in the Company's management team. The Non-executive Director must have skills, experience and expertise that are useful to the Company. And must meet the following qualification outlined by the Securities and



Exchange Commission or The Stock Exchange of Thailand.

- Independent Director who has no position in the Company's management team and must meet the following qualification outlined by the Securities and Exchange Commission and the Stock Exchange of Thailand with detail as following:
  1. Hold Company's shares of not more than 5% of the Company's paid up capital or of those of the Company's customers, suppliers, trade creditors, loan creditors or loan creditors or loan debtors etc. They must also have no benefits or interests directly or indirectly with regard to financial and management of the Company, the subsidiaries, the affiliates or the associates in such a way to make them less independent.
  2. Must not be management, employees or advisors who receive regular compensation from the Company, or personal advisors of the person who control the Company, the subsidiaries, the affiliates or the associates. He must not have benefits or interests mentioned above for a period of not less than 3 years.
  3. Must not have business relation with the company, such as the customers, suppliers, trade creditors, loan creditors or loan debtors etc. They must not have benefit or interests either directly or indirectly with regard to financial and management of the Company, the subsidiaries, the affiliates or the associates in such a way to make them less independent.
  4. Must not be relatives or other connected persons which may make them less independent with the management or major shareholder of the Company, the subsidiaries, the affiliate or the associates, including persons who are representatives of the management major shareholders.

## 2. Sub-committee

The Company has not set up any other Sub-committee except the Audit Committee.

## 3. Roles Duties, and Responsibilities of Directors

1. The Board involved in approval of business directions and the Company's yearly budget including directing, supervising, and overseeing the management to carry out works in accordance with the defined policies and the business plan. This is to enhance the highest economic value to the share-

holders as well as to bring about firm and sustainable growth. In addition, the Board has set up a Audit Committee to scrutinize financial reports, internal control system, risk management system, the selection of accounting auditors. It also directs the Company to be in compliance with laws and relevant regulations.

2. The Company gives priority to the internal control and risk management system. The company has established the Internal Audit Department, reported directly to the Audit Committee as a mechanism to reinforce the internal control system and the internal audit system as well as to follow up and ensure that there is improvement and correction of the flaws found from the audit to improve the efficiency and reduce risk for the operation.

3. Risk Management Policy

In order to have a system for risk management to reduce causes in each chance that may lead to damages to the Company, and to control risks to be under a manageable scale and level, the Company has therefore defined its risk management policy as follows:

- 3.1 Implement the risk management as an organizational culture by requiring each of the employees to learn and understand, and also realize the importance of risk management and continuously practice it.
- 3.2 Define the risk management methodology as a single standard for the whole Company.
- 3.3 Take the risk management as a tool for achieving the Company objectives set.

The Company has implemented the risk management system as a procedure to enable it to identify potential problems in advance and prepare for protective and corrective measures which decreases the chance of losing while increasing the chance of success and results in sustainable and continuous growth.

The Company's risk management system covers three levels of risk as follows:

- Organization Risk
- Operation Risk
- Individual Risk

It also covers four types of risk as follows:

- Strategic Risk
- Operation Risk
- Financial Risk
- Compliance Risk

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The Company has created a manual on Risk Management System to ensure all divisions understand its principle and process and apply as a guideline for risk management. And all divisions have to continuously implement the risk management productively and efficiently.

The Company has appointed its Risk Management Committee which comprises 9 top executives who have their roles and duties as follows:

- Define policies, direct and systemize the Company's risk management system as well as consider and review the risk management plan and manual to ensure effectiveness of operation.
  - Govern, develop, and evaluate the risk management system as well as constantly monitor all divisions' performance in implementation of the risk management policy.
  - Carry out other risk management activities whenever assigned by the Board.
4. The Company is under creating process of written Business Ethics to ensure all directors, executives and employees understand the ethical standard on which the Company's operation is based.

#### 4. Board of Directors' Meeting

1. The Board of Directors has had regular meeting every month and may have additional meeting when it is necessary.
2. In every meeting the Board had clearly specified the agenda and had sent the notice calling for the meeting more than 7 days in advance so that the Board of Directors shall have sufficient times to study the information. Minutes of meeting had been written correctly and accurately, and the minutes of meeting that certified by the Board had been kept properly so that the Board of Directors and other involved persons can investigate them accordingly.

In 2012, The Board of Directors had 13 meeting and each meeting took approximately 2 hours.

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3. The Company's directors realizes the importance to attend the Board of Directors' meetings. In 2012, each of the directors attended more than 80% of the Board meetings held during the year detail as the following:

1. Mr. Mana	Karnasuta	85	percent
2. Mr. Prasertphand	Pipatanakul	85	percent
3. Mr. Niyom	Niyamanusorn	100	percent
4. Mr. Polpat	Karnasuta	92	percent
5. Mrs. Wattana	Samanawong	100	percent
6. Mr. Apichart	Dharmasaroja	92	percent
7. Mr. Sook	Sueyanyongsiri	100	percent

4. Non-executive directors constantly had meetings without the management's participation. And the Audit Committee is the meeting venue where the directors discuss problems about management.

## 5. The Board's Self-Evaluation

The Company has not had any such evaluation yet.

## 6. Remuneration

The Company had paid out the remuneration to directors in 2012 as follows:

Name	Board of Directors		Audit Committee		Number of month to get paid	Total amount of Remuneration in 2012 (Baht)
	Position	Remuneration /month(Baht)	Position	Remuneration /month(Baht)		
Mr.Mana Karnasuta	Chairman	42,000.00			12	504,000.00
Mr.Prasertphand Pipatanakul	Director	27,000.00	Chairman	21,000.00	12	576,000.00
Mr.Niyom Niyamanusorn	Director	27,000.00	Director	15,000.00	12	504,000.00
Mr.Apichart Dharmasaroja	Director	27,000.00	Director	15,000.00	12	504,000.00
Mr.Polpat Karnasuta	Director	27,000.00			12	324,000.00
Mrs.Wattana Samanawong	Director	27,000.00			12	324,000.00
Mr.Sook Sueyanyongsiri	Director	27,000.00			12	324,000.00
Total amount of Remuneration for Committee in the year 2012						3,060,000.00

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## 7. Directors and Executive Development

1. The Company has conducted its first director orientation for newly appointed directors. The Management was responsible for compiling documents and information that are useful to the new directors. Also, a summarized lecture on the Company's business and other matters has been given.
2. All directors have been provided with various training courses; this includes other seminar activities regularly conducted to enhance their work performance.

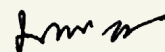


## 8 Report from Board of Directors Relative to Financial Reports

The Board of Directors is responsible for the company's financial reports and the details therein. The financial reports are prepared in accordance with the generally accepted accounting standards in Thailand, by adopting the appropriate accounting policy and consistent implementation as well as due judgment and best estimation in the financial reports preparation, including the sufficient note and explanation of the financial reports. In addition, The Board of Directors has overseen that the company's internal control system and risk management system are appropriate and efficient to ensure that the financial reports are correct, accurate and sufficient to safeguard the company's assets as well as to protect frauds.

The Board of Directors has appointed the Audit Committee to oversee and review the company's accounting policy and the accuracy of the financial reports, including the review of the company's internal control system and internal audit system, the details of which can be seen from the Audit Committee's Report included in the annual report. In addition the company's financial reports were audited by the independent auditor, Ernst & Young Office Limited. The report of the independent auditor is included in the annual report.

The Board of Directors has the opinion that the company's internal control system in general is satisfactory and can be assured that the financial reports of Nawarat Patanakarn Public Company Limited and it's subsidiary for the year ended December 31, 2012 are accurate and fairly presented, as well as in compliance with relevant laws and regulations.



(Mr. Mana Karnasuta)

Chairman





## 9 Audit Committee Report Year 2012

The Audit Committee of Nawarat Patanakarn Public Company Limited is comprised of 3 independent directors and all the member of the Audit Committee are not the management or the advisors of the company.

1. Mr. Prasertphand	Pipatanakul	Chairman of the Audit Committee
2. Mr. Niyom	Niyamanusorn	Member of Audit Committee
3. Mr. Apichart	Dharmasaroja	Member of Audit Committee

The Audit Committee has performed its duties and responsibilities as assigned by the Board of Directors and in accordance with the good practices for the Audit Committee of the Stock Exchange of Thailand.

In 2012, The Audit Committee has 12 meeting for various matters. The top management, the Internal Audit Manager and the Auditor has participated in the discussion of relevant agendas. The meeting for review of annual financial statement is one in which there are none of the Company's executives involved. Performance of the Audit Committee can be summarized as follows:

1. The review of quarterly financial reports and annually financial report for the year 2012, the financial reports and fairly presented. The information disclosure is adequate and reliable and in accordance with the general accepted accounting standards, the connected transactions between the company and its subsidiary has also properly been disclosed to ensure that they has been done in accordance with normal business transaction and in compliance with the criteria of the Stock Exchange of Thailand before forwarding them to Board of Directors for consideration.
2. The oversight of the internal control, the Audit Committee review with the Internal Audit Manager and has established audit plan that are suitable to the circumstance in order that the internal control is good, well-covered and suitable to the operating process. The Audit Committee has reviewed the investigating results and followed up the implementation as planed to protect or reduce possible risk as well as review regularly the performance of the Internal Audit Manger. The Audit Committee is of the opinion that the internal audit system is appropriate and efficient.
3. The review of the compliance with the Securities and Exchange Commission's laws and other relevant laws, The Audit Committee had a meeting with the Company Secretary who oversees and follows up the compliance of the company with the laws, rules and regulations of the Securities and Exchange Commission. The Audit committee is of the opinion that the company has operated the business in compliance with relevant laws and no material flaws are found.

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4. The consideration of nomination of Auditor, the Audit committee has nominated for shareholder's approval:

1. Ms. Siraporn	Uranantakul	C.P.A. License No. 3844 and/or
2. Mr. Termphong	Opanaphan	C.P.A. License No. 4501 and/or
3. Mr. Khitsada	Lerdwana	C.P.A. License No. 4958

Ernst & Young Office Limited. As the company's Auditor for the year 2013



(Mr. Prasertphand Pipatanakul)

Chairman of the Audit Committee

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# financial position and operation results

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## 10. Explanation and Verification of Financial Position and Operation Results

### 10.1 Summary of the auditing report

#### Financial Statement 2012

The accounting auditor has provided an unconditional opinion in the auditor's report stating that consolidated Financial Statement of Nawarat Patanakarn Public Company Limited, associated companies, and joint venture businesses, and separate Financial Statement of Nawarat Patanakarn Public Company Limited have disclosed the financial status as of December 31, 2012. The operation results and cash flow ended on the same date are properly accurate in accordance with the standard of financial report.

#### Financial Statements 2011

The auditor has provided an unqualified opinion in the auditor's report with remark on two items of notes to financial statements as follows:

1. Compliance with new accounting standards (Item 3 of Notes to Financial Statements) New Accounting Standards which have significant impacts on financial statements are as follows:

TAS 19 Employee Benefits This accounting standard requires employee benefits to be recognized as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefit using actuarial techniques. Currently, the company, its subsidiaries, and joint controlled entities account for such employee benefits when they are incurred.

TAS 18 (revised 2009) Revenue This accounting standard requires entities to recognize revenue from sale of goods, which includes real estate developed for sale, when the significant risks and rewards are transferred to the buyer. Currently, the entities can elect to use the percentage-of-completion method in recognizing revenue from real estate sales.

TAS 40 (revised 2009) Real Estate for Investment This accounting standard requires entities to record real estate for investment using Inventory Cost Method (fair value must be revealed in Notes to Financial Statements) or Fair Value Method and changes on fair value is recognized in loss and profit. Currently, the entities record the real estate for investment under the lists of property awaiting sale, land awaiting development, land awaiting sale which use inventory cost method.

2. The accumulated results from accounting policy change due to the adoption of new accounting standards (Item 5 of Notes to Financial Statements)

In 2011, since the company, its subsidiaries and joint controlled entities made their significant changes on accounting policy by adopting revised and new accounting standards, the accumulated results from such accounting policy change are split into a specific list in both consolidated and separated statements of shareholders' equity.

In addition, during the year 2011, associated companies also made their change on accounting policy by adopting TAS 18 (revised 2009) Revenue. The accumulated results from such accounting policy change are split into a specific list in consolidated statements of shareholders' equity.

## Financial Statements 2010

The auditor has provided an unqualified opinion in the auditor's report with remark on the dispute with Meeyahta International Hotel Limited ("MIHL") as follows.

MIHL is a subsidiary company in the Union of Myanmar with total shareholding of 53%. MIHL entered into a land lease agreement with the Railway Authority of the Union of Myanmar for the lease term of 30 years (starting 1999) with renewal condition for another 10 years at the expiry of the agreement. In 2001, MIHL started its business after a certain delay due to the poor economic conditions. MIHL incurred a large amount of operating loss and the retained losses have been much greater than its capital.

As the investment conditions of such project have required MIHL to transfer ownership in such project to the concession provider at the expiry of the long-term lease with land rental charge at US\$910,152 per year. Such rental charge is subject to change every 5 years with additional charge per year of US\$35,000 plus 2% of the revenue before deduction of expenses of the project. As of December 31, 2010, MIHL incurred the obligation to pay the rental charge at US\$19 million according to such lease agreement.

In 2007, MIHL received a letter of termination of the land lease agreement from the government of the Union of Myanmar for non-compliance with the agreement in relation to the improvement to the building and accrued land rental charge since 1998 until 2008 for about US\$10 million. To look after the interest of the joint creditor and to postpone the termination of the agreement, the company has taken a legal action against MIHL to repay the construction cost of such project. At the moment the primary court of the Union of Myanmar has already decided that the Company would receive all construction costs amounting to USD 14.68 million. If MIHL is unable to repay the debts in accordance with the Court decision, the Court has ordered to put the hotel building under an auction to

obtain the payment to repay the debts to the Company.

Besides, in 2007, a small shareholder of MIHL made a letter to inform the company that the company has defaulted the joint venture agreement and has a suit against the company for transfer of share ownership in MIHL to such small shareholder. The case is being under the examination of the primary court of the Union of Myanmar.

## 10.2 Explanation and Verification of Financial Position and Operation Results

In 2010, the domestic political condition has severely affected domestic growth, including natural disaster incurred to Thailand and other countries around the world.

In 2011, the world's economy started to stumble. Several of the European countries were starting to face their financial difficulties, so were the US. In general, Thailand's political and economic situations were in normal conditions during the first half of the year. But it was when the catastrophic flooding occurred in much of the country's central region and also in parts of Bangkok, the capital city, that the country's economy was much seriously affected. Some kinds of commodities were in short supply because the factories were flooded. Others needed to be imported from other countries. Still others ended in heavy price increase. The country's economic growth did not seem to go in the direction as earlier expected.

In 2012, the world economy was still in trouble. Several European countries have not yet resolved their financial problems. The economic situation within the country started to stumble. Small and medium-sized businesses were affected by the Government's minimum wage policy resulted in higher labor costs, higher consumer products as well as construction material prices, and the impact from increase of world oil prices.

## Explanation of Financial Position and Operation Result for the Year Ended December 31, 2012

### Summary of Financial Position Based on Consolidated Financial Statement

As of December 31, 2012, the total asset of the Company registered at 7,598.33 million baht, an increase of 1,400.85 million baht or 22.60% from that of December 31, 2011.

Major changes in assets consists of:

1. Short-term investments — Fixed Bank Deposit : 3 to 5 month short-term deposit at a commercial bank
2. Trade and other receivables: The debt balance as of December 31, 2012 before doubtful- debt deduction amounts to Baht 2,314.19 million increased by Baht 306.41 million from that of the year ended December 31, 2012.
  - 1) Construction project of Wangnoi Power Plant, Ayutthaya province, and construction project of Chana Power Plant owned by EGAT, subcontracted to the Company by Marubeni Corporation, of which receivable is Baht 374.86 million as of December 31, 2012.
  - 2) Wastewater Treatment Project Phase 7, Bangsue, Bangkok which was subcontracted from A.S. Associate Engineering (1994) Limited: The receivable as of December 31, 2012 amounts to Baht 157.92 million.
  - 3) Construction of BTS Station, expansion of elevated section and Stabling Yard for Silom Expansion Line (Taksin-Petchkasem) of Bangkok Metropolitan Administration that the Company has subcontracted from A.S. Associates TAS Joint Venture which the receivable is Baht 78.74 million as of December 31, 2012.
3. Retention receivables as of December 31, 2012 was equal to 363.89 million Baht, an increase of Baht 180.80 million from that of December 31 2011, in conformity with the increase in the Work quantity in 2012, with each work installment delivered to the Employer deducted by retention in accordance with the rate stipulated in the Contract.
4. Development cost for property development projects as of December 31, 2012 was equal to 253.68 million Baht, a real estate property for sale under the Company's name consisting of:
  - 1) The construction of townhomes project under the name "De Siam" located at Soi Chaloemphrakiat Rama 9 (Soi 38), Bangkok, valued Baht 33.46 million.
  - 2) The construction of detached houses project under the name "Baan Baranee" located on Rangsit-Klong

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- 3 Road Pathumthanee Province, valued Baht 15.55 million.
- 3) The construction of detached houses under the name “Villa Baranee” located on Rangsit-Klong 3 Road, Pathumthanee Province valued Baht 204.67 million.
5. Investments in joint ventures as of December 31, 2012 was equal to Baht 146.86 million, an increase by 70.07 million baht from that of December 31 2011. The details of investments in associates as of December 31, 2012 comprise:
- 1) C.I.N. Estate Company Limited, equal to 130.14 million baht, a profit-share increase of 66.45 million baht recorded as of 2012.
- 2) VSPN Property Company Limited, equal to 16.71 million baht, a profit-share increase of 3.62 million baht recorded as of 2012.

Major changes in liabilities consist of:

1. Bank overdrafts and short term loans from financial institutions as of December 31, 2012 amounts to Baht 756.90 million increased by Baht 238.38 million from December 31 2011. An amount of loan is for purchasing major material with increase trend of price. The purchase was in advance for uses throughout the project to avoid the risk of price fluctuation. In addition, the subcontract work for excavation, earth and coal moving at Maemoh mine, Contract No.6 at Maemoh mine, Maemoh District Lampang province, owned by EGAT, executed by NWR-SBCC Joint Venture was in need of more loan for new machinery purchase including replacement of the old machinery used in the project. The investment proportion of the Company in the project was 50%.
2. Trade and other payables as of December 31 2012 was equal to Baht 2,300.20 million, an increase by Baht 552.20 million from December 31, 2011. The purchase of construction materials was due to more employment of subcontractors and minor contractors, in compliance with the increase of the Company’s construction work quantity in 2012.



## Explanation of Financial Position and Operation Results for the Year Ended December 31, 2011.

### Summary of Financial Position Based on Consolidated Financial Statement

As of December 31, 2011, the total assets of the company registered at 6,197.48 million baht, an increase of 647.23 million baht or 11.66% from that of December 31, 2010.

Major changes in assets consisting of:

1. Accounts not claiming for payment before deduction of allowance for doubtful accounts as of December 31, 2011 was 832.75 million baht, an increase of 282.75 million baht from that of December 31, 2010, all from the projects waiting to be delivered.

The three projects ranging from one having the most accounts not claiming for payment are as follows:

- 1) Construction Project of Wangnoi Power Plant, Ayutthaya province, owned by EGAT, subcontracted to the company by Marubeni Corporation, of which incomes have not been claimed for 134.74 million baht as of December 31, 2011 while there was no incomes to be claimed as of December 31, 2010.
  - 2) "Nam Sana Hydropower Plant" in Loas. PDR, a turnkey project owned by Electricite du Loas, of which incomes have not been claimed for 121.50 million baht as of December 31, 2011, while there was no incomes to be claimed as of December 31, 2010 since the project starts by the year 2011.
  - 3) Construction Project of Chana Power Plant, Song khla province, owned by EGAT, subcontracted to the company by Marubeni Corporation, of which incomes have not been claimed for 88.10 million baht as of December 31, 2011, while there was no incomes to be claimed as of December 31, 2010 since the project starts by the year 2011.
2. Cost of real estate development projects as of December 31, 2011 was equal to 178.11 million baht. The real estate development projects for sale under the name of the company consist of:
    - 1) The Construction Project of Townhomes under the name "De Siam" located at Soi Chaloemphrakiat Ror 9 (soi 38), Bangkok, valued 53.95 million baht.
    - 2) Construction Project of Detached Houses under the name "Barn Baranee" located on Rangsit-Klong 3 Road, Prathumthani Province, valued 34.28 million baht.
    - 3) The Construction Project of Detached Houses under the name "Villa Baranee" located on Rangsit- Klong 3 Road, Prathumthane Province, valued 89.88 million baht.

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3. Restricted bank deposit as of December 31, 2011 is equal to 256.57 million baht increased by 144.06 million baht from December 31, 2010. The restricted bank deposit means an amount of bank deposit that guarantees loans supporting a specific project and which received from different banks. Nawarat's bank deposit is in the amount of 235.58 million baht and that of Utility Business Alliance 20.99 million baht.

### Major changes in debt consisting of:

1. Bank overdrafts and short-term loans from financial institutions as of December 31, 2011 amounts to 518.52 million baht increased by 158.38 million baht from December 31, 2010. An amount of loan is for purchasing main material with a tendency of higher price. In this, the company will purchase according to the required amount to avoid risk of material-price increase which results in higher costs of construction, which will make the company face losses. In addition, during the time of flooding, in much of Thailand's central region including Bangkok from September to December of 2011, the company received loans from banks to help with its liquidity since construction of several of its projects were halted. Cash disbursements during that time was much higher than cash receipts.
2. Advance received from construction as of December 31, 2011 was equal to 802.32 million baht, and increase by 528.36 million baht from December 31, 2010. The company signed several contracts for construction projects and has received the advance payments for construction from the employers as agreed.
3. Reserve for employee long-term benefits as of December 31, 2011 was equal to 73.47 million baht according to TAS 19 in relation to Employee Benefits. The company is required to recognize employee benefits as expenses. When the service is performed by the employee, the company is required to record expenses for employee long-term benefits which will become their remuneration when retired from work. This accounting standard becomes effective in 2011.

## Explanation of Financial Position and Operation Results for the Year Ended December 31, 2010

### Summary of Financial Position Based on Consolidated Financial Statement

As of December 31, 2010, the total assets of the company registered at 5,550.25 million baht, an increase of 981.58 million baht or 21.48% from that of December 31, 2009.

Major changes in assets consisting of:

1. Non-related accounts receivable before deduction of allowance for doubtful accounts as of December 31, 2010, were 1,637.23 million baht, an increase of 163.41 million baht from that of December 31, 2009, with significant changes in three accounts receivable as follows.
  1. NWR-SBCC Joint Venture for the project of excavation and removal of earth and coal project at Mae Moh mine, Contract No. 6 Mae Moh Mine of the Electricity Generating Authority of Thailand, Mae Moh District, Lampang. The accounts receivable as of December 31, 2010 were 120.92 million baht (according to the investment portion at 50%), an increase of 49.15 million baht from that of December 31, 2009.
  2. PTT Public Co., Ltd. for the project on design and construction of the wastewater treatment system for gas separation plant at Mab Ta Phut. The accounts receivable as of December 31, 2010 were 172.05 million baht, an increase of 163.46 million baht from that of December 31, 2009.
  3. GS Engineering & Construction Corporation for "Jetty Development and LNG Receiving Terminal Project". The accounts receivable as of December 31, 2010 were 77.52 million baht while there was no outstanding balance on December 31, 2009.
2. Accounts not claiming for payment before deduction of allowance for doubtful accounts as of December 31, 2010 were 550 million baht, an increase of 269.29 million baht from that of December 31, 2009 due to the construction project waiting for the delivery. There are two projects which have generated large incomes but have not claimed for the payment.
  1. Project on design and construction of the wastewater treatment system for gas separation plant at Mab Ta Phut of PTT Public Co., Ltd. of which incomes have not been claimed for 139.44 million baht as of December 31, 2010 while there was no incomes to be claimed as of December 31, 2009.
  2. "Theun Hinboun Expansion Project" in the People Democratic Republic of Laos, which is subcontracted to the company by Cooperativa Muratori & Cementisti — C.M.C. Di Ravenna of which incomes have

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not been claimed for 167.02 million baht as of December 31, 2010 while there was no incomes to be claimed as of December 31, 2009.

3. Short-term loans and advances provided to related companies before deduction of allowance for doubtful accounts as of December 31, 2010 were 377.58 million baht compared with 273.38 million baht as of December 31, 2009, an increase of 104.20 million baht with details as follows.

(Unit : Million Baht)			
	As of 31/12/2010	As of 31/12/2009	Additional loans in 2010
ITD — Nawarat (L.L.C.)	134.48	102.79	31.69
InStyle Estate Park Co., Ltd.	91.77	65.88	25.89
Concorde Yachts International Co., Ltd.	104.41	104.71	-0.30
C.I.N. Estate Co., Ltd.	24.33	-	24.33
VSPN Property Co., Ltd.	22.21	-	22.21
Other	0.38	-	0.38
Total	377.58	273.38	104.20

4. Land, Buildings and equipment were acquired during the year at the cost of 1,098.61 million baht, mostly an acquisition of NWR - SBCC Joint Venture to undertake the excavation and removal of earth and coal project, Contract No.6 at Mae Moh mine of the Electricity Generating Authority of Thailand, Mae Moh District, Lampang. The additional purchase during the year was 892.33 million baht (according to the investment portion of 50%).

Major changes in liabilities consisting of:

1. Account payable consisting of:
  1. Non-related accounts payable as of December 31, 2010 were 745.44 million baht, an increase of 179.85 million baht from that of December 31, 2009.
  2. Related accounts payable as of December 31, 2010 were 352.24 million baht, an increase of 229.39 million baht from that of December 31, 2009.
  3. Other creditors as of December 31, 2010 were 501.20 million baht, an increase of 464.09 million baht from that of December 31, 2009 due to account payable for purchase of heavy machinery and equipment of NWR - SBCC Joint Venture to undertake the excavation and removal of earth and coal project, Contract No.6 at Mae Moh mine for 463.81 million baht as of December 31, 2010 (according to the investment

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portion of 50%), an increase of 461.75 million baht from that of December 31, 2009.

The auditing company for the financial statements of Nawarat Patanakarn Public Company Limited

Ernst & Young Office Limited as the company's Auditor, as follow:

Year 2010	Mr. Supachai Panyawattano	C.P.A. License No. 3930
Year 2011-2012	Mr. Khitsada Lerdwana	C.P.A. License No. 4958

The Company auditing expenses for the years 2010-2012 totaling Baht 1.95 Million per year.



# a n n u a l r e p o r t

# 2012



Nawarat Patanakarn Public Company Limited,

its subsidiaries and its jointly controlled entities

Report and consolidated financial statements

31 December 2012

## **Independent Auditor's Report**

To the Shareholders of Nawarat Patanakarn Public Company Limited

I have audited the accompanying consolidated financial statements of Nawarat Patanakarn Public Company Limited, its subsidiaries and its jointly controlled entities, which comprise the consolidated statements of financial position as at 31 December 2012, and the related consolidated 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 information, and have also audited the separate financial statements of Nawarat Patanakarn Public Company Limited for the same period.

## **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**

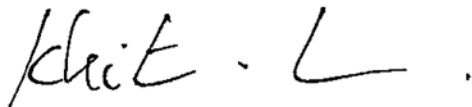
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nawarat Patanakarn Public Company Limited, its subsidiaries and its jointly controlled entities, and of Nawarat Patanakarn Public Company Limited as at 31 December 2012, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

A handwritten signature in black ink, appearing to read 'Khitsada Lerdwana'.

Khitsada Lerdwana  
Certified Public Accountant (Thailand) No. 4958

Ernst & Young Office Limited  
Bangkok: 27 February 2013



**Nawarat Patanakarn Public Company Limited, its subsidiaries and its jointly controlled entities**

**Statement of financial position**

**As at 31 December 2012**

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	270,762,930	216,765,685	232,715,229	188,041,895
Current investment - fixed deposit	8	146,000,000	-	146,000,000	-
Trade and other receivables	9	1,132,002,850	556,563,149	996,192,802	363,926,172
Unbilled receivables	10	852,958,319	821,028,451	791,626,954	753,138,304
Retention receivables		363,589,191	182,733,834	316,375,728	131,966,803
Short-term loans and advances	11	225,916,011	237,299,540	57,432,556	79,700,476
Inventories	12	618,834,993	544,699,623	561,823,707	512,267,678
Project development cost	13	253,686,940	178,110,102	253,686,940	178,110,102
Other current assets	14	<u>457,857,737</u>	<u>374,550,527</u>	<u>384,708,493</u>	<u>325,942,063</u>
<b>Total current assets</b>		<u>4,321,608,971</u>	<u>3,111,750,911</u>	<u>3,740,562,409</u>	<u>2,533,093,493</u>
<b>Non-current assets</b>					
Restricted bank deposits	15	207,756,653	256,569,752	180,459,737	235,580,711
Investments in subsidiaries	16	-	-	31,296,663	31,296,663
Investments in joint ventures	17	-	-	20,644,855	20,918,539
Investments in associates	18	146,858,461	76,785,198	124,999,596	124,999,596
Other long-term investments	19	15,446,793	20,150,506	15,446,793	20,150,506
Investment properties	20	201,795,439	188,593,711	201,795,439	188,593,711
Property, plant and equipment	21	2,628,459,434	2,464,176,072	873,274,165	616,135,698
Leasehold right for land	22	20,264,962	22,851,958	20,264,962	22,851,958
Other non-current assets		<u>56,136,630</u>	<u>56,601,139</u>	<u>14,791,630</u>	<u>8,725,544</u>
<b>Total non-current assets</b>		<u>3,276,718,372</u>	<u>3,085,728,336</u>	<u>1,482,973,840</u>	<u>1,269,252,926</u>
<b>Total assets</b>		<u><u>7,598,327,343</u></u>	<u><u>6,197,479,247</u></u>	<u><u>5,223,536,249</u></u>	<u><u>3,802,346,419</u></u>

The accompanying notes are an integral part of the financial statements.

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### Nawarat Patanakarn Public Company Limited, its subsidiaries and its jointly controlled entities

#### Statement of financial position (continued)

As at 31 December 2012

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans					
from financial institutions	23	756,904,082	518,524,739	578,329,141	424,049,928
Trade and other payables	24	2,300,195,417	1,747,991,697	1,371,728,549	716,251,941
Short-term loans	25	158,063,057	197,098,930	37,600,033	89,624,861
Current portion of hire purchase creditors	26	38,736,532	24,094,485	31,370,443	17,204,073
Current portion of long-term loans	27	316,752,284	228,378,199	104,942,500	47,819,131
Advance received from construction		726,433,152	802,322,274	726,386,900	802,081,872
Other current liabilities		<u>157,005,842</u>	<u>106,023,002</u>	<u>146,585,457</u>	<u>94,587,583</u>
<b>Total current liabilities</b>		<u>4,454,090,366</u>	<u>3,624,433,326</u>	<u>2,996,943,023</u>	<u>2,191,619,389</u>
<b>Non-current liabilities</b>					
Hire purchase creditors, net of current portion	26	78,514,697	63,038,863	47,936,336	25,828,901
Long-term loans, net of current portion	27	906,360,661	956,977,392	75,300,000	85,230,000
Retention payables		108,167,177	50,169,074	106,174,228	47,644,788
Provision for long-term employee benefits	28	78,977,959	73,467,943	74,782,832	70,059,567
Other non-current liabilities		<u>28,800</u>	<u>28,800</u>	<u>28,800</u>	<u>28,800</u>
<b>Total non-current liabilities</b>		<u>1,172,049,294</u>	<u>1,143,682,072</u>	<u>304,222,196</u>	<u>228,792,056</u>
<b>Total liabilities</b>		<u>5,626,139,660</u>	<u>4,768,115,398</u>	<u>3,301,165,219</u>	<u>2,420,411,445</u>

The accompanying notes are an integral part of the financial statements.

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### Nawarat Patanakarn Public Company Limited, its subsidiaries and its jointly controlled entities

#### Statement of financial position (continued)

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<b>Shareholders' equity</b>					
Share capital					
Registered					
2,217,950,679 ordinary shares of Baht 1 each		<u>2,217,950,679</u>	<u>2,217,950,679</u>	<u>2,217,950,679</u>	<u>2,217,950,679</u>
Issued and fully paid					
1,552,901,243 ordinary shares of Baht 1 each		1,552,901,243	1,552,901,243	1,552,901,243	1,552,901,243
Retained earnings					
Appropriated - statutory reserve	29	23,006,415	4,650,658	20,710,415	2,354,658
Unappropriated (deficit)		359,946,034	-160,605,044	348,759,372	-173,320,927
Exchange differences on translation of					
financial statements in foreign currency		<u>(4,926,467)</u>	<u>(5,640,186)</u>	-	-
Equity attributable to owners of the Company		1,930,927,225	1,391,306,671	1,922,371,030	1,381,934,974
Non-controlling interests of the subsidiaries		<u>41,260,458</u>	<u>38,057,178</u>	-	-
<b>Total shareholders' equity</b>		<u>1,972,187,683</u>	<u>1,429,363,849</u>	<u>1,922,371,030</u>	<u>1,381,934,974</u>
<b>Total liabilities and shareholders' equity</b>		<u>7,598,327,343</u>	<u>6,197,479,247</u>	<u>5,223,536,249</u>	<u>3,802,346,419</u>
		-	-	-	-

The accompanying notes are an integral part of the financial statements.

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## annual report

### Nawarat Patanakarn Public Company Limited, its subsidiaries and its jointly controlled entities

#### Statement of comprehensive income

For the year ended 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<b>Profit or loss:</b>					
<b>Continuing operations</b>					
<b>Revenues</b>					
Revenues from construction		5,940,712,589	3,174,271,057	5,677,312,897	2,990,348,236
Sales and service income		762,891,039	883,221,212	-	-
Other income					
Interest income		21,348,635	21,615,306	19,889,116	20,399,810
Dividend income	18	-	-	59,999,820	-
Others		91,655,043	67,546,782	60,201,443	47,283,986
<b>Total revenues</b>		<u>6,816,607,306</u>	<u>4,146,654,357</u>	<u>5,817,403,276</u>	<u>3,058,032,032</u>
<b>Expenses</b>					
Cost of construction		5,446,926,779	3,089,358,811	5,218,208,577	2,950,028,173
Cost of sales and service		748,268,552	818,589,662	-	-
Administrative expenses		407,532,677	276,719,665	309,996,445	198,459,394
Doubtful debts (reversal)		(323,468,343)	10,020,629	(299,953,612)	29,719,689
<b>Total expenses</b>		<u>6,279,259,665</u>	<u>4,194,688,767</u>	<u>5,228,251,410</u>	<u>3,178,207,256</u>
<b>Profit (loss) from continuing operations before share of profit from investments in associates, finance cost and income tax expenses</b>					
Share of profit from investments in associates	18	<u>130,073,083</u>	<u>19,636,054</u>	<u>-</u>	<u>-</u>
<b>Profit (loss) from continuing operations before finance cost and income tax expenses</b>					
Finance cost		<u>(123,055,253)</u>	<u>(119,349,416)</u>	<u>(48,715,810)</u>	<u>(27,774,403)</u>
<b>Profit (loss) from continuing operations before income tax expenses</b>					
Income tax expenses	31	<u>(2,255,356)</u>	<u>(5,528,046)</u>	<u>-</u>	<u>-</u>
<b>Profit (loss) for the year from continuing operations</b>		<u>542,110,115</u>	<u>(153,275,818)</u>	<u>540,436,056</u>	<u>(147,949,627)</u>
<b>Discontinued operations</b>	32				
Profit for the year from discontinued operations		<u>-</u>	<u>241,101,668</u>	<u>-</u>	<u>20,000,000</u>
<b>Profit (loss) for the year</b>		<u>542,110,115</u>	<u>87,825,850</u>	<u>540,436,056</u>	<u>(127,949,627)</u>

The accompanying notes are an integral part of the financial statements.

**Nawarat Patanakarn Public Company Limited, its subsidiaries and its jointly controlled entities**

**Statement of comprehensive income (continued)**

**For the year ended 31 December 2012**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
<b>Note</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Other comprehensive income:</b>				
Exchange differences on translation of financial statements in foreign currency	713,719	14,986,271	-	-
Cumulative amount of the exchange differences on translation of financial statements in foreign currency of the disposed subsidiary	32 -	(116,170,745)	-	-
<b>Other comprehensive income for the year</b>	<b>713,719</b>	<b>(101,184,474)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>542,823,834</b>	<b>(13,358,624)</b>	<b>540,436,056</b>	<b>(127,949,627)</b>
<b>Profit (loss) attributable to:</b>				
<b>Equity holders of the Company</b>				
Profit (loss) for the year from continuing operations	538,906,835	(156,317,939)	540,436,056	(147,949,627)
Profit for the year from discontinued operations	-	252,102,428	-	20,000,000
Profit (loss) for the year attributable to equity holders of the Company	538,906,835	95,784,489	540,436,056	(127,949,627)
<b>Non-controlling interests of the subsidiaries</b>				
Profit for the year from continuing operations	3,203,280	3,042,121		
Loss for the year from discontinued operations	-	(11,000,760)		
Profit (loss) for the year attributable to non-controlling interests of the subsidiaries	3,203,280	(7,958,639)		
	<b>542,110,115</b>	<b>87,825,850</b>		
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	539,620,554	(5,399,985)	540,436,056	(127,949,627)
Non-controlling interests of the subsidiaries	3,203,280	(7,958,639)		
	<b>542,823,834</b>	<b>(13,358,624)</b>		
<b>Basic earnings per share</b>	33			
Profit (loss) for the year from continuing operations attributable to equity holders of the Company	0.347	(0.101)	0.348	(0.095)
Profit for the year from discontinued operations attributable to equity holders of the Company	-	0.163	-	0.013
Profit (loss) attributable to equity holders of the Company	<b>0.347</b>	<b>0.062</b>	<b>0.348</b>	<b>(0.082)</b>

The accompanying notes are an integral part of the financial statements.

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Nawarat Patanakarn Public Company Limited, its subsidiaries and its jointly controlled entities

## Statement of changes in shareholders' equity

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements						
	Equity attributable to owners of the Company				Total equity attributable to owners of the Company	Equity attributable to non-controlling interest of the subsidiaries	Total shareholders' equity
	Issued and fully paid share capital	Retained earnings (deficit) Appropriated	Unappropriated	Exchange differences on translation of financial statements in foreign currency			
<b>Balance as at 31 December 2010 - as previously reported</b>	1,552,901,243	4,650,658	(129,655,632)	95,544,288	1,523,440,557	46,015,817	1,569,456,374
Cumulative effect of changes in accounting policy for revenue recognition from real estate sales of the associated company	-	-	(58,118,511)	-	(58,118,511)	-	(58,118,511)
<b>Balance as at 31 December 2010 - as restated</b>	1,552,901,243	4,650,658	(187,774,143)	95,544,288	1,465,322,046	46,015,817	1,511,337,863
Cumulative effect of change in accounting policy for employee benefits	-	-	(68,615,390)	-	(68,615,390)	-	(68,615,390)
Total comprehensive income for the year	-	-	95,784,489	(101,184,474)	(5,399,985)	(7,958,639)	(13,358,624)
<b>Balance as at 31 December 2011</b>	<u>1,552,901,243</u>	<u>4,650,658</u>	<u>(160,605,044)</u>	<u>(5,640,186)</u>	<u>1,391,306,671</u>	<u>38,057,178</u>	<u>1,429,363,849</u>
<b>Balance as at 31 December 2011</b>	1,552,901,243	4,650,658	(160,605,044)	(5,640,186)	1,391,306,671	38,057,178	1,429,363,849
Total comprehensive income for the year	-	-	538,906,835	713,719	539,620,554	3,203,280	542,823,834
Transferred to statutory reserve (Note 29)	-	18,355,757	(18,355,757)	-	-	-	-
<b>Balance as at 31 December 2012</b>	<u>1,552,901,243</u>	<u>23,006,415</u>	<u>359,946,034</u>	<u>(4,926,467)</u>	<u>1,930,927,225</u>	<u>41,260,458</u>	<u>1,972,187,683</u>

The accompanying notes are an integral part of the financial statements.

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**Nawarat Patanakarn Public Company Limited, its subsidiaries and its jointly controlled entities**

**Statement of changes in shareholders' equity (continued)**

**For the year ended 31 December 2012**

(Unit: Baht)

	Separate financial statements			
	Issued and fully	Retained earnings (deficit)		Total
	<u>paid share capital</u>	<u>Appropriated</u>	<u>Unappropriated</u>	<u>shareholders' equity</u>
<b>Balance as at 31 December 2010</b>	1,552,901,243	2,354,658	20,525,144	1,575,781,045
Cumulative effect of change in accounting policy				
for employee benefits	-	-	(65,896,444)	(65,896,444)
Total comprehensive income for the year	-	-	(127,949,627)	(127,949,627)
<b>Balance as at 31 December 2011</b>	<u>1,552,901,243</u>	<u>2,354,658</u>	<u>(173,320,927)</u>	<u>1,381,934,974</u>
				-
<b>Balance as at 31 December 2011</b>	1,552,901,243	2,354,658	(173,320,927)	1,381,934,974
Total comprehensive income for the year	-	-	540,436,056	540,436,056
Transferred to statutory reserve (Note 29)	-	18,355,757	(18,355,757)	-
<b>Balance as at 31 December 2012</b>	<u>1,552,901,243</u>	<u>20,710,415</u>	<u>348,759,372</u>	<u>1,922,371,030</u>

The accompanying notes are an integral part of the financial statements.

**Nawarat Patanakarn Public Company Limited, its subsidiaries and its jointly controlled entities**

**Cash flow statement**

**For the year ended 31 December 2012**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Cash flows from operating activities</b>				
Profit (loss) before tax from continuing operations	544,365,471	(147,747,772)	540,436,056	(147,949,627)
Profit before tax from discontinued operations	-	241,101,668	-	20,000,000
Profit (loss) before tax	544,365,471	93,353,896	540,436,056	(127,949,627)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation	430,920,385	386,460,506	156,816,128	136,085,802
Amortisation of leasehold right for land	2,586,996	2,586,996	2,586,996	2,586,996
Doubtful debts (reversal)	(323,468,343)	10,020,629	(299,953,612)	29,719,689
Share of profit from investments in associates	(130,073,083)	(19,636,054)	-	-
Gain from disposal of investments in subsidiary	-	(265,816,674)	-	(20,000,000)
Loss on impairment of assests	32,097,090	-	32,097,090	-
Gain on disposal of equipment	(20,803,791)	(19,333,247)	(16,092,855)	(21,849,025)
Loss of dimunution in value of investment	4,740,276	-	5,013,960	1,276,957
Reduction of inventory to net realisable value	2,679,978	1,887,442	2,679,978	1,887,442
Reduction of project development cost to net realisable value	3,959,281	-	3,959,281	-
Unrealised loss (gain) on exchange	(4,698,368)	4,516,775	(4,698,368)	9,087,876
Gain on disposal of property awaiting sale	-	(591,955)	-	(591,955)
Provision for long-term employee benefits	7,939,667	7,721,413	7,152,915	7,031,983
Provision for project loss	5,412,238	2,489,478	5,412,238	2,489,478
Interest income	(21,348,635)	(21,615,306)	(19,889,116)	(20,399,810)
Interest expenses	123,055,253	115,429,980	48,715,810	27,774,403
Profit from operating activities before changes in operating assets and liabilities	657,364,415	297,473,879	464,236,501	27,150,209

The accompanying notes are an integral part of the financial statements.



**Nawarat Patanakarn Public Company Limited, its subsidiaries and its jointly controlled entities**

**Cash flow statement (continued)**

**For the year ended 31 December 2012**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Operating assets (increase) decrease				
Trade and other receivables	(194,335,392)	181,636,147	(253,057,458)	185,300,214
Unbilled receivables	(78,721,453)	(282,753,824)	(85,280,235)	(305,622,992)
Retention receivables	(186,686,224)	(49,312,853)	(190,239,792)	(38,304,066)
Inventories	(76,815,348)	(137,185,032)	(52,236,007)	(137,765,329)
Project development cost	(76,935,166)	35,944,967	(76,935,166)	35,944,967
Property awaiting sale	-	(83,969,760)	-	(83,969,760)
Other current assets	22,690,646	(111,443,866)	47,188,191	(129,661,753)
Other non-current assets	(12,737,219)	(38,834,767)	(19,267,814)	(3,925,796)
Operating liabilities increase (decrease)				
Trade and other payables	552,452,944	68,767,599	654,736,407	45,739,683
Advances received from construction	(70,941,812)	518,992,841	(70,747,662)	518,325,281
Other current liabilities	45,570,603	31,514,263	46,585,636	(11,541,164)
Retention payables	57,998,103	(7,565,060)	58,529,440	(6,511,026)
Other non-current liabilities	(2,429,650)	(40,619,143)	(2,429,650)	(2,868,860)
Cash from operating activities	636,474,447	382,645,391	521,082,391	92,289,608
Cash paid for interest expenses	(124,075,920)	(113,191,542)	(51,601,390)	(26,065,379)
Cash paid for income tax expenses	(113,482,627)	(81,902,014)	(105,954,621)	(73,693,108)
<b>Net cash from (used in) operating activities</b>	<b>398,915,900</b>	<b>187,551,835</b>	<b>363,526,380</b>	<b>(7,468,879)</b>
<b>Cash flows from investing activities</b>				
Increase in current investment	(146,000,000)	-	(146,000,000)	-
Decrease (increase) in restricted bank deposits	48,813,099	-144,055,542	55,120,974	-142,949,921
Decrease (Increase) in short-term loans and advances	8,681,805	21,589,510	(5,188,246)	14,005,601
Decrease (increase) in long-term investments	(36,563)	10,409	(36,563)	10,409
Net cash from disposal of investment in subsidiary	-	(21,072,278)	-	10,000,000
Cash received from return of investments in joint ventures	-	-	-	2,795,000
Proceeds from disposal of equipment	30,453,367	27,915,415	22,823,182	30,399,806
Proceeds from disposal of property awaiting sale	-	45,022,266	-	45,022,266
Dividend income from investment in associate	59,999,820	-	-	-
Acquisition of equipment	(564,274,627)	(292,433,213)	(380,700,227)	(187,488,746)
Interest income	20,041,558	12,884,351	19,093,753	12,384,458
<b>Net cash used in investing activities</b>	<b>(542,321,541)</b>	<b>(350,139,082)</b>	<b>(434,887,127)</b>	<b>(215,821,127)</b>

The accompanying notes are an integral part of the financial statements.

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**Nawarat Patanakarn Public Company Limited, its subsidiaries and its jointly controlled entities**

**Cash flow statement (continued)**

**For the year ended 31 December 2012**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Cash flows from financing activities</b>				
Increase in bank overdrafts and				
short-term loans from financial institutions	239,748,822	158,381,590	155,648,692	163,278,692
Increase (decrease) in short-term loans, net	(38,259,104)	75,143,907	(51,000,000)	75,300,000
Repayment of liabilities under hire purchase agreements	(42,557,905)	(21,551,313)	(35,807,980)	(19,798,932)
Increase in long-term loans, net	<u>37,757,354</u>	<u>17,034,132</u>	<u>47,193,369</u>	<u>133,049,131</u>
<b>Net cash from financing activities</b>	<u>196,689,167</u>	<u>229,008,316</u>	<u>116,034,081</u>	<u>351,828,891</u>
<b>Increase in translation adjustments</b>	<u>713,719</u>	<u>14,986,271</u>	<u>-</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	<u>53,997,245</u>	<u>81,407,340</u>	<u>44,673,334</u>	<u>128,538,885</u>
Cash and cash equivalents at beginning of year	<u>216,765,685</u>	<u>135,358,345</u>	<u>188,041,895</u>	<u>59,503,010</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>270,762,930</u></u>	<u><u>216,765,685</u></u>	<u><u>232,715,229</u></u>	<u><u>188,041,895</u></u>
	-	-	-	-
<b>Supplemental cash flows information</b>				
Non-cash transactions				
Transfer of deposit received for sale of share to				
revenue from disposal of investment in subsidiary	-	10,000,000	-	10,000,000
Assets acquired under hire purchase agreements				
during the year	72,675,786	38,080,467	72,081,786	37,573,467

The accompanying notes are an integral part of the financial statements.

**Nawarat Patanakarn Public Company Limited,  
its subsidiaries and its jointly controlled entities  
Notes to consolidated financial statements  
For the year ended 31 December 2012**

**1. General information**

Nawarat Patanakarn Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the provision of construction services and its registered office is at 2/3, Bangna Towers A, 18<sup>th</sup>-19<sup>th</sup> Floor, Moo 14, Bangna-Trad Road Km. 6.5, Bangkaew, Bangplee, Samutprakarn.

**2. Basis of preparation**

- 2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

**2.2 Basis of consolidation**

- a) The consolidated financial statements include the financial statements of Nawarat Patanakarn Public Company Limited (“the Company”) and its subsidiaries (“the subsidiaries”) and its jointly controlled entities (“jointly controlled entities”) as follows:

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Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2012</u> Percent	<u>2011</u> Percent
<b><u>Subsidiaries</u></b>				
Myanmar NWR Company Limited	Construction	Union of Myanmar	100	100
Utilities Business Alliance Company Limited	Water and wastewater utility management service	Thailand	60	60
NWR (Cambodia) Company Limited	Constructions consulting services	Cambodia	100	100
<b><u>Joint controlled entities</u></b> (proportionate consolidation)				
Nawarat - A.S. Associated Joint Venture	Construction	Thailand	70	70
Nawarat - Samcon Joint Venture	Construction	Thailand	-	51
Obayashi - Nawarat Joint Venture	Construction	Thailand	30	30
A.S. - Nawarat Joint Venture	Construction	Thailand	50	50
NWR - Strega Joint Venture	Construction	Thailand	80	80
ITD - Nawarat (L.L.C.)	Construction	United Arab Emirates	40	40
NWR - SBCC Joint Venture	Soil and coal extraction and transportation	Thailand	50	50

- b) Subsidiaries are fully consolidated and jointly controlled entities are proportionately consolidated as from the date on which the Company obtains control and continue to be consolidated until the date when such control ceases.
  - c) The financial statements of the subsidiaries and jointly controlled entities are prepared using the same significant accounting policies as the Company.
  - d) The assets and liabilities in the financial statements of overseas subsidiary companies and jointly controlled entities are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
  - e) Material balances and transactions between the Company, its subsidiary companies and its jointly controlled entities have been eliminated from the consolidated financial statements.
  - f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements, which present investments in subsidiaries, joint ventures and associates presented under the cost method, have been prepared solely for the benefit of the public.

### 3. **New accounting standards not yet effective**

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standard.

### **TAS 12 Income Taxes**

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines. The management of the Company expects the adoption of this accounting standard to have the effect of increasing brought-forward retained earnings of the year 2013 of the Company, its subsidiary and its jointly controlled entity by approximately Baht 29 million (The Company only: approximately Baht 28 million).

In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

		<u>Effective date</u>
Accounting Treatment Guidance for Transfers of Financial Assets		1 January 2013
Accounting Standard Interpretation:		
SIC 29	Service Concession Arrangements: Disclosures	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014

The management of the Company has assessed the effect of these standards and believes that the above accounting treatment guidance and accounting standard interpretations are not relevant to the business of the Company, its subsidiaries and its jointly controlled entities.

#### **4. Significant accounting policies**

##### **4.1 Revenues and expenses recognition**

###### **a) Revenues**

###### *Revenues from construction*

Revenues from construction are recognised on a percentage of completion basis, and the percentage of completion based on the proportion of actual costs incurred to date to the total estimated budget cost. Recognised revenues which are not yet due per the contracts have been presented under the caption of “Unbilled receivables” in the statement of the financial position.

###### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

###### *Rendering of services*

Service income is recognised when services have been rendered taking into account the stage of completion.

###### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

###### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

###### **b) Expenses**

Costs of construction, sales and service and other expenses are recognised on an accrual basis.

Provision for anticipated losses on construction projects is made in the accounts in full when the likelihood of loss is ascertained.

##### **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

#### **4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

#### **4.4 Inventories**

Finished goods and works in process are valued at the lower of cost (first-in, first-out method) and net realisable value. This cost includes all production costs and attributable factory overheads.

Raw materials are valued at the lower of cost (first-in, first-out method) and net realisable value and are charged to production costs whenever consumed.

#### **4.5 Project development cost**

Project development cost is stated at cost less allowance for loss on diminution in value of projects. The details of cost calculation are as follows:

- |                          |   |  |
|--------------------------|---|--|
| Land                     | - | The Company records cost of land separately for each project.  |
| Construction in progress | - | Construction in progress consists of the cost of design, cost of construction, public utility costs and interest capitalised to cost of projects. The Company records cost of design, construction and public utilities based on the actual cost incurred. |

#### **4.6 Investments**

- a) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- b) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries, joint ventures and associates are accounted for in the separate financial statements using the cost method.

#### **4.7 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less allowance for loss on impairment (if any). Cost includes that land and cost of land development.



On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

#### **4.8 Property, plant and equipment and depreciation**

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvements	-	5 years
Building and constructions	-	5,10, 20 years and the period of lease agreement
Tools, machinery and equipment	-	2 - 10 years
Office equipment, furniture and fixtures	-	2 - 5, 10 years
Motor vehicles	-	5,15 years

Depreciation is included in determining income.

No depreciation is provided on land and constructions in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### **4.9 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **4.10 Leasehold right and amortisation**

Leasehold right is stated at cost less accumulated amortisation and allowance for loss on impairment of assets (if any). Amortisation is calculated by reference to its cost on the straight-line basis over the lease period.

The amortisation is included in determining income.

#### **4.11 Related party transactions**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, its subsidiaries and its jointly controlled entities, whether directly or indirectly, or which are under common control with the Company, its subsidiaries and its jointly controlled entities.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company, its subsidiaries and its jointly controlled entities that gives them significant influence over the Company, its subsidiaries and its jointly controlled entities, key management personnel, directors and officers with authority in the planning and direction of the operations of the Company, its subsidiaries and its jointly controlled entities.

#### **4.12 Long-term leases**

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.13 Foreign currencies**

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### 4.14 Impairment of assets

At the end of each reporting period, the Company, its subsidiaries and its jointly controlled entities perform impairment reviews in respect of the property, plant and equipment and other assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company, its subsidiaries and its jointly controlled entities could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company, its subsidiaries and its jointly controlled entities estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

#### 4.15 Employee benefits

##### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### ***Post-employment benefits***

###### *Defined contribution plans*

The Company, its subsidiaries and its jointly controlled entities and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company, its subsidiaries and its jointly controlled entities. The fund's assets are held in a separate trust fund and the Company, its subsidiaries and its jointly controlled entities's contributions are recognised as expenses when incurred.

###### *Defined benefit plans*

The Company, its subsidiaries and its jointly controlled entities have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company, its subsidiaries and its jointly controlled entities treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in 2011.

#### 4.16 Provisions

Provisions are recognised when the Company, its subsidiaries and its jointly controlled entities have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.17 Income tax**

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

#### **4.18 Discontinued operations**

The Company discloses profit or loss from discontinued operations in the statement of comprehensive income. This comprises the total of the post-tax profit or loss of the discontinued operations. The Company has re-presented the disclosures for the prior period so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.

### **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

#### **Estimated construction project costs**

The Company, its subsidiaries and its jointly controlled entities estimate costs of construction projects based on details of the construction work, taking into account the volume and value of construction materials to be used in the project, labour costs and overhead costs to be incurred to completion of service, including forecast for any changes. Estimates are reviewed regularly or whenever actual costs differ significantly from the figures used in the original estimates.

#### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

#### **Impairment of investments**

The Company treats investments in subsidiaries, joint ventures, associates and other long-term investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

### **Property plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

### **Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

### **Litigation**

The Company has contingent liabilities as a result of litigation. The management of the Company has used judgement to assess of the results of the litigation and believe that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

## **6. Related party transactions**

During the years, the Company, its subsidiaries and its jointly controlled entities had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

<u>Business transactions</u>	<u>Pricing and lending policy</u>
Revenues from construction, sales and service	Mutually agreed price with comparison to market price
Cost of construction, sales and service	Mutually agreed price with comparison to market price
Disposal of equipment	Mutually agreed price
Interest income	Interest rates at 5.00 - 19.00 percent per annum (2011: 5.00 - 19.00 percent per annum)
Interest expenses	Interest rates at 7.00 - 7.55 percent per annum (2011: 6.40 - 7.55 percent per annum)
Management fee income	Contract price
Consultation fee	Contract price

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	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b><u>Transactions with subsidiaries</u></b>				
(eliminated from the consolidated financial statements)				
Revenues from construction, sales and service	-	-	-	59
Cost of construction, sales and service	-	-	4	5
Interest income	-	-	1	1
Loans and advances to the parties (average during the year)	-	-	21	231

### **Transactions with related parties**

Revenues from construction, sales and service	341	46	341	46
Cost of construction, sales and service	34	13	34	13
Interest income	11	11	11	11
Interest expenses	3	3	4	4
Disposal of equipment	-	1	-	1
Management fee income	6	7	6	7
Consultation fee	42	21	20	-
Loans and advances to the parties (average during the year)	203	281	291	364
Loans from the parties (average during the year)	40	37	50	46

As at 31 December 2012 and 2011, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b><u>Trade and other receivables - related parties</u></b>				
Subsidiary	-	-	14	12
Associated companies	54	86	54	86
Jointly controlled entities	20,563	20,563	48,866	48,866
Related companies (related by common shareholders and/or authorised directors being members of the same family as that of the Company's directors)	222,322	265,033	222,322	265,033
Related companies (related by common directors)	123	112	123	112
Total	243,062	285,794	271,379	314,109
Less: Allowance for doubtful accounts	(194,528)	(196,053)	(221,987)	(224,728)
<b>Total trade and other receivables - related parties, net</b>	<b>48,534</b>	<b>89,741</b>	<b>49,392</b>	<b>89,381</b>

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	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2012	2011	2012	2011
<b><u>Unbilled receivables - related parties</u></b>				
Jointly controlled entities	4,281	4,281	14,272	14,272
Related companies (related by common shareholders)	200	634	200	634
Related companies (related by common directors)	-	10,165	-	10,165
<b>Total unbilled receivables - related parties, net</b>	<b>4,481</b>	<b>15,080</b>	<b>14,472</b>	<b>25,071</b>
<b><u>Short-term loans and advances to related parties</u></b>				
Subsidiary	-	-	29,515	21,681
Associated companies	57,230	79,498	57,230	79,498
Jointly controlled entities	155,892	145,754	259,827	242,929
Related company (related by common shareholders)	195	195	195	195
Related company (related by common directors)	-	104,410	-	104,410
Total	213,317	329,857	346,767	448,713
Less: Allowance for doubtful accounts	-	(104,410)	(289,334)	(369,013)
<b>Total short-term loans and advances to related parties, net</b>	<b>213,317</b>	<b>225,447</b>	<b>57,433</b>	<b>79,700</b>
<b><u>Trade and other payables - related parties</u></b>				
Subsidiaries	-	-	825	1,090
Jointly controlled entities	7,672	6,557	21,849	21,853
Related companies (related by common shareholders)	433,320	418,991	2,807	7,101
Related companies (related by common directors)	472	1,954	472	1,954
<b>Total trade and other payables - related parties</b>	<b>441,464</b>	<b>427,502</b>	<b>25,953</b>	<b>31,998</b>
<b><u>Advance received from construction - related parties</u></b>				
Related companies (related by common shareholders)	18,235	689	18,235	689
<b>Total advance received from construction - related parties</b>	<b>18,235</b>	<b>689</b>	<b>18,235</b>	<b>689</b>
<b><u>Retention payable - related party</u></b>				
Subsidiary	-	-	486	496
<b>Total retention payable - related party</b>	<b>-</b>	<b>-</b>	<b>486</b>	<b>496</b>
<b><u>Short-term loans from related parties</u></b>				
Jointly controlled entities	142,381	10,967	21,918	21,934
Related companies (related by common shareholders)	15,682	176,132	15,682	57,691
<b>Total short-term loans from related parties</b>	<b>158,063</b>	<b>187,099</b>	<b>37,600</b>	<b>79,625</b>



### **Short-term loans and advances to related parties (Note 11)**

As at 31 December 2012 and 2011, the balance of short-term loans and advances between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

		Consolidated financial statements			
Short-term loans and advances	Related by	Balance as at 31 December 2011	Increase during the year	Decrease during the year	Balance as at 31 December 2012
ITD - Nawarat (L.L.C.)	Jointly controlled entity	145,753	10,138	-	155,891
Concorde Yachts International Company Limited	Related company (related by common shareholders)	104,410	-	(104,410)	-
C.I.N. Estate Company Limited	Associated company	51,032	46,386	(57,188)	40,230
VSPN Property Company Limited	Associated company	28,466	4,433	(15,899)	17,000
Other		196	-	-	196
		329,857	60,957	(177,497)	213,317
Less: Allowance for doubtful accounts		(104,410)	-	104,410	-
<b>Total</b>		<b>225,447</b>	<b>60,957</b>	<b>(73,087)</b>	<b>213,317</b>

(Unit: Thousand Baht)

		Separate financial statements			
Short-term loans and advances	Related by	Balance as at 31 December 2011	Increase during the year	Decrease during the year	Balance as at 31 December 2012
Myanmar NWR Company Limited	Subsidiary company	21,681	8,396	(562)	29,515
ITD - Nawarat (L.L.C.)	Jointly controlled entity	242,922	16,898	-	259,820
Concorde Yachts International Company Limited	Related company (related by common shareholders)	104,410	-	(104,410)	-
C.I.N. Estate Company Limited	Associated company	51,032	46,386	(57,188)	40,230
VSPN Property Company Limited	Associated company	28,466	4,433	(15,899)	17,000
Other		202	-	-	202
		448,713	76,113	(178,059)	346,767
Less: Allowance for doubtful accounts		(369,013)	(24,731)	104,410	(289,334)
<b>Total</b>		<b>79,700</b>	<b>51,382</b>	<b>(73,649)</b>	<b>57,433</b>

### **Short-term loans from related parties (Note 25)**

As at 31 December 2012 and 2011, the balance of short-term loans between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

		Consolidated financial statements			
Short-term loans	Related by	Balance as at 31 December 2011	Increase during the year	Decrease during the year	Balance as at 31 December 2012
A.S. - Nawarat Joint Venture	Jointly controlled entity	10,967	727	(735)	10,959
K Alliance Company Limited	Related company (related by common shareholders)	57,691	2,285	(44,294)	15,682
Italian - Thai Development Public Company Limited	Related company (related by common shareholders and/or authorised directors being members of the same family as that of the Company's directors)	118,441	12,981	-	131,422
<b>Total</b>		<b>187,099</b>	<b>15,993</b>	<b>(45,029)</b>	<b>158,063</b>

(Unit: Thousand Baht)

		Separate financial statements			
Short-term loans	Related by	Balance as at 31 December 2011	Increase during the year	Decrease during the year	Balance as at 31 December 2012
A.S. - Nawarat Joint Venture	Jointly controlled entity	21,934	1,453	(1,469)	21,918
K Alliance Company Limited	Related company (related by common shareholders)	57,691	2,285	(44,294)	15,682
<b>Total</b>		<b>79,625</b>	<b>3,738</b>	<b>(45,763)</b>	<b>37,600</b>

### **Directors and management's benefits**

During the years ended 31 December 2012 and 2011, the Company, its subsidiary and its jointly controlled entity had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Short-term employee benefits	45	42	33	31
Post-employment benefits	1	1	1	1
<b>Total</b>	<b>46</b>	<b>43</b>	<b>34</b>	<b>32</b>

### **Guarantee obligations with related parties**

The Company has outstanding guarantee obligation with its related parties, as described in Note 36.3 to the financial statements.

## **7. Cash and cash equivalents**

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
			(Unit: Thousand Baht)	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash	87,878	26,035	85,952	24,638
Bank deposits	182,885	100,731	146,763	73,404
Bill of exchange	-	90,000	-	90,000
<b>Total</b>	<b>270,763</b>	<b>216,766</b>	<b>232,715</b>	<b>188,042</b>

As at 31 December 2012, bank deposits in saving accounts, fixed deposits and bill of exchange carried interests between 0.10 and 2.00 percent per annum (2011: between 0.75 and 3.00 percent per annum).

## **8. Current investment - fixed deposit**

As at 31 December 2012, this represents the fixed deposit which carried interest rates at 3.20 and 3.40 percent per annum.

## **9. Trade and other receivables**

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
			(Unit: Thousand Baht)	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	601,419	285,285	485,929	149,068
Past due				
Up to 3 months	376,910	131,666	363,715	82,169
3 - 6 months	37,830	4,769	37,516	4,769
6 - 12 months	43,278	5,812	43,045	5,812
Over 12 months	101,801	116,139	96,009	110,166
<b>Total</b>	<b>1,161,238</b>	<b>543,671</b>	<b>1,026,214</b>	<b>351,984</b>
Less: Allowance for doubtful accounts	(109,362)	(108,332)	(109,362)	(108,332)
<b>Net</b>	<b>1,051,876</b>	<b>435,339</b>	<b>916,852</b>	<b>243,652</b>

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	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	2012	2011
	2012	2011
<u>Trade accounts receivable - unrelated parties,</u>		
<u>long past due and during legal action</u>		
Aged on the basis of due dates		
Past due over 12 months	878,296	1,146,827
Less: Allowance for doubtful accounts	(878,296)	(1,146,827)
Net	-	-
Total trade accounts receivable - unrelated parties, net	1,051,876	435,339
<u>Trade accounts receivable - related parties</u>		
Aged on the basis of due dates		
Not yet due	9,434	4,048
Past due		
Up to 3 months	7,272	8,659
3 - 6 months	9,179	10,728
6 - 12 months	19,211	15,357
Over 12 months	190,043	243,702
Total	235,139	282,494
Less: Allowance for doubtful accounts	(194,528)	(196,053)
Total trade accounts receivable - related parties, net	40,611	86,441
<u>Other receivables</u>		
Accrued income - unrelated parties	30,803	15,591
Accrued income - related parties	7,923	3,300
Other	790	15,892
Total other receivables	39,516	34,783
<b>Total trade and other receivables, net</b>	<b>1,132,003</b>	<b>556,563</b>
	<b>996,193</b>	<b>363,926</b>

During the current year, the Company negotiated with an unrelated account receivable for the settlement of debt and the shareholder of this debtor agreed to pay the outstanding construction debt amounting to Baht 391 million to the Company. The Company had already set aside a full allowance for doubtful debts for this receivable in the past, since such debts are long past due and in the litigation process. In August and October 2012, the Company already received debt settlement from this debtor amounting to Baht 391 million, and therefore recorded the reversal of allowance for doubtful debt amounting to Baht 391 million in profit or loss.

## 10. Unbilled receivables

The outstanding balances of unbilled receivables are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Project value as per contract	18,098,587	16,245,177	8,444,342	7,159,257
Accumulated amount recognised as revenue on percentage of completion basis	7,359,088	5,083,278	5,814,719	2,627,804
Less: Value of total billed	(6,447,613)	(4,250,524)	(4,964,575)	(1,862,940)
Total	911,475	832,754	850,144	764,864
Less: Allowance for doubtful accounts	(58,517)	(11,726)	(58,517)	(11,726)
<b>Unbilled receivables - net</b>	<b>852,958</b>	<b>821,028</b>	<b>791,627</b>	<b>753,138</b>

## 11. Short-term loans and advances

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Short-term loans and advances to related parties (Note 6)	213,317	225,447	57,433	79,700
Short-term loan to venturer	12,599	11,853	-	-
<b>Total</b>	<b>225,916</b>	<b>237,300</b>	<b>57,433</b>	<b>79,700</b>

Loans to a venturer carried interest at the rate of MOR per annum which were repayable on demand.

## 12. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Finished goods	106,310	84,501	(11,605)	(10,864)	94,705	73,637
Works in process	102,203	43,019	-	-	102,203	43,019
Raw materials and supplies	427,971	432,149	(6,044)	(4,105)	421,927	428,044
<b>Total</b>	<b>636,484</b>	<b>559,669</b>	<b>(17,649)</b>	<b>(14,969)</b>	<b>618,835</b>	<b>544,700</b>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Finished goods	106,310	84,501	(11,605)	(10,864)	94,705	73,637
Works in process	102,203	43,019	-	-	102,203	43,019
Raw materials and supplies	370,960	399,717	(6,044)	(4,105)	364,916	395,612
<b>Total</b>	<b>579,473</b>	<b>527,237</b>	<b>(17,649)</b>	<b>(14,969)</b>	<b>561,824</b>	<b>512,268</b>

### 13. Project development cost

(Unit: Thousand Baht)

	Consolidated/ Separate financial statements	
	<u>2012</u>	<u>2011</u>
Land and construction under development	204,673	89,884
Developed land and construction	52,973	88,226
Total	257,646	178,110
Less: Allowance for loss on diminution in value of project	(3,959)	-
<b>Total project development cost - net</b>	<b>253,687</b>	<b>178,110</b>

During 2012 and 2011, the Company capitalised interest of approximately Baht 3 million and Baht 2 million, respectively, as part of project development cost. The capitalisation rate on project development cost is approximately 6.00 - 7.25 percent per annum (2011: 6.37 - 7.25 per annum).

The Company has mortgaged all land and construction thereon of its development projects as collateral for the Company's loans obtained from a financial institution.

### 14. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Withholding income tax	234,828	128,577	226,291	120,336
Advance payment	58,622	110,323	58,622	110,323
Prepaid expenses	78,967	73,459	67,685	75,681
Value added tax refundable	7,165	2,013	165	986
Others	78,276	60,178	31,945	18,616
<b>Total other current assets</b>	<b>457,858</b>	<b>374,550</b>	<b>384,708</b>	<b>325,942</b>

## 15. Restricted bank deposits

The outstanding balances represent fixed deposits accounts of the Company and its subsidiary which have been pledged with banks to secure credit facilities and letter of guarantee facilities for use in respect of construction and bidding of projects.

## 16. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital	Shareholding percentage		Cost	
		<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
		(%)	(%)		
Myanmar NWR Company Limited	Kyats 0.5 million	100	100	3,013	3,013
Utility Business Alliance Company Limited	Baht 40 million	60	60	28,267	28,267
NWR (Cambodia) Company Limited	USD 505	100	100	17	17
<b>Total</b>				<b>31,297</b>	<b>31,297</b>

## 17. Investments in joint ventures

### 17.1 Details of investments in joint ventures:

Investments in joint ventures as presented in the separate financial statements represent investments in entities which are jointly controlled by the Company and other companies. Details of these investments are as follows:

(Unit: Thousand Baht)

Jointly controlled entities	Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Nawarat - Samcon Joint Venture	-	12,750	-	(12,476)	-	274
Obayashi - Nawarat Joint Venture	16,098	16,098	(453)	(453)	15,645	15,645
A.S. - Nawarat Joint Venture	5,000	5,000	-	-	5,000	5,000
ITD - Nawarat (L.L.C.)	592	592	(592)	(592)	-	-
<b>Total</b>	<b>21,690</b>	<b>34,440</b>	<b>(1,045)</b>	<b>(13,521)</b>	<b>20,645</b>	<b>20,919</b>

In 2011, Nawarat - Samcon Joint Venture and A.S. - Nawarat Joint Venture announced the return of investments to their controllers. In proportion to its controlled, the Company received return of investments amounting to Baht 2 million and Baht 1 million, respectively.

During 2012, Nawarat - Samcon Joint Venture filed a deregistration its business since the project was completed.

## 17.2 Summarised financial information of jointly controlled entities

The Company's proportionate shares of the assets, liabilities, revenue and profit or loss for the year of significant jointly controlled entities, according to proportion under joint venture agreement, is as follows:

Jointly controlled entities	Paid-up capital		Total assets		Total liabilities		Total revenues		(Unit: Million Baht) Profit (loss) for the	
	as at		as at		as at		for the year ended		year ended	
	31 December		31 December		31 December		31 December		31 December	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Nawarat - Samcon Joint Venture	-	13	-	-	-	-	-	-	-	-
Obayashi - Nawarat Joint Venture	16	16	17	17	1	1	-	-	-	1
A.S. - Nawarat Joint Venture	5	5	54	42	43	35	3	1	-	(1)
ITD - Nawarat (L.L.C.)	1	1	36	38	273	152	7	2	(22)	(11)
Nawarat - Strega Joint Venture	-	-	2	2	5	-	-	-	-	(1)
NWR - SBCC Joint Venture	-	-	1,965	2,071	2,065	2,093	781	898	(78)	(38)
Nawarat - A.S. Associated Joint Venture	-	-	18	3	22	-	-	-	-	-



## 18. Investments in associated companies

### 18.1 Details of associates:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Consolidated financial statements				Separate financial statements			
					Carrying amounts		Share of profit (loss)		Carrying amounts		Dividend received during	
					based on equity		from investments					
					method		during the year		based on cost method		the year	
			<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
			(%)	(%)								
C.I.N Estate Company Limited	Property development	Thailand	40	40	130,143	63,688	126,455	22,040	100,000	100,000	60,000	-
VSPN Property Company Limited	Property development	Thailand	25	25	16,715	13,097	3,618	(2,404)	25,000	25,000	-	-
Total					146,858	76,785	130,073	19,636	125,000	125,000	60,000	-

### 18.2 Summarised financial information of associates

Financial information of the associated companies is summarised bellows.

(Unit: Million Baht)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues		Profit (loss)	
	as at 31 December		as at 31 December		as at 31 December		for the year ended 31 December		for the year ended 31 December	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
C.I.N Estate Company Limited	250	250	826	1,480	502	1,322	1,467	411	316	55
VSPN Property Company Limited	100	100	140	175	66	116	93	73	15	(10)

## 19. Other long-term investments

(Unit: Thousand Baht)

	Consolidated/Separate financial statements						
	Percentage	Cost		Allowance for		Carrying amounts based	
	of			impairment of investments		on cost method - net	
	shareholding						
	(%)	2012	2011	2012	2011	2012	2011
SG Star Properties Limited	4.71	35,762	35,762	(35,762)	(35,762)	-	-
Mission Success 2005 Company Limited	5.56	10,000	10,000	-	-	10,000	10,000
Thai Contractors Asset Company Limited	2.00	10,000	10,000	(4,740)	-	5,260	10,000
Others		3,066	3,030	(2,879)	(2,879)	187	151
<b>Total</b>		<b>58,828</b>	<b>58,792</b>	<b>(43,381)</b>	<b>(38,641)</b>	<b>15,447</b>	<b>20,151</b>

## 20. Investment properties

The net book value of investment properties as at 31 December 2012 and 2011 is presented below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2012	2011
Land awaiting development	22,187	22,187
Land awaiting sale	162,960	162,960
Building for rent - under construction	16,648	3,447
<b>Total</b>	<b>201,795</b>	<b>188,594</b>

A reconciliation of the net book value of investment properties for the years 2012 and 2011 is presented below.

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2012	2011
Net book value at beginning of year	188,594	147,151
Additional development cost	13,201	6,140
Transfer	-	35,303
<b>Net book value at end of year</b>	<b>201,795</b>	<b>188,594</b>

The fair value of the investment properties as at 31 December 2012 and 2011 stated below:

	(Unit: Thousand Baht)	
	<u>Consolidated/Separate financial statements</u>	
	<u>2012</u>	<u>2011</u>
Land awaiting development	24,000	24,000
Land awaiting sale	295,200	295,200

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

The Company has mortgaged investment properties, with the net book value as at 31 December 2012 totaling Baht 165 million (2011: Baht 143 million), with a financial institution as collateral for the Company's credit facilities obtained from the financial institution.

## 21. Property, plant and equipment

(Unit: Thousand Baht)

### Consolidated financial statements

	Land	Land improvement	Building, construction and improvement	Tool, machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Constructions in progress	Total
<b><u>Cost:</u></b>								
As at 1 January 2011	148,139	27,411	79,876	4,071,955	144,440	577,630	155,926	5,205,377
Additions	-	422	4,849	117,623	8,948	59,807	137,202	328,851
Disposals	-	(1,034)	(234)	(47,039)	(6,045)	(46,063)	(734)	(101,149)
Transferred in (out)	-	-	3,952	225,193	-	6,781	(235,926)	-
As at 31 December 2011	148,139	26,799	88,443	4,367,732	147,343	598,155	56,468	5,433,079
Additions	-	-	8,788	239,683	14,291	55,363	318,825	636,950
Disposals	-	-	-	(54,368)	(2,454)	(55,579)	-	(112,401)
Transferred in (out)	-	-	-	149,483	584	34,503	(184,570)	-
As at 31 December 2012	148,139	26,799	97,231	4,702,530	159,764	632,442	190,723	5,957,628
<b><u>Accumulated depreciation:</u></b>								
As at 1 January 2011	-	24,522	48,612	1,962,428	124,907	519,347	-	2,679,816
Depreciation for the year	-	493	4,951	346,516	7,031	21,357	-	380,348
Depreciation on disposals	-	-	(38)	(42,366)	(5,499)	(44,664)	-	(92,567)
As at 31 December 2011	-	25,015	53,525	2,266,578	126,439	496,040	-	2,967,597
Depreciation for the year	-	521	5,180	391,147	7,243	26,829	-	430,920
Depreciation on disposals	-	-	-	(45,936)	(2,103)	(54,713)	-	(102,752)
As at 31 December 2012	-	25,536	58,705	2,611,789	131,579	468,156	-	3,295,765

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(Unit: Thousand Baht)

## Consolidated financial statements

	Land	Land improvement	Building, construction and improvement	Tool, machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Constructions in progress	Total
<b><u>Allowance for impairment loss:</u></b>								
As at 31 December 2011	-	-	-	1,306	-	-	-	1,306
Increase during the year	-	-	-	32,097	-	-	-	32,097
As at 31 December 2012	-	-	-	33,403	-	-	-	33,403
<b><u>Net book value:</u></b>								
As at 31 December 2011	148,139	1,784	34,918	2,099,848	20,904	102,115	56,468	2,464,176
As at 31 December 2012	148,139	1,263	38,526	2,057,338	28,185	164,286	190,723	2,628,460
<b><u>Depreciation for the year</u></b>								
2011 (Baht 368 included in cost, and the balance in administrative expenses)								380,348
2012 (Baht 424 included in cost, and the balance in administrative expenses)								430,920

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(Unit: Thousand Baht)

## Separate financial statements

	Land	Land improvement	Building, construction and improvement	Tool, machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Constructions in progress	Total
<b><u>Cost:</u></b>								
As at 1 January 2011	148,139	27,411	58,890	2,091,291	130,168	559,259	7,758	3,022,916
Additions	-	422	224	80,088	5,458	58,399	80,471	225,062
Disposals	-	(1,034)	(234)	(41,583)	(5,996)	(46,064)	(734)	(95,645)
Transferred in (out)	-	-	263	33,536	-	6,781	(40,580)	-
As at 31 December 2011	148,139	26,799	59,143	2,163,332	129,630	578,375	46,915	3,152,333
Additions	-	-	8,788	194,596	13,323	54,771	181,304	452,782
Disposals	-	-	-	(50,414)	(2,439)	(55,067)	-	(107,920)
Transferred in (out)	-	-	-	146,371	584	34,503	(181,458)	-
As at 31 December 2012	148,139	26,799	67,931	2,453,885	141,098	612,582	46,761	3,497,195
<b><u>Accumulated depreciation:</u></b>								
As at 1 January 2011	-	24,522	46,776	1,782,731	117,223	514,648	-	2,485,900
Depreciation for the year	-	493	1,867	111,298	4,724	17,704	-	136,086
Depreciation on disposals	-	-	(38)	(36,920)	(5,472)	(44,665)	-	(87,095)
As at 31 December 2011	-	25,015	48,605	1,857,109	116,475	487,687	-	2,534,891
Depreciation for the year	-	521	1,763	126,221	5,280	23,031	-	156,816
Depreciation on disposals	-	-	-	(44,890)	(2,094)	(54,205)	-	(101,189)

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(Unit: Thousand Baht)

### Separate financial statements

	Land	Land improvement	Building, construction and improvement	Tool, machinery and equipment	Office equipment, furniture and fixtures	Motor vehicles	Constructions in progress	Total
As at 31 December 2012	-	25,536	50,368	1,938,440	119,661	456,513	-	2,590,518
<b><u>Allowance for impairment loss:</u></b>								
As at 31 December 2011	-	-	-	1,306	-	-	-	1,306
Increase during the year	-	-	-	32,097	-	-	-	32,097
As at 31 December 2012	-	-	-	33,403	-	-	-	33,403
<b><u>Net book value:</u></b>								
As at 31 December 2011	148,139	1,784	10,538	304,917	13,155	90,688	46,915	616,136
As at 31 December 2012	148,139	1,263	17,563	482,042	21,437	156,069	46,761	873,274
<b><u>Depreciation for the year:</u></b>								
2011 (Baht 133 included in cost, and the balance in administrative expenses)								136,086
2012 (Baht 154 included in cost, and the balance in administrative expenses)								156,816

As at 31 December 2012, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 2,378 million (2011: Baht 2,204 million) (The Company only: Baht 2,362 million, 2011: Baht 2,190 million).

The Company and its jointly controlled entity have mortgaged the part of land and buildings thereon, machinery and ships, with the net book value as at 31 December 2012 totaling Baht 1,916 million (2011: Baht 1,557 million) (The Company only: Baht 157 million, 2011: Baht 145 million) with a financial institution as collateral for the Company and the jointly controlled entity's credit facilities and letter of guarantee facilities obtained from the financial institution.

## 22. Leasehold right for land

	(Unit: Thousand Baht)	
	Consolidated/Separate	
	financial statements	
	<u>2012</u>	<u>2011</u>
Leasehold right for land	69,418	69,418
Less: Accumulated amortisation	(49,153)	(46,566)
Leasehold right - net	<u>20,265</u>	<u>22,852</u>
Amortisation for the year	<u>2,587</u>	<u>2,587</u>

## 23. Bank overdrafts and short-term loans from financial institutions

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
	Interest rate (% p.a.)	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Bank overdrafts	MOR, MOR + 0.25%	747	11,649	228	9,064
Trust receipt payable	6.00% - 7.50%, MLR	125,881	5,285	26,925	1,495
Short-term loans from financial institutions	4.64% - 15.00%, MOR, MLR, MLR - 1.00%	630,276	501,591	551,176	413,491
<b>Total</b>		<u><b>756,904</b></u>	<u><b>518,525</b></u>	<u><b>578,329</b></u>	<u><b>424,050</b></u>



The bank overdrafts and short-term loan facilities of the Company, its subsidiary and its jointly controlled entity are secured by the pledge of fixed deposits of its subsidiary, the mortgage of the part of land with structures thereon and ships of the Company, project development cost and investment properties and future structures of the Company's development project, transfer of rights of claim over collections for work done under construction agreements of its jointly controlled entity's project, the pledge of machine of its jointly controlled entity and are guaranteed by the Company, the jointly controller, the Company's director and its related party.

## 24. Trade and other payables

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Trade payables - related parties	171,904	154,890	24,097	26,985
Trade payables - unrelated parties	1,415,403	825,188	1,223,819	603,991
Advance received from unrelated party	28,313	26,794	-	-
Other payables - related parties	269,560	272,940	1,856	5,013
Other payables - unrelated parties	329,505	400,353	72,598	47,865
Accrued expenses	85,510	67,827	49,359	32,398
<b>Total trade and other payables</b>	<b>2,300,195</b>	<b>1,747,992</b>	<b>1,371,729</b>	<b>716,252</b>

## 25. Short-term loans

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Short-term loans - related parties (Note 6)	158,063	187,099	37,600	79,625
Short-term loans - unrelated party	-	10,000	-	10,000
<b>Total short-term loans</b>	<b>158,063</b>	<b>197,099</b>	<b>37,600</b>	<b>89,625</b>

Short-term loans from unrelated party carried the interest rate at 7.50 percent per annum which were due at call.

## 26. Hire purchase creditors

	(Unit: Thousand Baht)			
			Consolidated	Separate
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Liabilities under hire purchase	128,720	97,078	85,261	45,178
Less: Deferred interest expenses	(11,468)	(9,944)	(5,955)	(2,145)
Total	117,252	87,134	79,306	43,033
Less: Portion due within one year	(38,737)	(24,095)	(31,370)	(17,204)
Liabilities under hire purchase, net of current portion	<u><b>78,515</b></u>	<u><b>63,039</b></u>	<u><b>47,936</b></u>	<u><b>25,829</b></u>

The Company, its subsidiary and its jointly controlled entity have entered into hire purchase agreements with leasing companies for rental of equipment and motor vehicles for use in their operation, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 to 5 years and the agreements carry interests between 2.20 and 6.63 percent per annum (2011: between 2.30 and 6.54 percent per annum).

Future minimum lease payments required under the hire purchase agreements were as follows:

	(Unit: Million Baht)		
	Consolidated financial statements		
	as at 31 December 2012		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	44	85	129
Deferred interest expenses	(5)	(7)	(12)
Present value of future minimum lease payments	<u>39</u>	<u>78</u>	<u>117</u>

	(Unit: Million Baht)		
	Consolidated financial statements		
	as at 31 December 2011		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	28	69	97
Deferred interest expenses	(4)	(6)	(10)
Present value of future minimum lease payments	<u>24</u>	<u>63</u>	<u>87</u>

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(Unit: Million Baht)			
Separate financial statements			
as at 31 December 2012			
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	34	51	85
Deferred interest expenses	(3)	(3)	(6)
Present value of future minimum lease payments	31	48	79

(Unit: Million Baht)			
Separate financial statements			
As at 31 December 2011			
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	18	27	45
Deferred interest expenses	(1)	(1)	(2)
Present value of future minimum lease payments	17	26	43

## 27. Long-term loans

				(Unit: Thousand Baht)			
			Consolidated		Separate		
			financial statements		financial statements		
Loan	Interest rate (%)	Repayment schedule	2012	2011	2012	2011	
1	MLR,MLR-1	Monthly installments from May 2010 - February 2017	910,377	1,052,306	-	-	
2	MLR	Monthly installments from February 2012 - July 2012	-	319	-	319	
3	MLR	Monthly installments from August 2012 - January 2015	16,830	57,730	16,830	57,730	
4	MLR	Paid all amount within March 2014	35,000	35,000	35,000	35,000	
5	MLR-1	Monthly installments from June 2012 - May 2014	120,100	40,000	120,100	40,000	
6	MLR -1	Monthly installments from April 2013 - August 2015	100,000	-	-	-	
7	MLR - 1	Monthly installments from April 2013 - February 2014	32,493	-	-	-	
8	MLR	Paid all amount within 4 years commencing from the first draw down	8,313	-	8,313	-	
Total			1,223,113	1,185,355	180,243	133,049	
Less: Current portion			(316,752)	(228,378)	(104,943)	(47,819)	
<b>Long-term loans, net of current portion</b>			<b>906,361</b>	<b>956,977</b>	<b>75,300</b>	<b>85,230</b>	

The loan agreements contain covenants as stipulated in the agreement and restrictions imposed by the lender, relating to such matters as asset restriction, creation of further debts, dividend payment, reduction of capital, maintenance of a certain debt to equity ratio and debt service coverage ratio. The loan is secured by the transfer of rights of claim over collections for work done under construction agreements of the Company and its jointly controlled entity's project, the mortgage of project development cost and investment properties and future structures of the Company's development project, the pledge of machine of its jointly controlled entity and guaranteed by the Company, the jointly controller, the Company's director and its related party.

As at 31 December 2012, the Company and its jointly controlled entity have an undrawn amount of loan under the above agreements amounting to Baht 246 million and Baht 90 million, respectively (2011: Baht 162 Million and Baht 6 million, respectively).

Movements in the long-term loans account during the year ended 31 December 2012 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2012	1,185,355	133,049
Add: Increase during the year	286,068	153,574
Less: Payment during the year	(248,310)	(106,380)
Balance as at 31 December 2012	1,223,113	180,243
Less: Current portion	(316,752)	(104,943)
<b>Long-terms loans, net of current portion</b>	<b>906,361</b>	<b>75,300</b>

## 28. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<b>Defined benefit obligation at beginning of year</b>	73,468	68,615	70,060	65,896
Current service cost	5,159	5,045	4,505	4,462
Interest cost	2,781	2,676	2,648	2,570
Benefits paid during the year	(2,430)	(2,868)	(2,430)	(2,868)
<b>Provisions for long-term employee benefits at end of year</b>	<b>78,978</b>	<b>73,468</b>	<b>74,783</b>	<b>70,060</b>

Long-term employee benefit expenses included in the profit or loss was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Current service cost	5,159	5,045	4,505	4,462
Interest cost	2,781	2,676	2,648	2,570
<b>Total expense recognised in profit or loss</b>	<b>7,940</b>	<b>7,721</b>	<b>7,153</b>	<b>7,032</b>
Line items under which such expenses are included in profit or loss				
Cost of construction	2,931	2,837	2,931	2,837
Cost of sales and services	787	689	-	-
Administrative expenses	4,222	4,195	4,222	4,195

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.9	3.9	3.9	3.9
Future salary increase rate	3.7 - 6.0	3.7 - 6.0	3.7,4.5	3.7,4.5
Staff turnover rate (depending on age)	2.5 - 50	2.5 - 50	2.5 - 50	2.5 - 50

Amounts of defined benefit obligation for the current and previous 2 periods are as follows:

	(Unit: Thousand Baht)	
	Defined benefit obligation	
	Consolidated	Separate
	financial statements	financial statements
Year 2012	78,978	74,783
Year 2011	73,468	70,060
Year 2010	68,615	65,896

## 29. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

### 30. Expenses by nature

Significant expenses by nature are as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Raw materials and consumables used	2,408,389	1,649,979	2,349,826	1,613,220
Salary, wages and other employee benefits	732,690	554,766	606,060	444,598
Subcontractor costs	1,488,768	425,307	1,436,301	306,950
Fuel charges	443,455	409,793	148,196	99,289
Depreciation and amortisation	433,507	389,048	159,403	138,673
Repair and maintenance	208,653	165,818	118,423	64,305
Other expenses	644,791	633,474	491,035	544,668
Changes in inventories of finished goods and work in process	<u>(80,993)</u>	<u>(33,496)</u>	<u>(80,993)</u>	<u>(33,496)</u>
Total	<u>6,279,260</u>	<u>4,194,689</u>	<u>5,228,251</u>	<u>3,178,207</u>

### 31. Income tax

The Company is not liable to corporate income tax for the years due to tax loss brought forward.

Corporate income tax of the subsidiaries and jointly controlled entities for the years are calculated on net profit before income tax after adding back expenses and deducting income which are disallowable for tax computation purposes.

### 32. Discontinued operations

On 12 November 2010, a Meeting of the Company's Board of Directors No. 11/2553 resolved to sell the investment in Meeyahta International Hotel Limited, the Company's subsidiary which operates a hotel business in the Union of Myanmar. Details of the sale of such investment are as follow.

- 1.The Company will sell its investment in Meeyahta International Hotel Limited to MIHL (Holding) Company Limited, the Company's subsidiary.
- 2.The Company will sell its investment in MIHL (Holding) Company Limited to an outside party at a mutually agreed price of Baht 20 million.

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The Company received a payment for all shares and transferred ownership of the shares of MIHL (Holding) Company Limited to the buyer during the third quarter of 2011. Therefore, as at 31 December 2011, the Company presented the operating results of the disposed subsidiaries as a discontinued operation. The net asset value of MIHL (Holding) Company Limited and its subsidiary was as follows:

	Thousand Baht
Cash and cash equivalents	31,072
Trade accounts receivable	2,257
Inventories	1,833
Hotel, apartment building and equipment - net	11,921
Other assets	5,219
<b>Total assets</b>	<b>52,302</b>
Short-term loans from related parties	(311,875)
Other liabilities	(181,948)
<b>Total liabilities</b>	<b>(493,823)</b>
<b>Net asset value</b>	<b>(441,521)</b>
Cumulative amount of the exchange differences on translation of financial statements in foreign currency of the disposed subsidiary	(116,171)
Reversal of non - controlling interest in net loss of the disposed subsidiary	311,875
Less: Proceed from disposal of investment in the subsidiary	(20,000)
<b>Gain on disposal of investment in the subsidiary</b>	<b>(265,817)</b>

The operating results for the year ended 31 December 2011 of MIHL (Holding) Company Limited and its subsidiary, which are classified as discontinued operations, is presented below.

	Thousand Baht
<b><u>Discontinued operations</u></b>	
<b>Revenues</b>	
Service income	26,183
Gain on disposal of investment in subsidiary	265,817
<b>Total revenues</b>	<b>292,000</b>
<b>Expenses</b>	
Cost of service	16,854
Administrative expenses	20,465
<b>Total expenses</b>	<b>37,319</b>
<b>Profit from discontinued operations before finance cost</b>	<b>254,681</b>
Finance cost	(13,579)
<b>Profit for the year from discontinued operations</b>	<b>241,102</b>

The results of cash flows for the year ended 31 December 2011 of MIHL (Holding) Company Limited and its subsidiary which classified as discontinued operations is presented below.

	<u>Thousand Baht</u>
<b>The net cash flows incurred for the year:</b>	
Operating activities	6,962
Investing activities	(1,663)
Cash inflows	5,299
Increase in translation adjustment	4,367
<b>Net cash inflows</b>	<u>9,666</u>

### 33. Basic earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

### 34. Segment information

The Company, its subsidiaries and its jointly controlled entities' business operations involve 3 principal segments: (1) the construction segment (2) a jointly controlled entity which is incorporated in Thailand under the joint venture agreement, engaged in the work of soil and coal extraction and transportation segment (3) a subsidiary which is incorporated in Cambodia, engaged in the provision of construction consulting services. Below is the consolidated financial information of the Company, its subsidiaries and its jointly controlled entities for the years ended 31 December 2012 and 2011 by segment.

	(Unit: Million Baht)							
	<u>Construction</u>		<u>Soil and coal extraction and transportation</u>		<u>Constructions consulting services</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues from construction, sales and service	5,941	3,174	763	883	-	-	6,704	4,057
Operating profit (loss)	126	(417)	(25)	33	-	(8)	101	(392)
Other income and expenses							436	344
Share of profit from investments in associates							130	20
Finance cost							(123)	(119)
Income tax expenses							(2)	(6)
Non-controlling interests of the subsidiaries							(3)	(3)
Profit for the year from continuing operations								
- attributable to equity holders of the Company							<u>539</u>	<u>(156)</u>
Property, plant and equipment and leasehold	<u>902</u>	<u>646</u>	<u>1,747</u>	<u>1,841</u>	<u>-</u>	<u>-</u>	<u>2,649</u>	<u>2,487</u>
Total assets	<u>5,633</u>	<u>4,134</u>	<u>1,965</u>	<u>2,063</u>	<u>-</u>	<u>-</u>	<u>7,598</u>	<u>6,197</u>



Transfer prices between business segments are as set out in Note 6 to the financial statements.

### 35. Provident fund

The Company, its subsidiary and its jointly controlled entity and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company, its subsidiary and its jointly controlled entity contribute to the fund monthly at the rate of 2-5 percent of basic salary (The Company only: 5 percent of basic salary). The fund, which is managed by Bank of Ayudhaya Public Company Limited and ING Funds (Thailand) Company Limited, will be paid to their employees upon termination in accordance with the rules of the provident fund of the Company, its subsidiary and its jointly controlled entity. During the year 2012, the Company, its subsidiary and its jointly controlled entity contributed Baht 12 million to the fund (2011: Baht 10 million) (The Company only: Baht 11 million, 2011: Baht 9 million).

### 36. Commitments and contingent liabilities

#### 36.1 Capital commitments

As at 31 December 2012, the Company and its jointly controlled entity had the following capital commitments:

- a) The Company had an outstanding commitment of approximately USD 4,495 in respect of the uncalled portion of investment in a subsidiary company (2011: USD 4,495).
- b) A jointly controlled entity had capital commitments (in proportion to the Company's interest) of approximately Baht 6 million, relating to the acquisition of machinery (2011: Baht 1 million and USD 1 million).

#### 36.2 Operating lease commitments

The Company and its jointly controlled entity (in proportion to the Company's interests) entered into several lease agreements in respect of lease of land, building and equipment. The terms of the agreements are generally between 1 and 30 years.

Future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

Payable	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	2012	2011	2012	2011
In up to 1 year	27	13	14	11
In over 1 and up to 5 years	42	17	25	15
In over 5 years	10	9	10	9

### 36.3 Guarantees

- a) As at 31 December 2012, the Company has commitments in respect of its guarantee of bank credit facilities of one associated company amounting to Baht 427 million (2011: Baht 427 million). Generally, the guarantee is effective so long as underlying obligation has not been discharged by its associated company. No fee is charged for the provision of such guarantee.
- b) The outstanding bank guarantees issued by banks on behalf of the Company, its subsidiary and its jointly controlled entity (in proportion to the Company's interest) in respect of certain performance bonds as required in the normal course of business were summarised in foreign currencies as follows:

(Unit: Million )

Foreign currency	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Baht	2,911	3,104	2,013	2,237
UAE dirham	4	4	-	-
Yen	1	12	1	12
USD	8	8	8	8

### 36.4 Service commitments

The Company's jointly controlled entity has entered into service agreements for machinery repair and maintenance service and project consultation, with a total of approximately Baht 143 million (in proportion to the Company's interest) to be paid between 2013 and 2018 (2011: Baht 118 million).

### 37. Litigation

A company together with an insurance company filed a lawsuit against the Company, demanding Baht 47 million in compensation on the ground that they have been affected by the construction which was partially undertaken by the Company. The case is currently being considered by the court. However, the Company's management believes that the Company will not incur any losses as a result of this litigation.

## 38. Financial instruments

### 38.1 Financial risk management

The Group's (the Company, its subsidiaries and its jointly controlled entities) financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, loans to, investments, trade and other payables, bank overdrafts, short-term loans and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### Credit risk

The Group is exposed to credit risk primarily with respect to construction contract debtors. However, since the majority of construction services are made to creditworthy customers such as state enterprises and government agencies and due to the large number of entities comprising the Group's customer base, the Group does not anticipate material losses from its debt collection. The maximum exposure to credit risk is limited to the carrying amount of receivables, loans and other receivables as stated in the statement of financial position.

#### Interest rate risk

The Group's exposure to interest rate risk relates primarily to its deposit with financial institutions, short - term loans, bank overdrafts, short-term and long-term borrowings. Most of the Group's financial assets and liabilities bear floating interest rates which are close to the market rate or fixed interest rates which will maturity in the near future (except hire purchase creditors and long-term loans as described in Note 26 and 27 to the financial statement), the interest rate risk is expected to be minimal.

#### Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from loans to related parties, trading transactions and income derived from overseas that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate.

The balances of financial assets and liabilities denominated in foreign currency are summarised below.

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	1	35	8	8	30.5824	31.6422

Sell foreign exchange contracts outstanding are summarised below.

As at 31 December 2012			
Foreign currency	Sold amount (Million)	Contractual exchange rate - sold (Baht per 1 foreign currency unit)	Contractual maturity date
USD	12	30.6876 - 31.2366	20 February 2013 - 30 June 2014

As at 31 December 2011			
Foreign currency	Sold amount (Million)	Contractual exchange rate - sold (Baht per 1 foreign currency unit)	Contractual maturity date
USD	27	30.1850 - 31.5400	29 February 2012 - 30 June 2014

In addition, the Company is also exposed to the effect of foreign exchange movements on its investments in foreign subsidiary companies, which currently are not hedged by any derivative financial instrument.

### 38.2 Fair value of financial instruments

Since the majority of the Group's financial instruments are short-term in nature and bear floating interest rates which are close to the market rate for long-term loan, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

### 39. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2012, the Group's debt-to-equity ratio was 2.85:1 (2011: 3.34:1) and the Company's was 1.72:1 (2011: 1.75:1).

### 40. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2013.

## Nawarat Patanakarn Public Company Limited

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