

# ANNUAL REPORT 2012



**NAVA NAKORN  
PUBLIC COMPANY LIMITED**

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*Nava Nakorn, the first industrial promotion zone in Thailand, was founded in 1971 and has managed by a group of professionals with great experience under the name of Nava Nakorn. You can freely access to all destinations of Thailand. Nava Nakorn has easy access from Bangkok CBD. Nava Nakorn has 4 main ways to access from Bangkok CBD.*



## Message of the Chairman



2012 was another profitable year for Nava Nakorn Public Company Limited. Despite a momentary interruption caused by the 2011 flood, the business operations demonstrated high achievements in sales and services, in which resulted in the company net profit of 222 million Baht.

Moreover, to protect the habitation from future adversity, the company undertook a major restoration beginning with the construction of the Permanent Flood Protection System. Included in the Permanent Flood Protection System is a higher capacity for the water pumping stations and improved irrigation system.

Also to support the growing demand for production, the company had upgraded its water purifying plant from 45,000 to 75,000 Cubic meters per day along with its water treatment plant from 25,000 to 40,000 Cubic meters per day. To enhance logistics, the company had repaired all roads and streets to the national standard.

“

The Board of Directors and Management maintain their commitment to improve Nava Nakorn Industrial Promotion Zone with a view to enhance its attractiveness to both domestic and foreign investors and more importantly, creating growth and profitable earnings to our shareholders. ”

Which the entire rehabilitation project cost 1.15 billion Baht. As the demand for production, commercial, and residential continues to grow, the company look forward to expand and develop in new locations to comply with the growth. Striving forward, the Board of Directors and Management maintain their commitment to improve Nava Nakorn Industrial Promotion Zone with a view to enhance its attractiveness to both domestic and foreign investors and more importantly, creating growth and profitable earnings to our shareholders.

As we look for another profitable year in 2013, I would like to express my gratitude to our shareholders and investors for your trust and confidence. Also my gratitude extends to the Advisory Committee, Management, and staff for their dedication to the success of the company.

General

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

(Akaradej Sasiprapha)

Chairman of the Board of Directors





*Our mission and policy objective is to create the maximum benefit to shareholders and other stakeholder.*

## Board of Directors

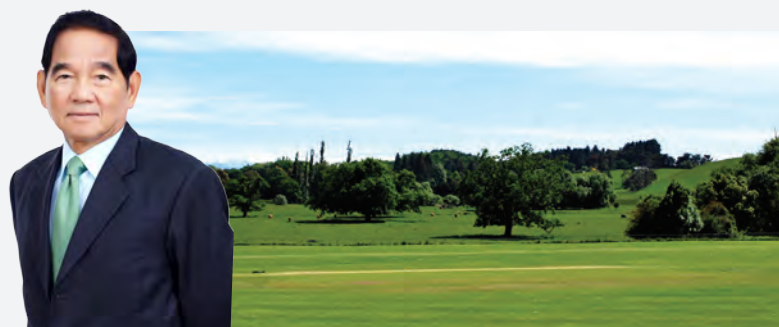
### General Akaradej Sasriprapha Chairman of the Board

72 years old • **Education** : Bachelor of Science Degree from the Chulachomklao Royal Military Academy. Completed the Ranger Airborne Program from the U.S. Army Airborne School, Fort Benning, Georgia, USA and graduated from the National Defense College of Thailand. • **Percentage of Shareholding**: 1.05% • **Relationship with Company's Executive(s)** : None • **Experiences** : Chairman of the Board at Navanakorn Public Company Limited and NEP Realty and Industry Public Company Limited since 2001–Present.



### General Chainarong Noonpakdee Member of the Board of Directors Chairman of the Executive Board

74 years old • **Education** : Bachelor of Science Degree from the Chulachomklao Royal Military Academy. Completed the Infantry Office Advance Course from, Fort Benning, Georgia, USA and graduated from the National Defense College of Thailand. Certificates from the Directors Certification Program at the Thai Institute of Directors and from the Management Executive Certification Program at the Capital market Academy. • **Percentage of Shareholding** : 0.18% • **Relationship with Company's Executive(s)**: None • **Experiences** : Chairman of the Executive Board, at Navanakorn Public Company Limited and NEP Realty and Industry Public Company Limited since 2001–Present



Police General Somchai Vanichsenee  
Member of the Board of Directors  
Vice Chairman of the Board

71 years old • Education : Master Degree in Public Administration from Chulalongkorn University and completed the Director Certification Program from Institute of Directors.  
• Percentage of Shareholding : None • Relationship with Company's Executive(s) : None • Experiences : Vice Chairman of the Board and Chairman of the Remuneration Committee at Navanakorn Public Company Limited since 2002–Present.



Mr. Nipit Arunvongse Na Ayudhya  
Member of the Board of Directors and  
Chief Executive Officer

52 years old • Education : Bachelor Degree in Architecture from the University of Minnesota, USA. Completed the Directors Certification Program from the Thai Institute of Directors. • Percentage of Shareholding : 0.07% • Relationship with Company's Executive(s) : None • Experiences : Director of Navanakorn Distribution Center Co., Ltd. Since 1991–Present, Director of the Board and Director of the Remuneration at NEP Realty and Industry Public Co., Ltd., Director of the Board Sumisho Global Logistics (Thailand) Co., Ltd., Member of the Board of Directors CASA Development Co., Ltd., since 2001–Present, Director of the Board at ACH Construction Cost Consultant Co., Ltd.





## Mr. Seksit Charoensethasil Member of the Board of Directors and Vice Chairman of the Executive Board

58 years old • Education : Master degree from Faculty of Business Management, Kasetsart University. Completed the Director Certification Program from Institute of Directors.

• Percentage of Shareholding : 0.13% • Relationship with Company's Executive(s) : None • Experiences : Managing Director of NEP Realty and Industry Public Co., Ltd., since 2009–Present Vice Chairman of the Executive Board at Nava Nakorn Public., Co.,Ltd., since 2009–Present Vice Chief Executive Officer of Nava Nakorn Public., Co.,Ltd., since 2004–2009



## Mrs. Leena Charernsri Independent Member of the Board of Directors and Chairman of the Audit Committee

67 years old • Education : Bachelor Degree in Accountancy and Diploma MBA for Development of Executive from Ministry of Finance Class 1 from Thammasart University. Completed the Director Certification Program from Institute of Directors.

• Percentage of Shareholding : None • Relationship with Company's Executive(s) : None • Experiences : Director of the Board and Director of remuneration of Committee since 2002–2008. Chairman of the Audit Committee at Nava Nakorn Public., Co.,Ltd., since 2008–Present.



## Lieutenant General Seekrin Singhaphan Independent Member of the Board of Directors and Member of Audit Committee

73 years old • Education : Bachelor of Science Degree from the Chulachomklao Royal Military Academy. Graduated from the Command and General Staff College of the Royal Thai Army, the National Defense College of Thailand. Graduated from the Army Special Warfare School, Fort Bragg, Texas, USA. Certificates from the Directors Accreditation Program and Audit Committee Program from the Thai Institute of Directors. • Percentage of Shareholding : None • Relationship with Company's Executive(s) : None • Experiences : Director of the Board and Director of Audit Committee since 2006–Present



## Khunying Supanapa Attanand Independent Member of the Board of Directors and Member of the Audit Committee

67 years old • Education : Bachelor Degree in Architecture from the Chulalongkorn University. • Percentage of Shareholding : None • Relationship with Company's Executive(s) : None • Experiences : Independent Member of the Board of Directors, Member of the Audit Committee since 2002 – present.



## General Sommai Wichaworn Independent Member of the Board of Directors and Member of the Remuneration Committee

72 years old • Education : Bachelor of Science Degree from the Chulachomklao Royal Military Academy and graduated from the National Defense College of Thailand. Master of Arts (Political Science) from the Ramkhamhaeng University and earned certificates from the Directors Certification Program at the Thai Institute of Directors. • Percentage of Shareholding : None • Relationship with Company's Executive(s) : None • Experiences : Independent Member of the Board of Directors, Member of the Remuneration Committee since 2010-present.



## Mrs. Chuanpis Chaimueanwong Independent Member of the Board of Directors

66 years old • Education : Bachelor of Arts and Master of Arts in Economics from the Thammasart University, and Bachelor of Law from Ramkhamheang University. Graduated from the National Defense College of Thailand and from Politics and Governance in Democratic System for Executives Class 11 at the King Prajadhipok Institute. • Percentage of Shareholding : None • Relationship with Company's Executive(s) : None • Experiences : Independent Member of the Board of Directors since 2010-present.





## Mrs. Suvalai Chandawanich Member of the Board of Directors and Member of the Remuneration Committee

65 years old • **Education** : Bachelor Degree majoring in Accounting from the Thammasart University. • **Percentage of Shareholding** : 0.30% • **Relationship with Company's Executive(s)** : Spouse of ACM Dr. Nopporn Chandawanich, Mother of Mrs Peerayaluk Tangsunawan, Mr. Suthiporn Chandawanich, and Mr. Phopporn Chandawanich • **Experiences** : Member of the Board of Directors, Member of the Remuneration Committee since 2009–Present.



## Air Chief Marshal Dr. Nopporn Chandawanich Member of the Board of Directors

70 years old • **Education** : Doctor of Philosophy Degree in Engineering Mechanics from the Michigan State University, USA. Graduated from the Thai National Defense College. Completed the Directors Certification Program at the Thai Institute of Directors. Currently • **Percentage of Shareholding** : 0.13% • **Relationship with Company's Executive(s)** : Spouse of Mrs. Suvalai Chandawanich, Father of Mrs Peerayaluck Tangsunawan, Mr. Suthiporn Chandawanich and Mr. Phopporn Chandawanich • **Experiences** : Board of Directors of Nava Nakorn Public Co., Ltd. , Nava Nakorn International Guard since 2009–Present.



## Ms. Warangkana Devahastin Na Ayudhya Member of the Board of Directors

41 years old • Education : Bachelor Degree from Hawaii Pacific University and graduated with Master Degree from the Sasin Graduate Institute of Business Administration of Chulalongkorn University majoring in Marketing. • Percentage of Shareholding : 0.17% • Relationship with Company's Executive(s) : Niece of Mrs. Suvalai Chandawanich

- Experiences : Board of Directors of Nava Nakorn Public Co., Ltd. since 2006–Present.



## Mrs. Nualphan Lamsam Independent Member of the Board of Directors

47 years old • Education : Master Degree in Education Management from the Boston University, USA • Percentage of Shareholding : None • Relationship with Company's Executive(s) : None • Experiences : Executive of Board Director at Nava Nakorn Public Co.,Ltd. Since 2008–2009. ,Board of Director Nava Nakorn Public Co.,Ltd. Since 2009–Present.



## Khunying Nathanon Thavisin Member of the Board of Directors

67 years old • **Education** : Bachelor Degree of Political Science from Thammasart University and her Master Degree of Public Administration from the University of Kansas, USA. Additionally, she completed the National Defense College of Thailand Class of 39, Diploma of Government Administration and Public Law from King Prajadhipok Institute. • **Percentage of Shareholding** : None • **Relationship with Company's Executive(s)** : None • **Experiences** : Advisor to the Office of the Permanent Secretary for the Bangkok Metropolitan Administration, Director of Policy Planning Bureau, and Permanent Secretary for the Bangkok Metropolitan Administration.





## Executive Board

### General Chainarong Noonpakdee Member of the Board of Directors and Chairman of the Executive Board



73 years old • **Education** : Bachelor of Science Degree from the Chulachomklao Royal Military Academy. Completed the Infantry Office Advance Course from, Fort Benning, Georgia, USA and graduated from the National Defense College of Thailand. Certificates from the Directors Certification Program at the Thai Institute of Directors and from the Management Executive Certification Program at the Capital market Academy. • **Percentage of Shareholding** : 0.18%

- **Relationship with Company's Executive(s)** : None
- **Experiences** : Chairman of the Executive Board, at Navanakorn Public Company Limited and NEP Realty and Industry Public Company Limited since 2001–Present.

### Lieutenant General Pornthep Thepayasuwan Member of the Executive Board

74 years old • **Education** : A Former Chief of Post Engineer and Deputy Chief of Engineer Department of the Royal Thai Army. Lt. Graduated from the Command and General Staff College, Royal Thai Army Class 52 and from Joint Staff College Class 25 • **Percentage of Shareholding** : None

- **Relationship with Company's Executive(s)** : None
- **Experiences** : Executive Board of Director at Nava Nakorn Public Co., Ltd., since 2009–Present.



Mr. Seksit Charoensethasil  
Member of the Board of Directors and  
Vice Chairman of the Executive Board

58 years old • Education : Master degree from Faculty of Business Management, Kasetsart University. Completed the Director Certification Program from Institute of Directors.

- Percentage of Shareholding : None
- Relationship with Company's Executive(s) : None
- Experiences : Managing Director of NEP Realty and Industry Public Co., Ltd., since 2009–Present Vice Chairman of the Executive Board at Nava Nakorn Public., Co.,Ltd., since 2009–Present Vice Chief Executive Officer of Nava Nakorn Public., Co.,Ltd., since 2004–2009



Lieutenant General Sakda Plodmechai  
Member of the Executive Board

75 years old • Education : Graduated from the Chulachomkiao Royal Military Academy, CRMA 5 year Program, and from the Command and General Staff College, Royal Thai Army, Core Program Class 50. • Percentage of Shareholding : None

- Relationship with Company's Executive(s) : None
- Experiences : Executive Board of Director at Nava Nakorn Public Co., Ltd., since 2009–Present.



## General Yanyong Wongwit Member of the Executive Board



71 years old • **Education** : Bachelor of Science from the Chulachomklao Royal Military Academy. Completed the courses from the Command and General Staff College, Royal Thai Army and from the National Defense College of Thailand. A Former Advisor to the Supreme Command Headquarters of the Royal Thai Armed Force and the Advisor to the Election Commission of Thailand. • **Percentage of Shareholding** : None • **Relationship with Company's Executive(s)** : None • **Experiences** : Executive Board of Director at Nava Nakorn Public Co., Ltd., since 2009–Present

## Mr. Hattajit Noonpakdee Member of the Executive Board and Executive Vice President

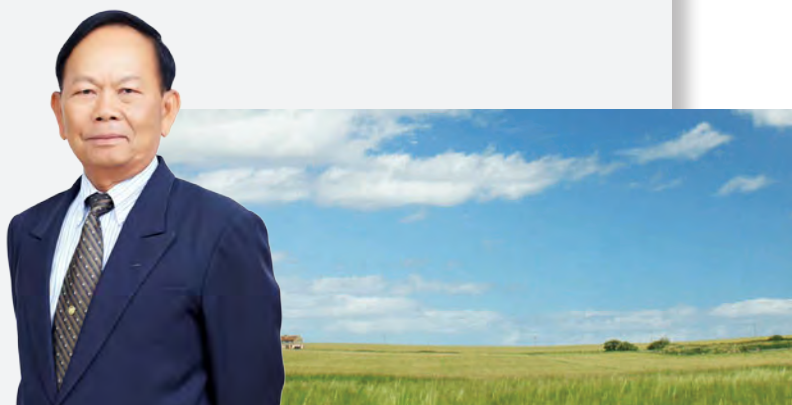
51 years old • **Education** : Master Degree in Business Management from the City University, Seattle, USA • **Percentage of Shareholding** : 0.06% • **Relationship with Company's Executive(s)** : None • **Experiences** : Vice President office of the Managing Director of NEP since 2005–2009, Executive Board of Director and Vice President office of CEO at Nava Nakorn Public Co., Ltd., since 2008–Present.





## Gen. Worapan Worasakyothin Executive Director

75 years old • **Education** : Bachelor Degree of Science from the Chulachomklao Royal Military Academy. Completed the Communications & Electronics Staff Office Course from the United States Air Force. Completed Courses from the RTAF Air Command and Staff College and the National Defense College of Thailand. Certificates from the Directors Certification Program, Audit Committee Program, and Director Accreditation Program from the Thai Institute of Directors • **Percentage of Shareholding** : 0.05% • **Relationship with Company's Executive(s)** : None • **Experiences** : Chairman of the Audit Committee at Nava Nakorn Public Co., Ltd., since 2002–2008., Executive Board of Director at Nava Nakorn Public Co., Ltd., since 2009–Present.



## Nava Nakorn's Executives

### Nipit Arunvongse Na Ayudhya Member of the Board of Directors and Chief Executive Officer



52 years old • Education : Bachelor Degree in Architecture from the University of Minnesota, USA. Completed the Directors Certification Program from the Thai Institute of Directors. • Percentage of Shareholding : 0.06% • Relationship with Company's Executive(s) : None • Experiences : Director of Navanakorn Distribution Center Co., Ltd. Since 1991–Present, Director of the Board and Director of the Remuneration at NEP Realty and Industry Public Co., Ltd., Director of the Board Sumisho Global Logistics (Thailand) Co., Ltd., Member of the Board of Directors CASA Development Co., Ltd., since 2001–Present, Director of the Board at ACH Construction Cost Consultant Co., Ltd.

### Mrs. Peerayaluk Tangsunawan Executive Vice President



39 years old • Education : Master of Business Administration from New Hampshire College. USA.. • Percentage of Shareholding : 1.02% • Relationship with Company's Executive(s) : Daughter of Mrs.Suvalai Chandawanich and Air Chief Marsha Dr.Nopporn Chandawanich . Old sister Mr.Suthiporn Chandawanich and Mr. Phopporn Chanawanich. • Experiences : Board of Director NEP Realty and Industry Public Co., Ltd. Since 2008–Present.

### Mr. Hattajit Noonpakdee Member of the Exective Board and Executive Vice President



51 years old • Education : Master Degree in Business Management from the City University, Seattle, USA. • Percentage of Shareholding : 0.06% • Relationship with Company's Executive(s) : None • Experiences : Vice President office of the Managing Director of NEP since 2005–2009, Executive Board of Director and Vice President office of CEO at Nava Nakorn Public Co., Ltd., since 2008–Present.

## Mr. Piyabuth Chuwung Vice President - Legal Office Department

48 years old • Education : Bachelor Degree from Faculty of Law, Ramkhamhaeng University, Master of laws of Law from Dhurakij Pundit University, Mini MBA from the University of the Thai Chamber of Commerce, and MMP from Chulalongkorn University. • Percentage of Shareholding : None • Relationship with Company's Executive(s) : None • Experiences : Vice President for the Legal Office Department and the company's Lawyer. Since 2003–Present., Assistant Manager for the Administrative Department since 1996–2002



## Mr. Narongrit Sammanuch Vice President - Purchasing Department

47 years old • Education : MBA from the University of Thai Chamber of commerce. • Percentage of Shareholding : None • Relationship with Company's Executive(s) : None • Experiences : Vice President of Purchasing Department since 2004–Present, Assistant Manger in Administrative Department Since 1996–2003



## Mr. Nutnarut Suriyapanuwat Vice President - Sales Department

43 years old • Education : Bachelor Degree in Mechanical Engineering from Royal Melbourne Institute of Technology University (R.M.I.Y.) and in Advance Technology in manufacturing Engineering from Monash Univeersity, both in Australia. • Percentage of Shareholding : None • Relationship with Company's Executive(s) : None • Experiences : Vice President for sales Department since 2004– Present, Sales and Marketing Manager at Kabinburi Industrial Zone limited and Project Manager (Engineering) at Fasco Manufacturing Co., Ltd., Since 2000–2004.



## Mr. Suthiporn Chandawanich Vice President - Marketing Department



38 years old • Education : Bachelor Degree in Mechanical Engineering from Washington University at St. Louis and Master Degree from Webster University at St. Louis, USA. • Percentage of Shareholding : 0.88% • Relationship with Company's Executive(s) : Sun of Mrs.Suvalai Chandawanich and Air Chief Marsha Dr.Nopporn Chandawanich . Brother Mrs.Peerayaluk Tangsunawan Old brother Mr. Phopporn Chanawanich. • Experiences : Vice President for Maintenance Department, Former Vice President for Business Development Department since 2009-Present.

## Acting Sub Lieutenant Pravit Kruttayuenyong Vice President - Information Technology Department



39 years old • Education : Bachelor Degree from the Faculty of Computer Sciences, Chandrakasem Rajabhat University, Mini MBA from National Institute of Development Administration (NIDA), and MBA (Information Technology) from Mahanakorn University of Technology. • Percentage of Shareholding : None • Relationship with Company's Executive(s) : None • Experiences : Vice President for Information Technology Department since 2003-Present., Assistant Manager of the Computer Department at Central Watson Co., Ltd.

## Ms. Anocha Sasiprapha Vice President - Investor Relations Department



39 years old • Education : Master of Science in Economics with reference to the Asia Pacific Region from SOAS (University of London), UK. • Percentage of Shareholding : None • Relationship with Company's Executive(s) : None • Experiences : Vice President - Investor Relations Department since 2004-Present., A Former Manager of Investor Relations Department.



## Mr. Surasee Hangrisuwan Vice President - Nava Nakorn - Nakhonratchasima Project

51 years old • Education : High School • Percentage of Shareholding : 0.053%  
• Relationship with Company's Executive(s) : None • Experiences : Vice President  
- Nava Nakorn - Nakhonratchasima Project since 2005-Present., Member of the  
Review Board of Police Management for the Soongnern District Police Station,  
Member of the Advisory Board to Sport Authority of Nakhonratchasima Province



## Mr. Veerachai Chutimakorn Vice President – Wastewater Treatment and Environment Department

48 years old • Education : Master degree in Engineering Management from  
the Faculty of Business Administration from Rajamangala University of Technology  
Thanyaburi., Bachelor Degree from Faculty of Education, Prince of Songkla  
University, Mini MBA from University of the Thai Chamber of Commerce.  
• Percentage of Shareholding : 0.003% • Relationship with Company's Executive(s)  
: None • Experiences : Vice President of the Wastewater Treatment and  
Environment Department since 2005 - Present



## Mrs. Sureerat Rangsikosai Vice President - Internal Audit Department

58 years old • Education : Bachelor Degree in Business Administration from the  
Bangkok University. • Percentage of Shareholding : None • Relationship with  
Company's Executive(s) : None • Experiences : Vice President of the Internal  
Audit Department since 2007-Present., Manager for the Internal Audit Department  
at Sun Wood Industries Public Co., Ltd.



Lieutenant General Chiraphat Malai  
Vice President - Retail Shops and Residential  
Project Department



67 years old • Education : Bachelor of Science from the Chulachomklao Royal Military Academy, a Master of Public Administration from the National Institute of Development Administration (NIDA). • Percentage of Shareholding : None • Relationship with Company's Executive(s) : None • Experiences : Vice President for Retail Shops and Residential Project Department since 2008–Present., Advisor to the Board of Directors of NEP Realty and Industry Public Co., Ltd., Advisor to the Managing Director of the Nava Nakorn International Guard Co., Ltd.

Mr. Veerapong Gankhunthod  
Vice President - Human Resource and  
Administrative Department



52 years old • Education : Bachelor Degree from the Faculty of Education Sukhothai Thammathirat Open University. • Percentage of Shareholding : None • Relationship with Company's Executive(s) : None • Experiences : Vice President of Human Resource and Administrative Department since 2009–Present.

Mr. Don Panichanok  
Vice President - Special Affairs Department



37 years old • Education : Bachelor of Law from Bangkok University. • Percentage of Shareholding : 0.03% • Relationship with Company's Executive(s) : None • Experiences : Vice President for Special Affairs Department since 2009–Present., A Former Secretary to the Chairman of the Company, Former Supervisor for Juristic Laws, Laws and Contracts Unit, Manager for Laws and Contracts Division since 2007–2009

## Mr. Phopporn Chandawanich Vice President - Public Works Department

36 years old • Education : Bachelor Degree from USA. • Percentage of Shareholding : 0.79% • Relationship with Company's Executive(s) : Sun of Mrs.Suvalai Chandawanich and Air Chief Marsha Dr.Nopporn Chandawanich . Brother Mrs.Peerayaluk Tangsunawan young brother Mr. Suthiporn Chanawanich. • Experiences : Vice President for the Public Works Department since 2009–Present



## Major General Prajak Visuttakul Vice President - Industrial Water Processing Department

69 years old • Education : Bachelor of Science from the Chulachomkiao Royal Military Academy, Graduated from the National Defense College of Thailand. • Percentage of Shareholding : None • Relationship with Company's Executive(s) : None • Experiences : Vice President for Industrial Water Processing Department since 2009–Present., A Former Advisor to the Company, Assistant Managing Director and Plant Manager for NEP Realty and Industry Public Co., Ltd., Deputy Manager for the Industrial Water Processing Plant , Acting Manager for the Industrial Water Processing Plant.



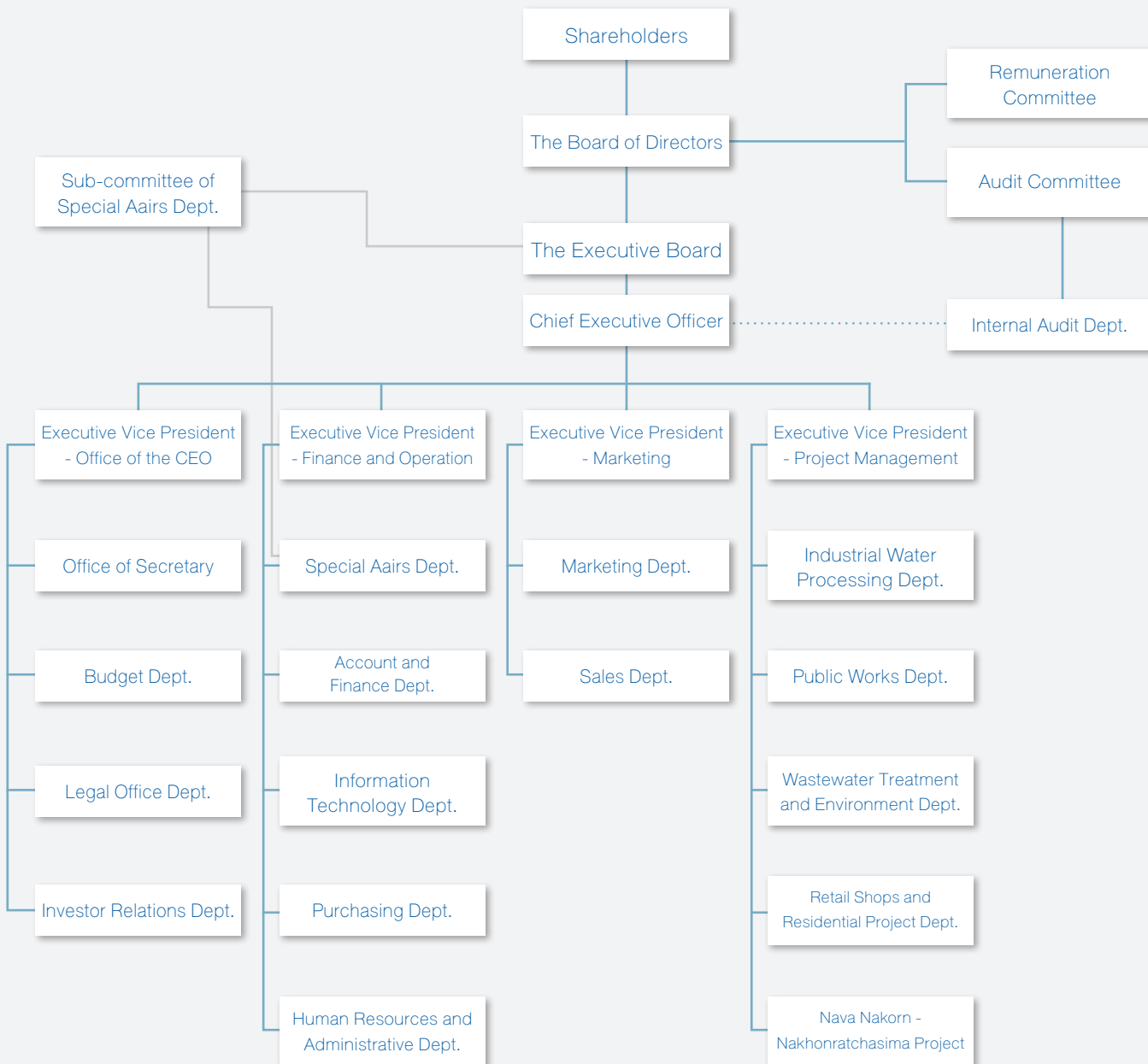
*Note : Total shares at December 2012*





# Organization Structure of Nava Nakorn Public Company Limited

Organization Structure of Nava Nakorn Public Company Limited at December 31, 2012





# Environmental Friendly

*Navanakorn has growing with environmental and society,  
the green zone around the the project 6,000 rais.*

## 1. Management Structure

Details of the Board of Directors and Chief Executive Officers of the Company

The Board of Directors and Chief Executive Officers of the Company are qualified in accordance with the Section 68 of the Public Limited Companies Act 1992 and the announcement by the Securities and Exchange Commission no. kor.jor. 12/2000, regarding the application and approval of the offering of newly issued shares, dated March 22, 2000.

Details of the Board of Directors, Executive Committee, Audit Committee, and Internal Audit of the Company are as follows

### a) The Board of Directors

#### The Board of Directors of the Company as of December 31, 2012

1. Gen. Akaradej Sasiprapha	Chairman of the Board of Directors <sup>1, 2</sup>
2. Gen. Chainarong Noonpakdee	Chairman of the Executive Board <sup>1, 2</sup>
3. Pol. Gen. Somchai Vanichsenee	Vice Chairman of the Board of Directors <sup>1, 2</sup> and Chairman of the Remuneration Committee
4. Mr. Seksit Charoensethasilpa	Vice Chairman of the Executive Board <sup>1, 2</sup>
5. Mr. Nipit Arunvongse Na Ayudhya	Managing Director <sup>1, 2</sup>
6. Mrs. Suvalai Chandawanich	Member of the Board of Directors and Member of the Remuneration Committee <sup>3</sup>
7. Khunying Supanapa Attanand	Independent Member of the Board of Directors and Member of the Audit Committee
8. Mrs. Leena Charernsri	Independent Member of the Board of Directors and Chairman of the Audit Committee
9. Lt. Gen. Seekrin Singhaphan	Independent Member of the Board of Directors and Member of the Audit Committee
10. Mrs. Chuanpis Chaimueanwong	Independent Member of the Board of Directors
11. Miss Warangkhan Devahastin Na Ayudhya	Member of the Board of Directors <sup>3</sup>
12. Gen. Sommai Wichaworn	Independent Member of the Board of Directors and Member of the Remuneration Committee
13. Khunying Nathanon Thavisin	Independent Member of the Board of Directors
14. Mrs. Nualphan Lamsam	Independent Member of the Board of Directors
15. Ac. Dr. Nopphorn Chandawanich	Member of the Board of Directors <sup>3</sup>

Note : <sup>1</sup> a member of the Board of Directors who has an authorized signature on behalf of the Company, by which two of the five authorized members must sign together and with the Company seal

<sup>2</sup> a member of the Board of Directors who represents NEP Realty and Industry Public Co., Ltd., of which major shareholders include

- Ministry of Finance (21.79% of paid-up capital)

- The group of Mrs. Leelawan Kanjanajaree (24.22% of paid-up capital); none of the members have the management power in such company

<sup>3</sup> a member of the Board of Directors who represents Chandawanich group and Devahastin Na Ayudhya group, respectively

## Duties and responsibilities of the company's Board of Directors

1. The board has duties and responsibilities to conduct the company's business in accordance to existing laws, the company's objectives and regulations, and resolutions of the shareholders' meetings.

2. The board is responsible for setting the company's policies and business direction as well as to supervise the management to ensure that they follow the established policies effectively and efficiently.

3. To appoint, remove, or change members of the executive board as well as to set forth or amend roles and responsibilities assigned to any party to operate the company under the supervision of the board or as the board deems appropriate under a certain period of time. Nevertheless, such roles and responsibilities to other parties must not be assigned to any party that have or may have conflict of interest in any form with the company or its affiliates.

4. The board is eligible for remuneration in the form of gratuity, attendance fee, pension, bonus or other benefits under regulations or as resolved by shareholders' meeting. These remuneration could be a fixed amount or being determined by certain criteria for a certain period and could be effective until there is any change. Besides, the board is also entitled to receive allowance and other fringe benefit as stipulated in the company's regulations.

5. To unveil complete, accurate, and standardized information to shareholder and the public.

The roles of responsibilities of the board exclude connected transactions and/or gain or disposal of assets under the Stock Exchange of Thailand's regulations.

## B) Executive board

### Members of the executive board as of December 31, 2012 include:

1. **Gen.Chainarong Noonpakdee;** Chairman of Executive Board
2. **Mr.Seksit Charoensethasil;** Vice Chairman of Executive Board
3. **Lt.Gen.Pornthep Thepayasuwan;** Executive Board member
4. **Lt.Gen.Sakda Plodmechai;** Executive Board member
5. **Mr. Hattajit Noonpakdee;** Executive Board member and Executive Vice President
6. **Gen.Yanyong Wongwit;** Executive Board member
7. **Gen. Worapan Worasakyothin;** Executive Board member

### Duties and responsibilities of the company's Executive Board

1. To supervise management and ensure that they follow the board's direction.

2. To consider and screen investment projects before proposing to the board for approval.

3. To consider and screen any problems related to the company's policies, rules, and regulations, or the commitment to long-term debt obligation for proposing to the board.

4. In case the Managing Director/Manager has any urgent matter, which must not be an approval of unplanned investment, that could generate significant benefit/loss to the company and can not wait for the board's approval, the Executive Board is authorized to approve such matter and it is obliged to inform the board in a timely manner.

5. Authorize to approve any engagement with debt obligations and payment as follows:

- 5.1 Disbursement of investment projects or investment budget or expenses from normal courses of businesses as specified in annual budget, which are already approved by the board.



5.2 Should expenses breach the budget by no more than 10%, the Executive Board could approve such expenses and later seek ratification from the company's board.

5.3 Approve the sale of land in the company's project as approved by the company's board.

5.3.1 It is authorized to approve the payment of commission fee at the rates approved by the board.

5.3.2 It is authorized to approve the payment for improvement, repair, or development related to the land sale.

6. To report any significant actions to the Board.

Duties and responsibilities of the Executive Board exclude approval of any transactions that could potential generate conflicts of interest between Executive Board and the company and its affiliates under the Stock Exchange of Thailand's regulations. Such transactions are required to be proposed to the company's board and/or shareholders' meeting to consider and approve as stipulated by the company's regulations and relevant laws.

## C) Audit Committee

### Members of the Audit Committee as of December 31, 2012 include:

1. **Mrs. Leena Charemsri;** Chairman of Audit Committee
2. **Khunying Supanapa Attanand;** member of Audit Committee
3. **Lt. Gen. Seekrin Singhaphan;** member of Audit Committee

### Duties and responsibilities of the Audit Committee

1. Review the company's financial statements to ensure accuracy, transparency, and that they conform to accounting standard by working closely with external auditors and company's executives that are responsible for preparing quarterly and annually financial statements.

2. Ensure that the company has appropriate and effective internal control and internal audit systems by working with external auditors and internal auditors (if any).

3. Review company practices to comply with the Securities and Exchange Act, the Stock Exchange of Thailand's regulations, and relevant laws.

4. To select and nominate the company's auditor and consider its remuneration based on credibility, adequacy of resources, auditing workload of the auditor's office, and experiences of the assigned auditing staffs.

5. To consider information disclosures and provide opinions in case of any connected transactions or items that could ignite conflicts of interest to ensure completeness and accuracy of information.

6. To take any other actions as assigned by the company's Board and agreed by the Audit Committee such as reviewing financial management and risk management policies, reviewing business ethics of executives, work with executives to review key reports that are required to be release to the public as stipulated by laws for example Management Discussion and Analysis of the company's performances.

7. To conduct a report on corporate supervision and activities of the Audit Committee, signed off by the Chairman of the Audit Committee, and include the report in the company's annual report.

8. The Audit Committee is authorized to summon management, supervisors, or relevant staffs and seek their opinions or necessary documents as well as to seek independent opinions from other professional experts in case of need.

## D) Remuneration Committee

### Members of the Remuneration Committee as of December 31, 2012 include:

1. **Pol.Gen.Somchai Vanichsenee;** Chairman of the Remuneration Committee
2. **Gen.Sommaich Wichaworn;** member of the Remuneration Committee
3. **Mrs. Suvalai Chandawanich;** member of the Remuneration Committee

### Duties and responsibilities of the Remuneration Committee

1. To propose remuneration and other fringe benefits to the company's board and other individuals appointed by the board. Nevertheless, remuneration of each non-management board members should be compatible with the industry's practical levels, their experiences, and relate with their workloads and expected benefits to the company.
2. To propose policies on remuneration and management incentives in accordance to performances of the company and each individual management. The committee may hire an advisory company for suggestions in case it deems appropriate.
3. To consider pay rise budget, adjustment of salary and benefit, and annual bonus of high-ranking executives before seeking approval from the board.
4. The Remuneration Committee should conduct and include a report on the company's remuneration in its annual report, specifying details as follow:
  - Policy on remuneration of board and high-ranking executives, including principles, rational, and objectives.
  - Reveal total sum of board's remuneration.
  - List of Remuneration Committee members.

## E) Management

### Management as of December 31, 2012 include:

1. **Mr. Nipit Arunvongse Na Ayudhya** Managing Director
2. **Mrs. Perayalak Tangsunawan** Executive Vice President
3. **Mr. Hattajit Noonpakdee** Executive Vice President
4. **Mr. Piyabuth Chuwung** Vice President - Legal Office Department
5. **Mr. Narongrit Sammanuch** Vice President - Purchasing Department
6. **Acting Sub LT. Pravit Kruttayuenyong** Vice President - Information Technology Department
7. **Mr. Veerapong Gankhunthod** Vice President - Human Resource and Administrative Department
8. **Mr. Natnarut Suriyapanuwat** Vice President - Sales Department
9. **Mr. Suthiporn Chandawanich** Vice President - Marketing Department
10. **Mr. Veerachai Chutimakorn** Vice President - Waste Water Treatment and Environment Department
11. **Mrs.Sureerat Rangsikosai** Vice President - Internal Audit Department
12. **Ms. Anocha Sasiprapha** Vice President - Investor Relations Department
13. **Mr. Surasee Hangrisuwana** Vice President - Nava Nakorn Nakhonratchasima Project
14. **Lt. Gen. Chiraphat Malai** Vice President - Retail Shops and Residential Project Department
15. **Major General Prajak Visuttakul** Vice President - Industrial Water Processing Department
16. **Mr.Popporn Chandawanich** Vice President - Public Works Department
17. **Mr. Don Panichnok** Vice President - Special Affairs Department

### Duties and responsibilities of Managing Director

1. Prepare projects and business plans in accordance with the company's objectives and policies set forth by the board.

2. Propose annual budget and annual investment budget to the board.

3. Set business targets in all aspects as well as strategies in public relations, human resource development, labor relations, and employees' welfare.

4. Evaluate economic, social, and industry conditions that could affect business operations of the company.

5. Supervise the implementation of projects to ensure that objectives are achieved within budget approved by the board.

6. Representing the company in business, contact and coordination with outsiders including any legal relationship established by association of the company.

7. Approve the hiring, appointment, dismissal, punishing, lay off, promotion and demotion of employees under the company's regulations.

8. Order the payment/borrow funds for projects that have been approved by shareholders or the board or for normal course of business as set out in the annual budget that has been approved by the board at the authorized ceiling of THB2 million each.

9. Order the payment/borrow funds as approved by the company's board.

10. Take any other actions under the company's objectives, regulations, and resolutions of the shareholders' meeting.

11. Duties and responsibilities of the Managing Director exclude connected transactions and/or gain or disposal of assets under the Stock Exchange of Thailand's regulations.

## 2. Selecting of board and management

### A) Appointment of the company's board

The company's board of directors comprises of at least five members and no less than half of the members must be Thai residents. The board member may or may not own any shares in the company.

Shareholders will appoint the board members at its meeting through criteria and the process set out below:

1. Each shareholder is eligible for one vote for each share held.

2. Each shareholder is entitled to vote for each individual board member

3. Those who gain the largest votes from shareholders will be selected as board members at the amount of board seats available at that particular meeting. Should there be equal votes that make number of board exceeds available seats, the Chairman is authorized to make a final decision.

4. At each annual shareholders' meeting, a third of the board must leave the board seats. If number of board members can't be divided by three then the number of leaving board must be closest to a third of the total seats.

5. In the first and second years after transforming into public company, board members must draw lots to determine who will leave the board. From the third year onwards, those who remain on their seats longest are due to leave the board. However, any members that leave the board could be re-elected.

6. Besides ending the board membership at the end of their term, the membership will also end when they

- Die
- Resign
- Disqualified or categorized as prohibited persons under Public Company Act.
- Dismissed by shareholders' vote at the meeting with at least three quarters of holders present at the meeting who hold no less than half of the shares held by eligible and attending holders

7. Any board members wishing to resign can tender their resignation to the company, effective from the date that the company receives the resignation.

8. Should board seats become vacant for other reasons beyond expiration of their terms, the board can select any qualified persons, who are not a prohibited person by law, to fill in the seats at the next board meeting. If remaining term of the vacant board seats are less than two months, the succeeding members would then be able to take up the seats for only remaining term of their predecessors.

9. Board members will pick a Chairman among them. The board may select one or more board members as vice chairman as they deem appropriate. Moreover, the board could assign one or more board members to take any particular action on behalf of the board.

## B) Appointment of the Executive Board

The board will select and appoint executive board, whose members may or may not be members of the company's board. The company's executive board must comprise at least three members and each will hold a three-year term. However, the board may dismiss any member of the executive board as it deems appropriate. Any appointment or dismissal of executive board requires votes of more than

half of board members attending the board meeting at the time.

## C) Appointment of the Audit Committee

The Audit Committee has three-year term. To ensure continuity of the Audit Committee, members could be re-appointed for another term as the board deems appropriate. In case number of committee members fall short of three, the board will appoint qualified persons to fill the positions for the remaining term of their predecessors.

## D) Appointment of Remuneration Committee

The Remuneration Committee has one-year term and could be re-appointed for another term as the board deems appropriate.

## 3) Executives' remuneration

### a) Cash remuneration

In 2012, the company has paid a total remuneration of Bt30 million to the board in the form of attendance fee and bonus as approved by shareholders at the annual meeting.

### Total remuneration for the board in 2012

### B) Fringe benefit

Details	2012		2011	
	Board members	Amount (THB)	Board members	Amount (THB)
Remuneration <sup>1</sup>	17	28.78	17	32.94

Remark : 1 Board's remuneration is in the form of salary, bonus, and pension fund.



## 1. Expenses on car procurement for the board and executives for the company's business

The company has booked expenses on procurement of cars for the board and executives for the company's business as detailed below:

Details	2012		2011	
	Number of persons	Amount (THB)	Number of persons	Amount (THB)
1. Chairman	1	63,179.36	1	1,194,000
2. Board and management	16	4,386,478.06	16	3,406,892

Remark : Car procurement expenses include down payment, leasing, maintenance, and insurance expenses.

## 2. Allotment of new common shares to the company's board, advisors, and employees

At the 1/2010 shareholders' meeting on December 8, 2010, shareholders approved the offer of 72 million units of free warrants (ESOP-W1) to the board and/or employees and the warrants were due to be exercised by the end of 2011.

### C) Board's remuneration policy

On October 10, 2002, the company has appointed Remuneration Committee to consider remuneration of the board and those connected with board members to ensure that the benefits were compatible with industry peers. The Remuneration Committee will propose annual remuneration, both cash and fringe benefits, to shareholders meeting every year. The company will not pay any remuneration, either in cash or fringe benefits, to the board or any of their connected persons beyond the amount approved by the shareholders' meeting. To ensure that remuneration payment is made in accordance with shareholders' resolution, the financial department is required to report board's remuneration to the Remuneration Committee and the Audit Committee every quarter.

## 4. Corporate Governance

The company recognizes the significant of good governance to ensure credible and standardized governance system. It has conducted written guidelines for good governance concerning organization structure, roles and responsibilities, and practices of the company's board by focusing on risk management, transparency, accountability so that the board, management, and employees can follow accordingly. Key substances of the guidelines are:

### 1. Corporate Governance Policy

The board practices good governance following guidelines set by the Stock Exchange of Thailand. It lays out clear duties and responsibilities with constant supervision and monitoring. Moreover, it also stipulates constant improvement of its business procedures and human resources development.

### 2. Rights and equitable treatment of shareholders

The board allows each shareholder to express their opinions, recommendations, and vote freely. Shareholders can also exercise their rights to vote for board members and receive transparent information. In addition, the board also prepares financial statements and annual report to propose to the shareholders' meeting and relevant authorities. The Audit Committee will supervise the preparation of these reports to ensure that they meet acceptable standard and the committee can access each management directly as it deems appropriate.

### 3. Rights of stakeholders

The board supervises and lays out management system in respect of rights and fairness to all stakeholders including shareholders, employees, trading partners, clients, and creditors.

#### 4. Shareholders' meeting

The board holds an annual shareholders' meeting within four months after the end of each accounting period but it may call for an extraordinary shareholders' meeting anytime. The invitation letters will include meeting agenda as well as clear details and opinions of the board. At the shareholders' meeting, shareholders will be allowed to express their opinions freely and fairly.

#### 5. Leadership and vision

The board is due to set vision, mission, and competitive business policy. It is responsible for business security to ensure balanced and sustainable benefits for all stakeholders as well as to constantly create additional value to shareholders.

#### 6. Conflicts of interest

The board emphasizes on elimination of conflicts of interest among relevant parties, with transparency and fairness as well as full disclosures of the matter. It is also stipulated that any concerned parties, who may have any conflicts of interest, be barred from attending the meeting or abstain from voting.

#### 7. Business ethics

The board promotes business ethics among employees as well as to encourage them to be good citizens and contribute to the public. The executives are to set good examples for the rest of the staffs while the company also aims to encourage employees to strictly follow rules and regulations to ensure business excellence, transparency, and merit.

#### 8. Balance of non-management board

The company sets a proper portion of board's elements including representatives from shareholders, internal management, and a third from independent directors.

#### 9. The merger and separation of positions

The company stipulated that the Chairman of the board and Managing Director are different persons and clearly specified duties and responsibilities of the Managing Director. It selects management with transparency without any influence from major shareholders.

#### 10. Remuneration of the board and management

The company pays remuneration to the board in cash and fringe benefits, compatible with remuneration paid in the same industry and subject to approval from shareholders. Such remuneration is disclosed in the annual report.

#### 11. Board meetings

The board holds at least 12 meetings each year and sets prior meeting agenda throughout the year. The board of directors will have sufficient information seven days ahead of the meeting, allowing them adequate time to consider and provide discreet opinions on the agenda. Moreover, the management will also attend the meeting to provide information and suggestions. The secretary office will conduct a draft of the meeting, leaving out the board's decision, one day ahead of the meeting. On the meeting date, the secretary office will take minutes of the meeting, indicating the board's decision, suggestion, and arguments of all members in written statement while recording voices during the meeting for later verification. After the meeting ends, the secretary office will prepare the minutes and verify decision on each agenda of the meeting. It will take 1-2 day to complete the minutes and will propose to the board for ratification at the following meeting. The board may seek amendment in parts of the minutes of the previous meeting. The management will then file the minutes as well as keeping it in the form of CD, which can be examined by the board or relevant parties.

Board list	Numbers of attendance			Taking office
	2012 <sup>3</sup>	2011 <sup>3</sup>	2010 <sup>2</sup>	
1. Gen. Akaradej Sasiprapha	13	12	11	Apr-01
2. Gen. Chainarong Noonpakdee	12	10	11	Mar-01
3. Pol.Gen.Somchai Vanichsenee	13	12	11	Sep-02
4. Mr. Seksit Charoensethasil	13	12	11	Nov-07
5. Mr. Nipit Arunvongse Na Ayudhya	13	11	9	Jan-01
6. Mrs. Suvalai Chandawanich	11	10	10	Jun-01
7. Khunying Supanapa Attanand	13	11	11	Jun-02
8. Mrs. Leena Charernsri	12	12	11	Dec-02
9. Mrs. Chuanpis Chaimueanwong	11	12	9	May-05
10. Lt. Gen. Seekrin Singhaphan	13	12	11	Nov-05
11. Miss. Warangkana Devahastin Na Ayudhya	10	7	10	Feb-06
12. Gen. Sommai Wichaworn	13	12	11	Sep-02
13. Khunying Nathanon Thavisin	11	12	11	Nov-07
14. Mrs. Nualphan Lamsam	3	3	7	Apr-09
15. ACM. Dr. Nopporn Chandawanich	13	12	11	Dec-09

Remark : <sup>1</sup> In 2010, 11 board meetings were held

<sup>2</sup> In 2011, 12 board meetings were held

<sup>3</sup> In 2012, 13 board meeting were held

## 12. Subcommittee

Subcommittees on specific issues will help study details and screen works as necessary. The subcommittees, including the Audit Committee and Remuneration Committee, are obliged to report their performance to the Board within the specified timeline and each member of the committees will hold a 3-year and 1-year term respectively.

## 13. Internal control and internal audit

The company promotes an efficient internal control and audit system while maintaining operation flexibility with systematic risk management method.

## 14. Reports by the Board

The board prepares balance sheet and profit and loss statement at the end of accounting period in the form of an annual report and proposes to shareholders at a meeting as stipulated by law. Moreover, it also conducts a report explaining the financial statements along with report by the auditor in the annual report. The board has assigned the Audit Committee to supervise and improve the company's financial statements to ensure that they are up to date and meet generally accepted accounting standard.

## 15. Relationship with shareholders

Nava Nakorn PCL emphasizes the promotion of knowledge, understanding, and maintaining good relationship with investors, shareholders, analysts, and other relevant institutions both domestically and abroad. The company's Investor Relation Department acts as a center to disclose accurate, transparent, and up to date financial and business information to all stakeholders. It aims to bolster confidence in the company's performance as well as to promote good corporate image as a listed company with good governance and a board that runs business effectively for the utmost benefit of shareholders. It also clarifies any queries from outsiders, including investors, analysts, local and foreign shareholders, to ensure complete, accurate, and equitable information.

To communicate with investors, the company provides its data and information to all stakeholders through financial statements and other reports filed to the Stock Exchange of Thailand via its website [www.navanakorn.com](http://www.navanakorn.com)

Contact our Investor Relation at  
[http://www.navanakorn.com/ir\\_home\\_th.html](http://www.navanakorn.com/ir_home_th.html)  
Tel: 02-667-4700 ext. 4111  
Fax: 02-667-4701

The company has sent interested board members to attend the "Director Certification Program of the Thai Institute of Directors" to ensure they understand their roles, duties, and responsibilities as a board member. At present, seven board members have completed the training program.

## 5. Use of inside information

The company has set policies to supervise usage of inside information as follows:

1. Members of the board and their spouses are obliged to report their holdings of the company's securities, including those owned by their immature children, to the board at the end of each month.
2. The company will send notification letters to inform the board and all management that they can not disclose any inside information and cannot sell any securities within one months prior to the release of the company's financial statements (both quarterly and annually) to the public or to the Stock Exchange of Thailand.
3. The company will inform the board and management on their duties and responsibilities in reporting their holdings of the company's securities to the Securities and Exchange Commission as well punishment specified in the 275 articles of the Securities and Exchange Act BE. 1992

## 6. Human Resource

As of December 31, 2012, Nava Nakorn PCL has a total of 183 employees ( 16 in Accounting and Finance Department, 7 in Sales, 4 in Marketing, 29 in Human Resources and Administration, 16 in Civil, 20 in Wastewater and environment, 6 in the Managing Director's Office, 7 in Secretary Office, 4 in Procurement, 4 in Information Technology, 6 in Legal, 1 in Investor Relation, 17 in Special Affairs, 14 in Industrial Water System, 8 in Shopping mall



and Residential, 2 in Internal Audit, and 22 at Nava Nakorn Nakornratchasima project). The company spent a total remuneration of THB85,781,751 million in 2012, including salary, bonus, and contribution for pension fund etc, and THB918,900 to provide an aid to staffs affected by the flood.

## 7. Benefits and welfare of employees

1. Health and accident insurance
2. Annual health checkup
3. Pension fund
4. Social Security Fund
5. Workmen's compensation fund
6. Funeral's aid
7. Master Degree scholarship  
(for directors and higher rank)
8. Education loans
9. Staff uniforms
10. Annual staff party and trip
11. Annual bonus
12. Housing loans
13. Section party
14. Gift for patient's visit of ill staffs

## 8. Human resource development policy

The company has a policy to continuously promote development of human resources in all levels to improve their potential and attitude toward work. It focuses on job knowledge and skills to enhance competitiveness and the ability to cope with a constant change and the ISO9001:2008 effectively. It also focuses on attitude toward working within the organization, especially basic necessary skills such as management skills, conception skills, and operation skills, considering the staffs' readiness and appropriateness with their roles, responsibilities and the company's necessity. The company's Human Resource and Administration Department has conducted both internal and external training programs, using appropriate course for each position. The company also encourages staff to live with conscious and able to adjust to circumstances happily and constantly arrange practices of Dharma for staffs of all levels.

At the 2/2013 board meeting on February 19, 2013, the Chairman of Audit Committee and two other Audit Committee members have joined the meeting. The meeting has considered the evaluation of the internal control adequacy. The evaluation process involved questioning and exchange of views between the management and the Audit Committee and it found that the company's practices and procedures demonstrated sufficient and fair internal control in any transactions involving major shareholders, board, management, and relevant parties. Furthermore, the Audit Committee and the company's auditor, KPMG Phoomchai Audit Ltd., haven't found any significant flaws in internal control system from auditing and evaluating the company's accounting reports for the year 2012.

### **Part 1 Organization and circumstances**

The company arranged a good organization structure and circumstances, with clear division of roles and responsibilities. It also prepared concise written regulations in financial, procurement, and general administration to prevent any malpractices and be fair with its trading partners.

### **Part 2 Risk Management**

The company assigned each division to evaluate risk factors that might affect the company's operation risk. Should any divisions find any risks that could damage the company; it would instantly inform the board. Moreover, the company also set measures to track and manage risks in the operational level to inform its staff and roll out the measures so that the company is alerted of any potential risk in a timely manner.

### **Part 3 Management's operation control**

The company clearly set duties, responsibilities, procedures, and ceiling of budget approval for each level of board and management. It clearly separated duties and responsibilities, with accounting department responsible for booking account while the financial department responsible for revenue

collection. The roles of issuing invoice and collection of revenues are clearly divided so as the roles of debt collection, filing of land deeds and the improvement of land information system, and the booking of effect from differences in land sales income and utilities income. In addition, the company also has clear and concise procedures in dealing with transactions that involve major shareholders, board, management or related persons. These procedures are in accordance with regulations of relevant authorities.

### **Part 4 Information Technology and Communication Systems**

To propose an agenda for the board's consideration, the company will submit an invitation letters along with meeting agenda and related documents to the board members at an average of no less than 7 days prior to the meeting date. The company takes minutes on any notes or opinions mentioned by the board in any agenda and file all accounting and related documents in order. The management applied generally accepted accounting standard that suits types of the company's business. The company also invested to develop information technology in relation to the accounting system so that the Accounting Department can conclude accounting data and quickly report to the management.

### **Part 5 Monitoring system**

The company assigned management in various departments to join management meetings to constantly update progress in their departments and inform reasons that the fail to meet specified targets or budgets. Moreover, the company also has Internal Audit department to conduct internal auditing practices of each department and report to the Audit Committee and the company's board periodically and track progresses in fixing any flaws.

In auditing the company's financial statements ended December 31,2012, Ms. Wannaporn Jongpeeradechananda, an auditor at KPMG Poomchai Audit Ltd., has provided her opinion on the auditing report without any conditions.

## Dear Shareholders of Nava Nakorn Public Company Limited

The Audit Committee of Nava Nakorn Public Company Limited consists of three independence directors. All of whom shall be non-executive directors, employees, or advisors of the Company, namely Mrs. Leena Charoensri, as Chairman of the Audit Committee, Lt. Gen. Sikharin Singhaphan and Mrs. Supanapa Attanan, as Member of the Audit Committee, and Ms. Sureerat Rangikosai, serves as the Secretary of the Audit Committee.

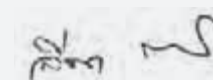
The Audit Committee has performed its duties within the scope of responsibilities stipulated in the charter of the Audit Committee which delegated by the Board of Directors and in accordance with the regulations of the Stock Exchange of Thailand. In the fiscal year of 2012, the Audit Committee has held five meetings and in 2013 has an additional one meetings, totaling six meetings until the reporting date. All members of the Audit Committee is required to attend the Meeting with senior management, auditors, and internal auditors as appropriate, details of which can be summarized as follows;

- Reviewed the quarterly and annually financial statements, of the year 2012 the Audit Committee has asked and listened to the explanation from the management and external auditors for the accuracy and completeness of financial statements, and the adequacy of disclosure, which the Audit Committee had the same opinion as the external auditors that such financial statements are accurate, as appropriate in accordance with generally accepted accounting standards.
- Reviewed disclosure of information with accurately, completeness and reliable. In addition, the Audit Committee has evaluated the internal control in compliance with the regulations of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), as well as, is of the opinion that the Company's operations system was adequate, appropriate and effective.
- Considered the mission, scope of work, duties and responsibilities, independency, manpower and budget of the Internal Audit Division, as well as reviewed the amendment of the Internal Audit Charter to be appropriate, up to date and comply with the internal audit practice manual of the Stock Exchange of Thailand, and approved the audit plans each year.
- In 2012, the Company has considered hiring KPMG Phoomchai Audit Ltd., to be the auditors of the Company. The Audit Committee has considered and opined that the proposed audit firm and auditors have qualifications according to the guideline of the Stock Exchange

of Thailand, also as the auditors of the Company in 2011. The accounting and financial systems are accurate and reliable.

- Reviewed the selection and remuneration of auditors for the year 2013, the Company has considered hiring KPMG Phoomchai Audit Ltd., to propose the Board of Directors agreed to propose the Annual General Meeting of Shareholders for the year 2013 for approval. The Audit Committee has selected the Company's auditors by considering their performance, their independence, sufficiency of resources, and their suitable remuneration, it is appropriate to propose the appointment of Mr. Charoen Phosamritlert, Certified Public Accountant No. 4068, or Mr. Vichien Thamtrakul, Certified Public Accountant No.3183, or Ms. Vannaporn Jongperadechanon, Certified Public Accountant No. 4098 of KPMG Phoomchai Audit Ltd, with the remuneration in the amount of Baht 2,100,000 and add monitoring of compliance with conditions of two BOI license.
- In the previous year, the Company has connected transactions or potential conflicts of interests in compliance with the regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) which the external auditor is of the opinion that the significant transactions with related persons were disclosed and shown in the Financial Statements and Notes to the Financial Statements. The Audit Committee had the same opinion as the external auditors that such transactions were reasonable and disclosed correctly and completely. the auditor in that the transactions were reasonable and the disclosure of information was accurate and complete.

In summary, the Audit Committee has performed its duties and responsibilities as stipulated in the Audit Committee Charter, is of the opinion that the Company disclosed financial and operation information correctly, had appropriate and effective internal control systems, complied with laws, disclosed the connected transactions correctly, performed duties in compliance with the Good Corporate Governance principles with adequacy, transparency and reliability.



(Mrs. Leena Charoensri)

Chairman of the Audit Committee

19 February 2013

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The board supervises and lays out management system in respect of rights and fairness to all stakeholders including shareholders, employees, trading partners, clients, and creditors.

## 4. Shareholders' meeting

The board holds an annual shareholders' meeting within four months after the end of each accounting period but it may call for an extraordinary shareholders' meeting anytime. The invitation letters will include meeting agenda as well as clear details and opinions of the board. At the shareholders' meeting, shareholders will be allowed to express their opinions freely and fairly.

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The board emphasizes on elimination of conflicts of interest among relevant parties, with transparency and fairness as well as full disclosures of the matter. It is also stipulated that any concerned parties, who may have any conflicts of interest, be barred from attending the meeting or abstain from voting.

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The company sets a proper portion of board's elements including representatives from shareholders, internal management, and a third from independent directors.

## 9. The merger and separation of positions

The company stipulated that the Chairman of the board and Managing Director are different persons and clearly specified duties and responsibilities of the Managing Director. It selects management with transparency without any influence from major shareholders.

## 10. Remuneration of the board and management

The company pays remuneration to the board in cash and fringe benefits, compatible with remuneration paid in the same industry and subject to approval from shareholders. Such remuneration is disclosed in the annual report.

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The board holds at least 12 meetings each year and sets prior meeting agenda throughout the year. The board of directors will have sufficient information seven days ahead of the meeting,

allowing them adequate time to consider and provide discreet opinions on the agenda. Moreover, the management will also attend the meeting to provide information and suggestions. The secretary office will conduct a draft of the meeting, leaving out the board's decision, one day ahead of the meeting. On the meeting date, the secretary office will take minutes of the meeting, indicating the board's decision, suggestion, and arguments of all members in written statement while recording voices during the meeting for later verification. After the meeting ends, the secretary office will prepare the minutes and verify decision on each agenda of the meeting. It will take 1-2 day to complete the minutes and will propose to the board for ratification at the following meeting. The board may seek amendment in parts of the minutes of the previous meeting. The management will then file the minutes as well as keeping it in the form of CD, which can be examined by the board or relevant parties.

Board list	Numbers of attendance			Taking office
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4. Mr. Seksit Charoensethasil	13	12	11	Nov-07
5. Mr. Nipit Arunvongse Na Ayudhya	13	11	9	Jan-01
6. Mrs. Suvalai Chandawanich	11	10	10	Jun-01
7. Khunying Supanapa Attanand	13	11	11	Jun-02
8. Mrs. Leena Charernsri	12	12	11	Dec-02
9. Mrs. Chuanpis Chaimueanwong	11	12	9	May-05
10. Lt. Gen. Seekrin Singhaphan	13	12	11	Nov-05
11. Miss. Warangkana Devahastin Na Ayudhya	10	7	10	Feb-06
12. Gen. Sommai Wichaworn	13	12	11	Sep-02
13. Khunying Nathanon Thavisin	11	12	11	Nov-07
14. Mrs. Nualphan Lamsam	3	3	7	Apr-09
15. ACM. Dr. Nopporn Chandawanich	13	12	11	Dec-09

Remark 1 In 2010, 11 board meetings were held

2 In 2011, 12 board meetings were held

3 In 2012, 13 board meeting were held



## 12. Subcommittee

Subcommittees on specific issues will help study details and screen works as necessary. The subcommittees, including the Audit Committee and Remuneration Committee, are obliged to report their performance to the Board within the specified timeline and each member of the committees will hold a 3-year and 1-year term respectively.

## 13. Internal control and internal audit

The company promotes an efficient internal control and audit system while maintaining operation flexibility with systematic risk management method.

## 14. Reports by the Board

The board prepares balance sheet and profit and loss statement at the end of accounting period in the form of an annual report and proposes to shareholders at a meeting as stipulated by law. Moreover, it also conducts a report explaining the financial statements along with report by the auditor in the annual report. The board has assigned the Audit Committee to supervise and improve the company's financial statements to ensure that they are up to date and meet generally accepted accounting standard.

## 15. Relationship with shareholders

Nava Nakorn PCL emphasizes the promotion of knowledge, understanding, and maintaining good relationship with

investors, shareholders, analysts, and other relevant institutions both domestically and abroad. The company's Investor Relation Department acts as a center to disclose accurate, transparent, and up to date financial and business information to all stakeholders. It aims to bolster confidence in the company's performance as well as to promote good corporate image as a listed company with good governance and a board that runs business effectively for the utmost benefit of shareholders. It also clarifies any queries from outsiders, including investors, analysts, local and foreign shareholders, to ensure complete, accurate, and equitable information.

To communicate with investors, the company provides its data and information to all stakeholders through financial statements and other reports filed to the Stock Exchange of Thailand via its website [www.navanakorn.com](http://www.navanakorn.com)

Contact our Investor Relation at  
[http://www.navanakorn.com/ir\\_home\\_th.html](http://www.navanakorn.com/ir_home_th.html)

Tel: 02-667-4700 ext. 4111

Fax: 02-667-4701

The company has sent interested board members to attend the "Director Certification Program of the Thai Institute of Directors" to ensure they understand their roles, duties, and responsibilities as a board member. At present, seven board members have completed the training program.



## Company's Asset

### 1) Share capital

As of December 31, 2012, the Company reported its authorized share capital of Baht 2,247,083,295, composing of 2,247,083,295

common shares at a par of one Baht and registered 1,521,512,530 issued and paid-up share capital at a par of one Baht. The Company's paid-up share capital changed during the last five year as shown below,

Year	Increased share capital (Million Baht)	หลังเพิ่มทุน (ล้านบาท)	Reason	Ratio and Exercise price
2010	323.23	1,450.05	Working capital	The holders of NNCL-W1 exercised their right to buy a common share for the period of 14-16 at one Baht per share
2011	71.36	1,521.41	Working capital	The holders of NNCL-W2 and ESOP-W1 exercised their right to buy a common share for the period of 1-4 at one Baht per share
2012	0.10	1,521.51	Working capital	The holders of NNCL-W2 exercised their right to buy a common share for the period of 5-4 at one Baht per share

### 2) Warrant

The Ordinary General Meeting of Shareholders held on December 8, 2010 approved to issue the second warrant (NNCL-W2) of 725,027,765 units and the first Employee Stock Option (ESOP-W1) of 72,000,000 units. The warrants and ESOP had conditions for exercising as follows:

1) The Company offered the NNCL-W2 amounting at 725,027,765 units with an exercising ratio at 1 warrant per 2 ordinary shares for free and exercising price at Baht 1 per 1 ordinary share. The exercising period started quarterly within 5 years from the issued date of 8 December 2010. The first exercising period is March 31, 2011 and the last exercising period is December 29, 2015

On January 6, 2011, the Company cancelled the remaining

NNCL-W2 of 25,014 units after the allotment which decreased the number of warrants to 725,002,751 units.

During 2011, the warrant holders exercised their right 442,000 units. The NNCL-W2 remained at 724,560,751 units by the year end.

2) The Company offered ESOP-W1 amounting at 72,000 units for free with an exercising ratio at 1 ESOP per 1 ordinary share and exercising price at Baht 1 per 1 ordinary share. The exercising period started quarterly within 1 year from the issued date (8 December 2010). The first exercising period was on March 31, 2011 and the last exercising period was on December 29, 2011

During 2011, the ESOP holders exercised their right 70,915,000 units. The NNCL-W2 remained at 724,560,751 units and expired by the year end.

## Shareholders

The Company's Top Ten Shareholders as of the latest closing of registrar on December 31, 2012 as follows

Name	สัดส่วนการถือหุ้น	
	Number of share	%
1. Mr.Taweecat Julangkul	377,320,700	24.799
2. NEP Realty and Industry Public Company Limited	355,950,000	23.394
3. Miss Srangluck Chandawanich	96,535,870	6.345
4. Miss Rattanaporn Chandawanich	93,219,070	6.127
5. Mr.Nattaphol Jurangkul	77,500,000	5.094
6. Mr. Waranyu Devahastin Na Ayudhya	65,621,420	4.313
7. Mr. Veerachai Dejamornthan	38,793,000	2.550
8. Mr. Pordej Chandawanich	33,913,570	2.229
9. National Housing Authority	30,000,000	1.972
10. Mrs.Salangluk Hutangkul	24,497,700	1.610
Total	1,193,351,330	78.433

## Dividend Policy

Navanakorn Public Company Limited has a dividend policy of at least 50.0% of net profit after tax. However, the payment should be obligated under the condition that there is no impact for the Company's operation. In addition, the payment should not consider as a priority if there are more significant issues such as a big investment.

The Company paid dividend during the last 3 years as follows;

Unit : million Baht		
2012	2011	2010
-	91.0	45.0

Remark : • During 2010, the Company paid a dividend for the fiscal year 2009 at Baht 0.04 per share or Baht 45.00 million

• During 2011, the Company paid a total dividend for the fiscal year 2010 at Baht 0.07 per share (two times payment) or Baht 91.00 million

• During 2012, the Company has no dividend payment for the fiscal year 2011 due to heavy flooding

## 1. Business Risks

### a) Risks Related to Finding Additional Raw Land in the Existing Estate to Develop for Sale:

The Company is engaging in industrial estate property development with the first industrial estate on Phaholyothin Road, in Klongnueng sub-district, Klongluang district in Pathumthani province.

With an area of 6,500 rai and more than 200 plants in the area, Navanakorn becomes a large city with a population of at least 250,000. The area around the estate has been prospering and more crowded from the expansion of Bangkokian. Therefore, the Company would now face the risk of limited land to develop for sale due to appreciation of land values and no good location left.

Currently, the Company considers developing the remaining lands, which are mostly located on Phaholyothin Road as commercial buildings and residential projects in response to the urbanization and appreciation of land values. This could generate higher return compared to the return from the development of industrial estate. Meanwhile, the Company has planed to develop the remaining land located inner and near the old project as the new industrial estate project in the future.

For the industrial estate in Nakhornratchasima province, there is a significant improvement in terms of the number of plants to start up in the area. Also, new potential plants show an intention to invest in the same area which causes the industrial estate almost fully utilize in the near term. As a result, the Company plans to expand the third phase

of the project which would help increase the industrial estate area by 503-1-41.1 rai. In addition, the Company has also performed relevant feasibility studies of other potential real estate development projects in order to find ways to diversify the existing key business and serve various needs of investors in the future.

### b) Flooding Risk

The flooding last year paralyzed all industrial estates in Navanakorn, Ayutthaya, Patthumthani, Thonburi and Bangkok. Nevertheless, the company made a solid plan to protect a possible flooding by building permanent concrete walls which are at 5.5 meters height over the sea level and down to underground by 7-9 meters. In addition, improving water ventilation facility in the industrial estate, build new pumping station, which help increase its water pumping capacity to 1,200,000 cubic meter per day from 600,000 cubic meter per day and building an earthen dam to protect a flash flood from the mountain at the eastern side, could ensure all customers that the company can protect and limit a risk against possible flooding.

## 2. Financial Risk: Cost of Funds

### a) Interest rate risk:

The fluctuation of interest rate in the market could impact the Company's operation and cash flow. However, with its appropriate interest rate on both short term and long term loan, the Company could limit a downside risk from the interest rate risk

**b) Credit risk:**

Under the strictly credit policy, the Company can avoid the risk that the clients do not have an ability to pay debt on time. However, if a bad debt happens, the allowance for doubtful debt should be set at once in response to its austerity credit management.

**c) Liquidity risk:**

The Company can limit its liquidity risk thanks to a policy to maintain enough cash on hand to match with the cash inflow and outflow.

**d) Cost of borrowing risk:**

The Company requires large investments in developing land and facilities, and needs to use long-term sources of funds. Therefore, the cost of funds can be higher than usual, if any of the projects progress is behind the schedule. Nevertheless, the company has a policy of strict discipline in financial management that it always adheres to the principle of maintaining a low Debt/Equity Ratio.

### 3. Risk Associated with the Domestic Political Crisis

As there was no political scene in 2012, this gains back the foreign investor's confidence and allows them to start investment in Thailand sustainably.

### 4 Risk from the change in rule from the BOI

BOI would likely to change the regulations, privileges and the zoning areas which would impact both old and new investors who decide to invest more in Thailand. More importantly, a high competition among the region should be seen as the launch of AEC in 2015 could force the ASEAN countries to offer more special privileges and rules to draw more attention. As a result, Thailand should consider for any change which should not impact for the flow of investment and set itself as the best destination for foreign investment in every condition.



Company	NAVA NAKORN PCL.	Authorized Capital	2,247,083,295 บาท
Symbal	NNCL	Paid-up Capital	1,521,512,530 บาท
Website	www.navanakorn.co.th	Nature of Business	Property & Construction
Register No.	0107545000322		(Property Construction)

### Head Office

999 Moo 13, Phaholyothin Road, Klong Nueng,  
Klong Luang, Pathumthani 12120  
Tel 66-(0)2529-0031-5, 66-(0)2529-0131-5  
Fax 66-(0)2529-2176

### Bangkok Office

83 C.B. Building, Amnuaysongkram Rd.,  
Tanonakornchaisi, Dusit, Bangkok 10300  
Tel 66-(0)2667-4700 , 66-(0)2667-4750-4  
Fax 66-(0)2667-4701

### Nakornratchasima Office

999/1 Mittaphap Rd., Km.231 Tambol Naklang,  
Amphur Soongnuen, Nakornratchasima 30170  
Tel : 66-(0)4400-0111-5,66-(0)4400-0999  
Fax : 66-(0)4429-1723

### The Nava Privacy Project

999 Moo 13, Phaholyothin Road, Klong Nueng,  
Klong Luang, Pathumthani 12120  
Tel. 66-(0)2529-1889, 66-(0)2529-2746,  
66-(0)2529-0031-5 to 247-251  
Fax. 66-(0)2529-1889  
E-Mail : thenavaprivacy@navanakorn.co.th

### Associated Company

#### Nava Nakorn Electricity Generating Company Limited

Industry	Small Power Plant
Shareholder	Nava Nakorn Pcl. Hold 29.99%
Head office	999 Moo 13, Phaholyothin Road, Klong Nueng, Klong Luang, Pathumthani 12120
Tel.	66-(0)2978-5282
Fax.	66-(0)2978-5080
Authorized Capital	242,000,000
Paid-up Capite	242,000,000
Nature of Business	Small Power Plant

### The Securities Registrar

Company	Thailand Securities Depository Company Limited
Head Office	No. 62, 4 <sup>th</sup> and 7 <sup>th</sup> Floor, Stock Exchange of Thailand Building ,Klong Toey Sub-District, Klong Toey District , Bangkok 10110
Tel.	66-(0)2229-2800, 66-(0)2654-5599
Fax.	66-(0)2359-1259

### The Auditor

Auditor'Name	Vannaporn Jongperadechanon Certified Public Accountant Registration No. 4098
Company	KPMG Phoomchai Audit Limited
Office	50-51 Empire Tower 195 South Sathorn Rd. Bangkok 10120
Tel.	66-(0)2667-2000
Fax.	66-(0)2667-2222



*Nava Nakorn Flood Protection System*

*Nava Nakorn had constructed the wall around the project hight 2.5 meters above street level and drainage water (V-Ditch) including three pumping stations for flood protection projects.*

Nava Nakorn Public Company Limited (NNCL) started its business in Pathumthani as an industrial estate developer since 1971. The main purpose was to develop land in the area around Bangkok to meet the government's standard under the new city plan which should help improve quality of community life. The NNCL project was set as the private ownership which was not in corporate with Industrial Estate Authority of Thailand (IEAT) but operated under the Ministry of Industry and Board of Investment which allow NNCL to develop land as follows;

## 1. Nava Nakorn Industrial Estate (Pathumthani)

Nava Nakorn Industrial Estate Pathumthani has the total land area of 6,485 rais which is divided into i) Industrial area of 4,148 rais and ii) unsold area of 294 rais. The company aims to develop land for sale consistently and improve its management to meet the requirement of the investors and government agency under TIS/ISO 9001:2008 for development land and services in infrastructures and facilities from Management System Certification Institute (Thailand), MASCI and national accreditation system of The national Accreditation Council of Thailand in 2002.

### 1.1 The Estate is developed into 4 zones:

#### 1) Industrial Zone:

The general industrial zone covers approximately 4,148 rais and accounts for 60.0% of total estate area with more than 186 plants. At present, there are approximately 294 rais available for sale in this zone.

#### 2) Commercial and residential Zone:

The Company allocated areas to develop into the commercial and residential zones on the approximate area of 1,200 rais which accounts for 15.0% of the total estate area. At present, there are 5,000 residents and about 134 rais available for sale.

#### 3) Free Zone:

The Company has designated an area about 137 rais which accounts for 4.0% of the estate area on the Northeastern part of the Pathumthani Estate as Free Zone (FZ). Those who are investing in this Free Zone can receive special tax privileges. At present, all the land for sale was sold out.

#### 4) Infrastructure and green Zone:

The area of infrastructure and green zone of 1,000 rais which accounts for 16 of total estate area was sold out.

Conclusion of the Special Privileges under Nava Nakorn Industrial Estate (Pathumthani)

## 1.2 Special Privileges from BOI (Zone 1)

### Under BOI # 1934 (2)/ 2009

Approved date: October 6, 2009

BOI date: December 4, 2009

Period of BOI: October 2009-2017

Years of Privileges: 8 years

This BOI is to certify that a company has authorized for wastewater treatment services under the class of 7.16 disposal of industrial waste or toxic materials.

### Details for the Special Privileges of BOI

1. Corporate income tax exemption for 8 years from the start recognition revenue to October 2017
2. Tax exemption for a dividend through the BOI period.
3. Tax exemption of import duty on machinery under BOI authorization before June 4, 2012

### Detail for BOI's condition

1. To have a registered and paid up capital of at least Baht 1,452 million

2. Thai citizenship are required to hold majority of at least 51% of a registered capital.
3. To follow the BOI regulation under the services for waste water treatment which requires a capacity of 7,300,000 cubic meters per year.
4. To obtain ISO 9000 standard or similar international standard certification within 2 years from its start-up date
5. To submit a privilege form for tax exemption and the auditor approval for a report of the company's operation at the fiscal year end for BOI within 120 days.

To consult for the environmental and issue a documentary for waste water treatment agreement for setting up the industrial plant, extending the operation license and a plant expansion.

### **Under BOI # 1969 (2)/ 2007**

Approved date: July 18, 2007  
 BOI date: September 25, 2007  
 Period of BOI: July 2007–2015  
 Years of Privileges: 8 years

This BOI is to certify that a company has authorized for water manufacturing under the class 7.1 the infrastructure and basic facility.

#### **Details for the Special Privileges of BOI**

1. Corporate income tax exemption for 8 years from the start recognition revenue to July 2015
2. Tax exemption for a dividend through the BOI period
3. Tax exemption of import duty on machinery under BOI authorization before March 25, 2010

#### **Detail for BOI's condition**

1. To have a registered and paid up capital of at least Baht 1,452 million

2. Thai citizenship are required to hold majority of at least 51% of a registered capital.
3. To follow the BOI detail under the services of water manufacturing for industrial which requires a capacity of 16,200,000 cubic m. per year.
4. To obtain ISO 9000 standard or similar international standard certification within 2 years from its start-up date
5. To submit a privilege form for tax exemption and the auditor approval for a report of the company's operation at the fiscal year end for BOI within 120 days.

### **Under BOI # 5097 (2) / 2012**

Approved date : October 14, 2012  
 BOI date : December 14, 2012  
 Period of BOI : October 2012 – 2014  
 Years of Privileges : 2 year

This BOI is to certify that a company has authorized for water manufacturing under the class 7.1 the infrastructure and basic facility.

#### **Details for the Special Privileges of BOI**

1. Corporate income tax exemption for 8 years from the start recognition revenue to October 2014
2. Tax exemption for a dividend through the BOI period
3. Tax exemption of import duty on machinery under BOI authorization before 14 July 2015

### **1.3 Free Zone (Patthumthani)**

Special Privileges from the Custom Department

- 1) Import duty exemption on imported merchandise, moved into or manufactured in a Free Zone for the following cases:
  - Machinery, equipment, tools and parts that are necessary in industrial, commercial, or other businesses that are beneficial to the nation's economy.



- Imported merchandises that moved into the Free Zone for manufacturing, commercialize, or other business that are beneficial to the nation's economy.
- 2) Import duty exemption on raw materials for manufacturing products for re-exports .
  - 3) Export duty exemption on those merchandises that are exempted duty in "Free Zone" for re-exports.
  - 4) Exemption of Value Added Tax (VAT)
  - 5) Exemption on excise tax
  - 6) There is a relief from quality control requirements for export

## 2. Facilities and Infrastructure

### 2.1 Roads

Roads can be divided into 11 types according to the width ranging from 9-32 meters. The roadways are connected making a network of roads on Phaholyothin road at 46<sup>th</sup> kilometers. The roads, either asphalt concrete or steel reinforced concrete was repaired after damaging from the last year flooding as shown details below

- 1) To repair 15 steel reinforced concrete roads which are Nava Nakorn road number 1,3,5,5/1,5/3,5/4,5/6,5/7,7,8,9, 12,16,20 and 24 (total area of 25,961.50 square meters)
- 2) To repair 14 asphalt concrete roads which are Nava Nakorn road number 4,4/1,5,5/2,8,11,13,15,16,17,19,20,22 and 14 (total area of 43,783 square meters) and all were already completed

- 3) To construct 3 parking areas for buses and trucks;
  - first parking area of 17,900 square meters covering by non-asphalt road and crushed stone
  - second parking area of 27,000 square metres covering by non-asphalt road with a width of 0.15 metres
  - Third parking area of 10,340 square metres covering by non-asphalt road with a width of 0.15 metres
- 4) To finish construction a canal bridge near the power plant area at premium zone project
- 5) To finish construction infrastructure such as water supply, drainage pipe in premium zone project zone 1
- 6) To develop a design and bidding price for construction a cross over bridge at Nava Nakorn 5 road which exits to Bangkok at 46.7 th kilometer in order to solve a bad traffic in the estate.

### 2.2 Rainfall Drainage

- 1) Rainfall systems in Nava Nakorn Industrial Estate is made of concrete under V-drain and U-drain system along the road with a length of 45 kilometers and capacity of 400,000 cubic meters. This helped connect as a network and convey water to the canal inside the estate. The company is likely to renovate and build new drainage with 18 kilo metre long under V-drain and U- drain system.
- 2) The construction of Flood wall protection was surrounded the estate with 20 meters long of wall protection and piling with corrugated concrete sheet pile (CCSP) 1 meter wide and 6-15.5 meters long. The Company also elevated the Navanakorn 5 road to the same level of CCSP which should help protect the possible flooding in the future. The construction was under Italian thai development plc and consulted by team consulting engineering and management.

However, the timeframe for the construction was extended for another 3 months from December 2012 to February 2013 from the previous of February–November 2012.

3) The Permanent Flood Protection Wall (CCSP) is 1 meter in width and ranges from 6 to 15.5 meters in length. The CCSP's are deployed around the projects boundaries with the Vibratory Hammer leaving 11 spaces for entrances and exits. In case of an emergency, these spaces will be fitted with an aluminum Stop Logs except one of the main entrances (Road No. 5) which had been elevated to the equivalent height of the CCSPs to prevent logistical disruption. Moreover, the improved earth dike had been upgraded to serve as internal Service Road for security purposes. (Contractor: Italian–Thai Development Public Co., Ltd. Inspector and Consultant: Team Consulting Co., Ltd.)

## 2.3 Wastewater Treatment Systems

Nava Nakorn Industrial Estate (Pathumthani) improved wastewater treatment system by construction the new facility which was extended from previous wastewater treatment plant. The new phase was operated in April 2009 and received a permit from the Department of Industrial Works, Ministry of Industry, to build the central wastewater treatment plant, and be classified as the 101-plant number. The plant is intended to collect wastewater from industrial and commercial zones to be treated until the quality of the wastewater meets the standards set by Ministry of Industry.

The previous wastewater treatment system was the "Conventional Aeration Activated Sludge". Meanwhile, the extended phase was set as Oxidation Ditch Activated Sludge system. Both work around the clock, 24 hours a day. Though the recent flooding in 2011 caused a damage for the central wastewater treatment system, the repair under the contractor, S. Napa (Thailand) Co., Ltd and the consultant, Team Consulting Engineering and Management co., Ltd, was completed in both 2 phases which are i) the first phase reopening since January 10, 2012 and ii) the extended phase reopening since October, 2012. This should help handle a maximum capacity of 50,000 cubic meters of wastewater per day. At present, there are 23,300 cubic meters of wastewater flowing into a wastewater system or about 46.6% of the maximum capacity.

Furthermore, the Company started the construction of polishing pond in order to get the best quality of wastewater, which already passed the treatment from the central wastewater treatment systems. The polishing pond is a 2.50 meter deep soil sewage pond, which accommodates 50,000 cubic meter of wastewater. It uses a natural method to provide the final treatment to wastewater before releasing it to public water resources outside the pond.

The average quality of released wastewater of the central wastewater treatment in Nava Nakorn Industrial Estate Pathumthani, in comparison with the Royal Irrigation Department's and the Ministry of Industry's standards:

Wastewater Quality	Royal Irrigation	Ministry of Industry's	2012	2011	2010	2009
pH value	6.5 – 8.5	5.5 – 9.0	6.91	6.54	7.35	7.23
Biochemical Oxygen Demand (BOD) (milligram/liter)	< 20	< 20	6	5	6	7
Chemical Oxygen Demand (COD) (milligram/liter)	-	< 120	60	50	65	72
Suspended Solids (SS) (milligram/liter)	< 30	< 50	15	12	17	22

Furthermore, the Company controls the quality of wastewater discharged by factories in the Estate before transporting to the NavaNakorn central wastewater treatment plant to have the minimum predetermined quality standard. In case any factories' wastewater quality is not in the predetermined standard, the factories must treat their own wastewater to eliminate excess dirtiness and bring up its wastewater quality to the predetermined standard before releasing wastewater into Nava Nakorn central wastewater treatment systems. The Company will charge a higher rate for treatment of the wastewater released with quality below the predetermined standard of approximately 2-6 times higher than the standard wastewater treatment rate per volume of wastewater discharged.

## 2.4 Wastewater Discharge System

Wastewater discharge systems in Nava Nakorn Industrial Estate is a closed system where it is separated from rainwater drainage system, which is an opened U-drain system. The width of wastewater discharge pipes varies from 150, 200, 250, 300, 400, 600, 800, and up to 1,000 millimeters, which can discharge and accommodate wastewater from various activities in the Estate from industrial, residential, and commercial areas. The wastewater discharge system is composed of polishing pond and 51 wastewater pump substations around the Estate. These substations will pump wastewater into the Nava Nakorn central wastewater treatment plant.

The sewage or drainage system in Nava Nakorn Industrial Estate Pathumthani is Separated System. That is wastewater discharge system is separated from the storm sewer (rain drainage) system. The storm sewer system only collects rain and drains it into public canal inside the Estate. The

wastewater discharge (sanitary sewer) system only collects wastewater from industrial plants, community, and commercial; and transport to the central wastewater treatment. Therefore, there is no mixing between rain and wastewater. However, wastewater that has been treated in the Company's central wastewater treatment plant will be released to the polishing pond in order to be finally treated before releasing into public water canal outside the Estate. Rain is released into the storm sewer system inside the Estate and then released directly to public canal inside the Estate. It will only be drained into outside of the Estate during rainy season in order to prevent flooding inside the Estate. However, when rain is released into public canal inside the Estate, there usually is water from roadways and from rain drainage come into mix with. This causes sediment and gravel to mix into those water. This sometimes makes the SS value in public canal where water is drain from inside the Estate to outside the Estate to probably higher than the Royal Irrigation Department's standard. However, those SS value will not exceed the Ministry of Industry's standard. Normally, the wastewater that is treated at the Company's central wastewater treatment is within the Ministry of Industry's and Royal Irrigation Department's standards. For that reason, the Company together with the Royal Irrigation Department have determined resolution guidelines. The drainage wall was constructed and drainage gates were installed in the area that water will be released to outside the Estate. Water is held to allow sediment to settle before releasing into irrigation canal according to the Irrigation Department. The construction of three stations is completed. There are water pump station 1, 2, and 3. The Company also cleaned the drainage canal in the Estate in order to improve the quality of water. The average quality of wastewater for 2011, SS value is within the Royal Irrigation Department's standard.

## 2.5 Flood Prevention Systems

Nava Nakorn Industrial Estate has the following flood prevention systems:

1) Flood protection wall : with 20 meters long of wall protection which piling with corrugated concrete sheet pile (CCSP) 1 meter wide and 6-15.5 meters long and elevating the Navanakorn 5 road to the same level of CCSP , this should help protect the possible flooding in the future.

2) Drainage Canal : Inside Nava Nakorn Industrial Estate, there is a man-made canal in the area of 300 rais, which can accommodate about 1,200,000 cubic meters of water. In the rainy season, it can hold rainfall sufficiently. Water will be later taken and released outside the Estate by the many flood prevention-water pump substations.

3) Flood Prevention-Water Pump Stations : It is composed of one flood prevention-water pump station in the North of the Estate with seven 30 kw water pumps; two stations in the South of the Estate with the total of ten 30 kw water pumps; and one station in the Premium Zone with three 45 kw water pumps. There are a total of 20 water pumps with a capacity of 542,400 cubic meters per day to drain rainfall out of the project.

4) Temporary Water Pump Stations : During the rainy season from June to November, the Company also provides two temporary water pump stations in the West which are composed of

- Three submersible pumps size 10 kw water pumps with a capacity of 480 cubic meters per hour or 34,560 cubic meters per day to drain rainfall out of the project.
- Three diesel pumps size 12 inches with a capacity of 1,800 cubic meters per hour or 129,600 cubic meters per day to drain rainfall out of the project.

The total capacity to drain rainfall out of the project is 706,560 cubic meters per day

## 2.6 Industrial Water Systems

The industrial water processing plant started providing service since June 2007. It is located on about 39 rais of land inside Nava Nakorn Industrial Estate Pathumthani. Water from this plant is for industrial purpose and provides to the industrial zone. The plant gets water from Chao Praya River at Song Phi Nong Temple through a 900-millimeter HDPE water pipe, stretching 8 kilometers to the water processing plant that located inside Nava Nakorn Industrial Estate Pathumthani. Here, experienced engineers in water processing systems produce clean water that meets TIS standards, The water processing plant undergoes quality testing with effective and modern tools and equipment in the plant's laboratory every three hours.

Water quality index Month/Year	pH (Standard 6.5-8.5)	Color (Standard <5) Plt-Cbit	Taste	Odor	Turbidity (Standard <5) NTU
Jan/2012	7.75	<0.30	NO	NO	0.69
Feb/2012	7.62	2.24	NO	NO	0.84
Mar/2012	8.25	<0.30	NO	NO	0.58
Apr/2012	7.70	2.13	NO	NO	0.26
May/2012	7.28	1.83	NO	NO	0.28
Jun/2012	7.25	3.00	NO	NO	0.18
Jul/2012	7.20	0.38	NO	NO	0.32
Aug/2012	7.52	0.88	NO	NO	1.20
Sep/2012	7.30	0.49	NO	NO	0.56
Oct/2012	7.42	4.13	NO	NO	0.41
Nov/2012	7.64	4.24	NO	NO	0.44
Dec/2012	7.89	1.41	NO	NO	1.40

## 2.7 Water Systems

Water is from the Provincial Waterworks Authority or PWA. Nava Nakorn had made a buy/sell contract with PWA to resell water to residential and commercial zones inside the Nava Nakorn Industrial Estate Pathumthani. The main PWA water pipe passes through NavaNakorn Route 1 and Route 5 Roads. Nava Nakorn laid out connecting pipes from the main PWA water pipe to transport water through out the residential and commercial zones. Currently, the water system services in the estate comes from 2 sources;

1) The industrial water processing plant by the Company to serve all needs of the investors with a capacity of 75,000 cubic meter per day

2) Water from the Provincial Waterworks Authority or PWA connecting pipes from the main PWA water pipe to transport water throughout the estate.

### A project to repair the water system in 2012

The Company's industrial water processing plant was temporary closed during October - December 2011 from the impact of flooding. After the flood receded, the Company stepped in and repaired all the damage quickly. The plant resumed its operation on January 10, 2012 with a capacity of 30,000 cubic meter per day and achieved to maximize its capacity of 45,000 cubic meter per day on May, 2012 together with the another capacity expansion of 30,000 cubic meter per day. At present, the water processing plant



has a manufacturing capacity of 75,000 cubic meters per day. The average clients' demand was at 1,029,108.67 cubic meters per month or 34,303.62 cubic meters per day which accounts for 45.73% of the total capacity. As a result, the water processing plant has no limitation of stretched capacity as there is more room to cope with expansion of the existing and any future factories.

## 2.8 General Waste Management Systems

Nava Nakorn Industrial Estate, composing of residential houses, dormitories, shops, and factories, is required to have general waste management systems in compliance with the Factory Act B.E. 2535 (No. 2) of the Department of Industrial Works, Ministry of Industry, Re: Disposal of Wastes or Unusable Materials B.E. 2548. For non-hazardous waste or unusable materials from office, residential housing, and canteen areas in the factories inside Nava Nakorn Industrial Estates, the Company assigned J. Rattakan Company Limited to manage and eliminate waste or unusable materials systematically.

The disposal fee is depending on the amount of the wasted which is multiply with the service rate per container (size 200 liters). Meanwhile, the disposal fee in residential area is 100 baht per a container. (size 200 liters).

## 2.9 Electrical Systems

1) There are four power substations of Provincial Electricity Authority (PEA) and one power substation of Electricity Generating Authority of Thailand (EGAT) in Nava Nakorn Industrial Estate. The high voltage distribution feeder circuits systems are designed with complete load distribution and designed to be able to connect to Bang Pa-in Power Substation in case of electromotive force is unstable or power failure

2) The improvement of group circuit in the estate should allow the power distribution and transmission system to serve specific needs of various customers efficiently. In addition, the electrical interruption in one area should not impact others thanks to a specific circuit plan that helps locate the default area and allow a company to fix the problem quickly.

3) Under the department of Alternative Energy Development and Efficiency, the registration of the clients based on the quantity of use such as the big firms which require more utilities should help control and use energy efficiently.

## 2.10 Telecommunication Systems inside Nava Nakorn Industrial Estate (Pathumthani)

The telecommunication network system is set to serve strong demand in various services such as telecommunication system, hi-speed internet and fiber cable optic as shown detail below,

1) The telephone network is serviced by TOT Public Company Limited and True Corporation Public Company Limited.

2) The mobile network under 2G and 3G by True Corporation PCL, Advance Info Services and Total Access Communication Public Company Limited

3) Fiber Optic Cable by CAT Telecom Public Company Limited and United Information Highway Company Limited

4) High speed internet by True Corporation PCL and Triple T internet Company Limited (3BB), and TOT Public Company Limited

All the services provider accommodate a quality of services as follows,

- Accommodate the determined Quality of Services.
- Has monitoring system which will alert clients if there is problem in order to timely resolving any issue.
- Specific team is assigned in providing analysis and problem solving to customers.

## 2.11 Security Systems

Inside the Estate, there are closed circuits TV (CCTV) in various locations. To control security, the Company hired Nava Nakorn International Guard Company Limited (affiliated company) to provide security of the project. The Nava Nakorn International Guard Company Limited oversees and maintains security as well as manages and supplies security guards to provide 24 hours security services. At present, there are approximately 163 security guards. The Company regularly oversees, control, and performs quality check of the security service and expect to install the CCTV Cleverse License Plate Recognition in the public parking area which should help recognize all the cars in the estate and control the security effectively.

## 2.12 Natural Gas Systems

The Company, in cooperation with PTT Public Company Limited, laid out pipelines to supply natural gas to industrial customers inside the Nava Nakorn Industrial Estate. Natural gas is a cheap and clean source of energy, which has no impact on the environment. It is therefore a major factor for those who operate in the industrial estates and also a major factor in attracting customers into the estate. At present, PTT Plc. is servicing natural gas supply to requested factories. The Company also earns a pro rata on the volume usage according to the rate negotiated. Furthermore, the Company also earns rental revenue from renting out area for testing systems and gas distribution stations.

## 3. Key strength of Nava Nakorn Industrial Estate

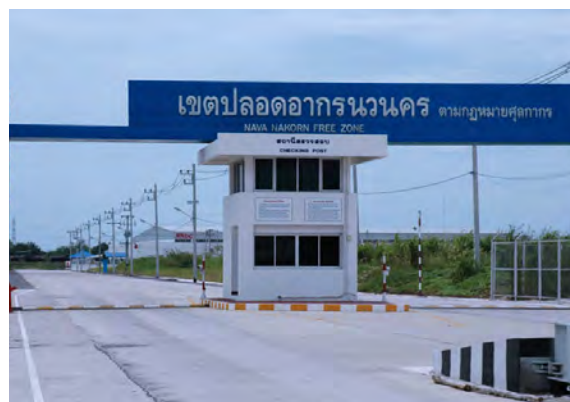
### 3.1 Located near the hub of local and international transportation

- 1) 46 km. away from Bangkok
- 2) 20 km. and 60 km. away from Don Muang and Suvarnabhumi International Airport
- 3) 60 km. away from Khlong Toei Sea Port
- 4) Excise tax exemption

### 3.2 Connected with the strategic industrial areas in the North and Northeast Thailand

### 3.3 Full services of logistic and transportation

- 1) Standard highway of 10 lanes
- 2) Near the train station
- 3) Near the outer ring road



## Permanent Flood Protection System

Prior in 2011, Thailand had experienced an extreme flood. Following the crisis, Nava Nakorn Industrial Zone had taken an immediate action to bring back the confidence from investors. As the result, the company had initiated the construction of the Permanent Flood Protection System for its Pathumthani project. Included in the Permanent Flood Protection System is an improvement of the project's earth dike, increasing the capacity of all five Water Pumping Stations, and its Internal Irrigation System to comply with the latest national standard.

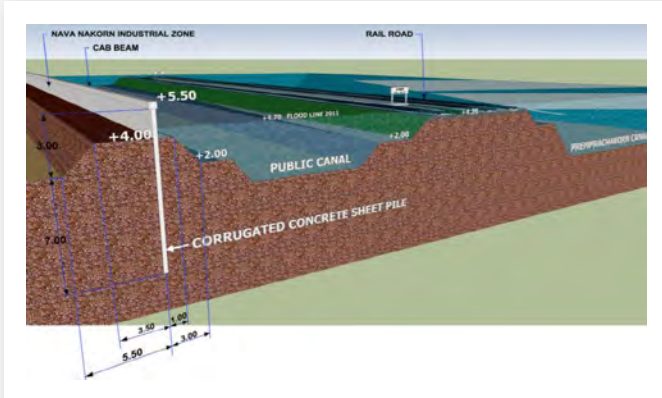
The design of the Permanent Flood Protection System was based on the actual statistics gathered during the peak level of the flood. Nava Nakorn had consulted with various institutes and international organizations for their input to be implemented into the design to maximize its strength and longevity.

The design criteria of the Permanent Flood Protection System

Project Elevation	+2.00 MSL
Former Earth Dike	+4.00 MSL

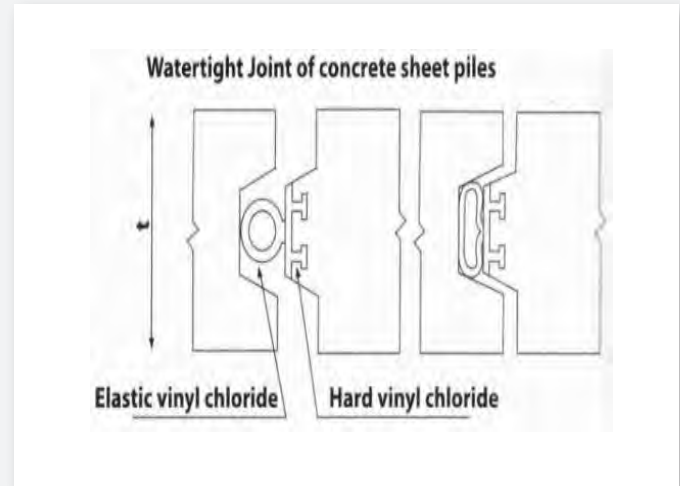
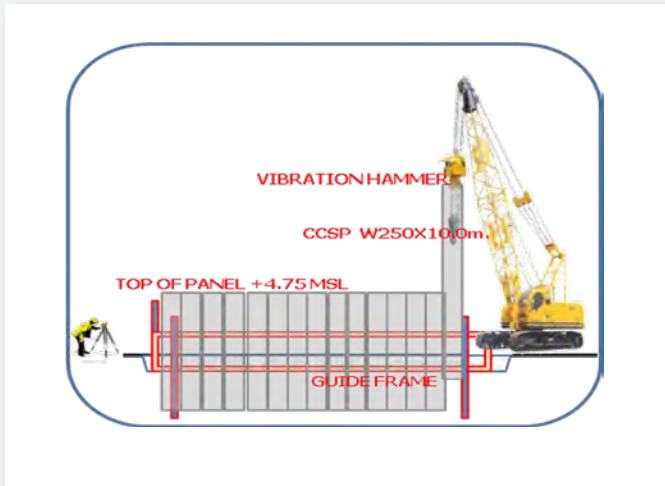
Highest Flood Level	+4.70 MSL
JICA recommended an additional 50 cm. from the highest flood level	+5.20 MSL
Nava Nakorn's approved the Permanent Flood Protection System	+5.50 MSL

The Permanent Flood Protection System is achieved through the deployment of 10 meters long Corrugated Concrete Sheet Piling (CCSP) via Vibro Hammer on top of the upgraded earth dike. The average depth of the CCSP is driven to 9 meters



underground, which aimed to prevent any seepage that may occur in an extreme condition. Moreover, the Concrete Capping Beam is then placed on top to secure the CCSP, in which adding another 50 Centimeters to the Permanent Flood Protection System. To prevent leakage and damages caused by the UVA

from the sunlight, the contact surfaces between each CCSP are sealed with Elastic Vinyl Chloride. In addition, Nava Nakorn had authorized an additional application of Polyurethane silicone Sealant to ensure a maximum protection against any leakage and enhance its longevity.



The total construction distance of the Permanent Flood Protection System is 20.6 Kilometers. In which the entrances and exits will be fitted with an Aluminum Stop Logs. In case of an extreme flood, the Aluminum Stop Logs will be deployed on one of the entrances. This is aimed to prevent flood

water from the main highway entering into the project. To prevent any logistical interruptions, the traffic will be redirect to use another elevated (Ramp) exit which has an elevation of 5.50 MSL.





On 10 August 2012, Nava Nakorn had the pleasure of hosting Prime Minister Yingluck Shinawatra whom attended the testing of the project's Permanent Flood Protection System. The sole objective of the test was to demonstrate the strength of the CCSP against an extreme flood condition. Nava Nakorn had chosen the testing site to be in the Northern part of the project since this location received a direct impact during the 2011 flood. The testing pool was created around the completed Permanent Flood Protection System and filled up with water to 5.20 MSL which exceeded the highest flood level during the 2011. The testing pool was left filled with

water for approximately one month. In addition, the Royal Thai Navy had lent two large tug boats to simulate an extreme flood condition.

As the result, the Permanent Flood Protection System had overcome the abuse and maintained its integrity without any substantial damages or leakages to the CCSP or the earth dike.





Included in the Permanent Flood Protection System is the improvement of the Water Pumping Stations and the Internal Irrigation System. In doing so, Nava Nakorn is in the process of constructing the 5th Water Pumping Station to increase

the dewatering capacity to 1.32 Million Cubic Meters per day. Moreover, Nava Nakorn has been clearing its drainage, trenches, and internal canals to increase the capacity to reserve rainfall.

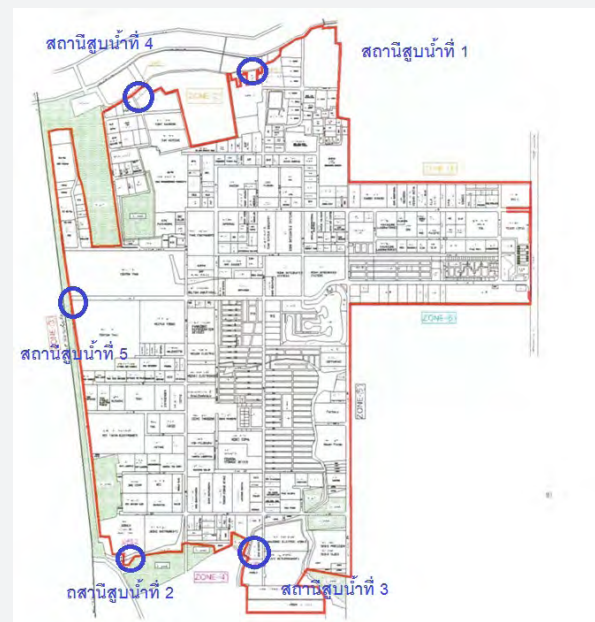


Image shows the location of the water pumping station Nava Nakorn Industrial Zone.

Nava Nakorn Water Pump Stations

Station	Before upgrade		Upgraded	
	Number of pumps	Capacity ( m <sup>3</sup> / hr.)	Number of pumps	Capacity ( m <sup>3</sup> / hr.)
1	7	7,700	7	17,500
2	5	5,500	5	12,500
3	5	5,500	5	12,500
4	3	3,900	3	7,500
5	0	0	2	5,000
Total	20	22,600 ( 542,400 m <sup>3</sup> /day )	22	55,000 ( 1,320,000 m <sup>3</sup> /day )



## The Nava Privacy Project

The Company developed the Nava Privacy project as another means of real estate development business which helps provide quality of life residence to both clients inside and outside Nava Nakorn Industrial Estate Pathumthani as well as those in the close vicinity. The project targets clients who just start out their working life and those who wish to be close to their work place. The project and condominiums are sized at 30-31 square meters and with an average price of Baht 25,000-27,000 per square meter or an average price of Baht 775,000-850,000 per unit. These units provide good quality of life, with complete facilities and security for its residents. The target group is those people at their start of their working age; most have Baht 15,000 - 20,000 income and have budgets for housing expense of Baht 3,500-5,000 per month. The project is located near their workplace and helps reduce commuting expenses in these present days of volatile oil price. This group of customers is working in the 5 kilometer radius of the project. They are a group with a high demand for residences. Therefore, the Company developed the Nava Privacy project for those who are in the early part of their working and family lives so as to provide them with their first quality residence and become their starting point for a developing warm family.

The Nava Privacy project is the property development inside Nava Nakorn Industrial Promotion Zone, Pathumthani for commercial purposes. The project is comprised of a modern shopping center and residential buildings for rent and for sale. It emphasizes the creation of a social community both residences and a shopping complex in the same area. It is located on Thai-thani road within Nava Nakorn Industrial Promotion Zone, in the heart of community which is the most densely populated area. With regard to the current status of the residential building development - "The Nava Privacy Condominium", the Company has applied for address numbering for the building A-03 under the juristic person's name of "The Nava Privacy 1 Condominium". The condominium itself is

numbered 87 and the residential units within the building are numbered 87/1 - 87/88 in order.

The Nava Privacy Condominium is a 8-floor residential building. Each residential unit measures 31 square meters which is more spacious compared to other residential projects. Each unit is designed to provide comfort and suitable space allocation that respond to the needs of the clients. Each unit features bedroom, living area, dining area, kitchen equipped with a full set of quality built-in furniture, balcony, and bathroom with separate wet and dry spaces. The target customers of this project are the people who work within the Nava Nakorn Industrial Promotion Zone, Pathumthani and the vicinity.

Moreover, The Nava Privacy provides a greater comfort and convenience for residents than its competitors. The project offers, for example, shady Public Park, safe and spacious parking lot for cars and bikes, full range of international-standard infrastructures, security system with security guards and entrance/exit of the building controlled by keycard. The Nava Privacy is constructed in compliance with the relevant legislations e.g. Environmental Quality Protection and Promotion Act, Environment Impact Assessment (EIA) that set the requirement for 16 meters-wide main street, 12 meters-wide building's surrounding streets, fire prevention system, fire extinguishers, installation of solid ladders for fire escape in appropriate spots.

Thus, beside the comfort and convenience that residents will experience while living in this property, they are also ensured of the safety of their lives and properties. This is in line with the concept emphasized by this project, which is "Be your privacy @ Nava Privacy Condominium.

The company also plans to use commercial zone to create community area called "Privacy Mall" for people who lives in the company community and neighborhood area by using

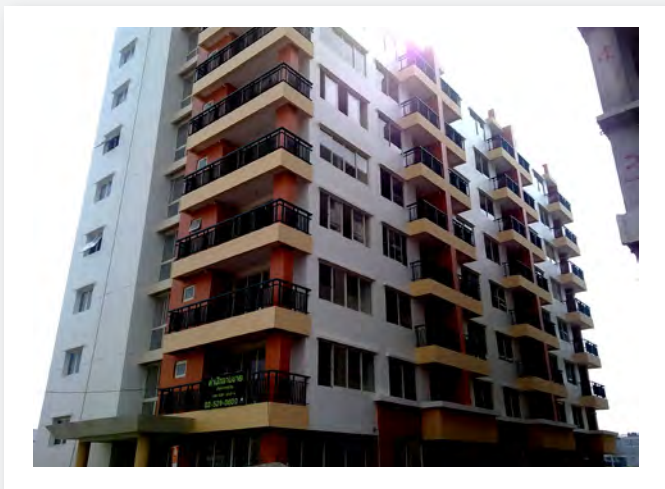
shopping mall building and 2 commercial building. The community area will provide restaurant, seminar room and convention hall which will be very convenience for all residence and neighborhoods for shopping all product and service for their daily life.

**Construction Progress of the Nava Privacy**

- One 3-floor commercial building:  
The construction of the 3-floor commercial building's structure (Building A) was completed. PAE (Thailand) Co.,Ltd finished air conditioning installation in every floor. 2 elevators is repaired and fully installed. The commercial building B also installed with Bangkok Bank ATM

- Two 1-floor commercial buildings:  
The Privacy Mall officially operated since Q4 Y2012. The commercial building C starts to remove the wall and expand shopping area to create more access and more convenience for shoppers. Some store are now starting for operate.

- Ten 8-floor residential buildings:  
8-floor residential building No.1: Building A-03  
The overall building progress is 100 percent. People start to move in to the building. Moreover, the property has been developed the road, building exterior and garden to be relaxing area.

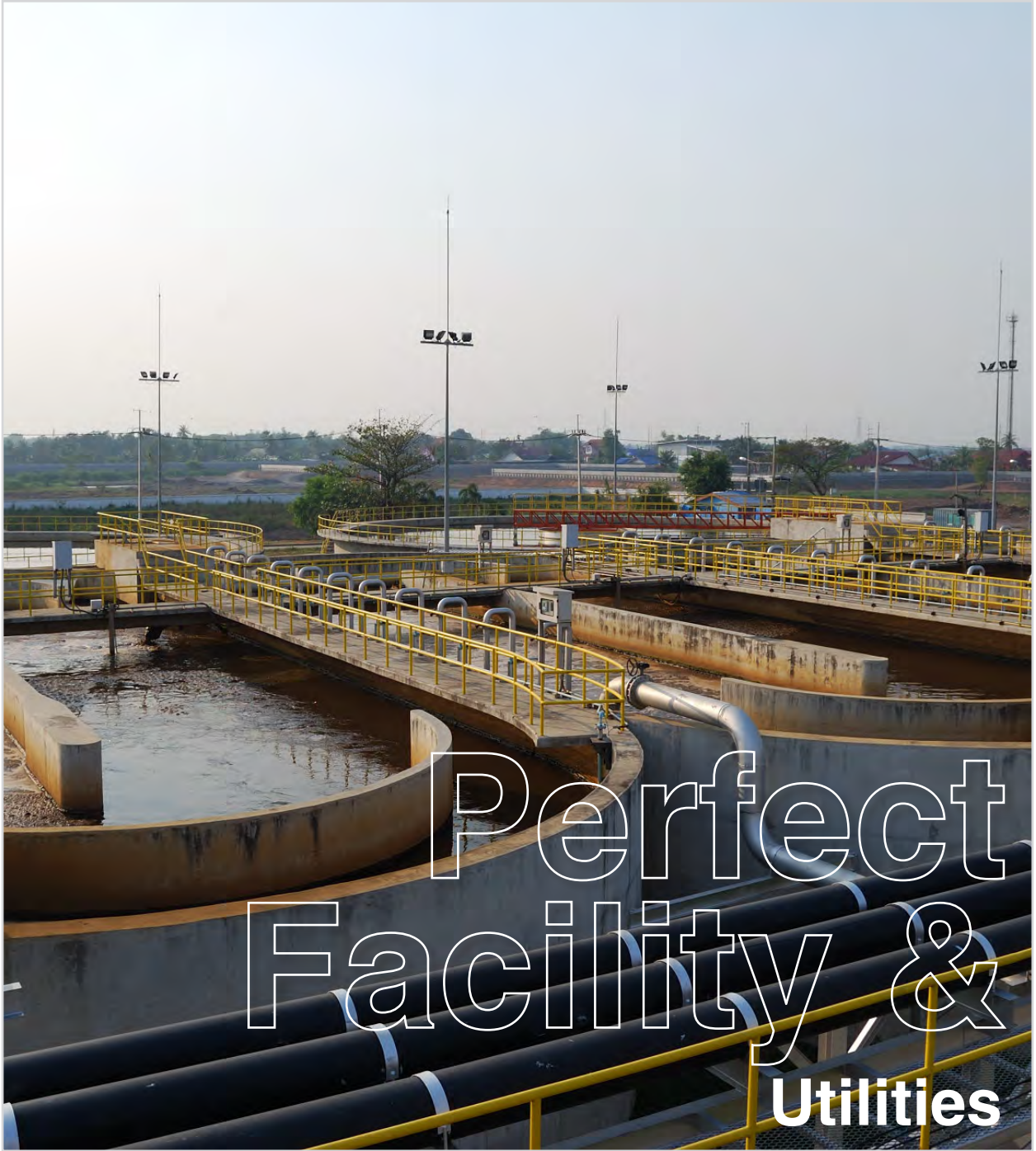


## CSR Operation Report

1. To donate money to Jarutsombumrung school for buying land and build school building.
2. To donate activity pavilion for Peuchnimit school for baht 95,000
3. To sponsor baht 10,000 for the cultural loey kra tong for Cheing Rak Noi community
4. To Sponsor baht 75,000 for the Permprachakorn canal renovation project

*Remarks : NNCL usually sponsors for the National children day to every school in Navarnakorn estate area and some school in Pathumthani province. However, all the national children day's activities in 2012 were cancelled due to severe flooding in 2011.*





*For the benefits of its clients, Nava Nakorn has provided the international standard infrastructure and public utilities.*

### 1. Nava Nakorn Industrial Zone (Nakhornratchasima)

In 2002, the Company expanded into a new industrial zone in order to secure a new source of revenue and provide more options to the investors who decided to situate their factories in the Company's industrial zone to gain benefit from the Board of Investment (BOI). The Company acquired the land in Soong-nern district, Nakhornratchasima province, to develop into a new industrial zone, named "Nava Nakorn Industrial Zone (Nakhornratchasima)". The project is located in the BOI zone 3, where the maximum privilege is given. The area has a high potential, as it is located at the center of the North-eastern logistics and well-equipped with basic infrastructure, i.e. road, electricity, telephone (fiber optic cable), and production materials (labor and agricultural products). The size of the project was initially 1,175 rai and, with the additional 728 rai bought in 2003-05, increased to 1,904 rai in 2005, with the salable area of 1,322 rai.

#### 1.1 Nava Nakorn (Nakhornratchasima)

##### 1) Industrial zone

The industrial zone covers the area of 1,206-3-12.6 rai, or 63% of the total area.

##### 2) Commercial zone

The commercial zone covers the area of 116-0-29 rai, or 6% of the total area.

##### 3) Infrastructure and green zone

The Infrastructure and green zone covers the area of 580 rai, or 31% of the total area.

For Nava Nakorn Industrial Zone (Nakhornratchasima), the Company has so far completed Phase I and II of the infrastructure system, while Phase III is still under development in accordance to the Company's development plan. The Company foresees a strong growth potential in the industrial

land provider business and believes, with the severe flood in the Central of Thailand in 2011, investors would pay more interests in investment in North-eastern area, as the area is flood-free and labor abundant. However, as industrial land development normally takes 1-2 years, the Company has to speed up the investment in both projects to serve the expected strong demand.

#### 1.2 Summary of the privilege granted for land owners in Nava Nakorn industrial zone (Nakhornratchasima)

##### BOI certificate no.1905 (2)/2005 Phase 1

Approval date: August 24, 2005

Certificate date: October 7, 2005

Effective date: August 2005- August 2013

Tax exemption period: 8 years

This BOI is to certify that a company has authorized for water manufacturing under the class 7.5 Industrial development for the to abide by the terms and rights and benefits.

##### Summary of privilege:

1. Corporate income tax exemption on net profits for 8 years from the first day of revenue generated until August 23, 2013
2. Corporate income tax exemption on dividend received over the period that the privilege is granted
3. Import tax exemption (if import within April 7, 2008) on the machine as approved by the BOI committee

##### Summary of the conditions for BOI privilege:

1. Having paid-up capital of at least Bt 927 mn
2. At least 51% of shareholders must hold Thai nationality
3. Having at least 747 rai of industrial land, of which at least 60% and at most 75% must be used as factory area

4. Granted ISO 9000 or equivalent within 2 years from operation
5. To report financial statements as prescribed by BOI every year within July 31 of the next year

## BOI certificate no.1740 (2)/2012 Phase 2

Approval date: February 28, 2012

Certificate date: June 12, 2012

Effective date: February 2012– February 2020

Tax exemption period: 8 years

This BOI is to certify that a company has authorized for water manufacturing under the class 7.5 Industrial development for the to abide by the terms and rights and benefits.

### Summary of privilege:

1. Corporate income tax exemption on net profits for 8 years from the first day of revenue generated until February 27, 2020
2. Corporate income tax exemption on dividend received over the period that the privilege is granted
3. Import tax exemption (if import within December 12, 2014) on the machine as approved by the BOI committee

## 2. Infrastructure

### 2.1 Road network in Nava Nakorn (Nakhornratchasima)

Main road is connected to Mittaphab road km.231. The main road in the industrial zone is 4-lane road with road marks at 40 m. and 30 m.

The secondary road is 2-lane road with road marks at 26 m. and 30 m., which is reinforced concrete with 2-meter asphaltic concrete shoulders.

### 2.2 Water drainage and flood prevention system in Nava Nakorn (Nakhornratchasima)

Nava Nakorn (Nakhornratchasima) will construct soil dam surrounding the project area to protect the flood from outside. Also, the industrial zone will post the project territory and set up the water drainage system, i.e. drainpipe, reservoir, and gutter along both sides of the road, to collect rain and 4 water pumping stations around the project to drain the water to the public canal outside the project.

### 2.3 Wastewater treatment system in Nava Nakorn (Nakhornratchasima)

Nava Nakorn (Nakhornratchasima) has placed wastewater collection pipes, made from HDPE (PN.4), 1.5–3.0m deep-seated along both sides of the road and one 1.6m x 1.6m wastewater reservoirs at every 40 meters to collect all the wastewater from the factories in the industrial zone and feed that into the centralized wastewater treatment system.

As the quality of the wastewater varies from factory to factory in the industrial zone, the project set the conditions for the wastewater that qualified for treatment at the centralized system. If wastewater from any factory has poorer quality than the pre-set qualifications, that factory must treat its wastewater until the water conditions are in line with the Ministry of Industry's standards and feed that pre-treated wastewater to the centralized wastewater treatment system again.

### 2.4 Industrial water processing system in Nava Nakorn (Nakhornratchasima)

Nava Nakorn (Nakhornratchasima) has prepared one 1mn cubic meter reservoir on the 60 rai area and one 500K cubic meter reservoir on 42 rai area for collecting raw water and set up a raw water pumping station to pump water from

Lamtaklong Dam via the project's 13.5km water pipe to the project's raw water reservoir to be processed into industrial water for use in the project. At the completion of 3 phases, the full capacity of the industrial water processing system will be at 20K cubic meter per day. However, at present, the system is running at only 5K cubic meter per day, with the water quality in line with the Metropolitan Waterworks Authority's standard.

## 2.5 Waste disposal system in Nava Nakorn (Nakhornratchasima)

Nava Nakorn (Nakhornratchasima) chooses the logistics services and the industrial and hazardous waste disposal services from the companies approved by the Ministry of Industry (factory type 101 and 105). Moreover, the project is in cooperation with companies specializing in separating the industrial waste (factory type 106) for recycling in order to maximize the usage of natural resources and reduce waste. The project has set aside the area of over 1K sqm for waste seating room.

## 2.6 Electric system in Nava Nakorn (Nakhornratchasima)

Nava Nakorn (Nakhornratchasima), by Provincial Electricity Authority (PEA), set up a 2x50MVA power sub-station in the project to provide both 22KV and 115KV electricity. At present, the total electricity demand in the industrial zone is about 10-11MW per day, adequately served by the plant.

## 2.7 Communication system in Nava Nakorn (Nakhornratchasima)

Communication system in Nava Nakorn (Nakhornratchasima) is provided by 3BB and TT&T, with the various forms of services as follows

- 1) TT&T provides telephone and fax services
- 2) 3BB provides telephone, fax, high-speed internet, and high-speed data with leased line services
- 3) Communication network in the industrial zone is linked by fiber optic cables in order to provide high-speed telephone and communication services
- 4) The system is compatible to various types of networks, such as IP-VPN (3BB leased line to connect data among branches) and data communication through internet services (3BB internet leased line), with various speed of communication from 64K bps to 100M bps
- 5) The system makes it possible for an intra-organization communication
- 6) Service quality guaranteed by 3BB
- 7) The monitoring system will alert the customers should any anomaly arise in that the customers can resolve the problem on a timely manner
- 8) System specialists are available for analyze and resolve any problem that may arise
- 9) The system also provides CAT internet broadband, intranet, CCTV system, and other telecommunication services
- 10) The system provides internet access via UIH, fiber optic cable, and leased wireless

## 2.8 Security system in Nava Nakorn (Nakhornratchasima)

Nava Nakorn (Nakhornratchasima) provides 24-hour security service and 24-hour CCTV to maintain high security standard in the project. Also, fire extinguishers are available along the road, surrounding the project, at every 150m distant.

## 3. Summary of key attributes of Nava Nakorn (Nakhornratchasima)

- 1) Maximum privilege from BOI zone 3
- 2) Locating near the business center
- 3) Skilled labor abundance

4) Minimal construction costs given that the area is rock-based

5) 5-year 10% discount granted for electricity usage

6) Convenient transportation

7) Infrastructure availability, i.e. power sub-station, industrial water, telecommunication services, roads, flood prevention system, waste treatment system, and security system

8) 1mn cubic meter raw water reservoir





The Company is the sole provider of utilities in Nava Nakorn (Nakhornratchasima). With that, revenue from utilities sales accounts for some 64% of the Company's total revenue. There are 4 types of utilities revenue.

## 1. Revenue from sales of tap water and industrial water

The Company provides water to both industrial and residential zones in Nava Nakorn (Nakhornratchasima). Fees are collected monthly, based on the real usage in each month. For industrial water, the selling price per unit is fixed, and fees are calculated based on usage volume. Meanwhile, for tap water in residential zone, the selling price varies progressively with the usage volume, and as such, fees will increase faster than the usage volume. Revenue from sales of water accounts for 64% of the total utilities revenue.

## 2. Revenue from wastewater treatment

The Company collects fees only from the manufacturers in the industrial zone and the residential providers in the residential zone. For industrial users, fees are collected based on 80% of the water usage volume, while the service rates are fixed at Bt8.00-45.00/cubic meter (depending on the quality of the wastewater). For residential providers, fees are fixed at Bt8.00/cubic meter. Follows are details of the fees for wastewater treatment services

User	Wastewater treatment fee (Bt/cubic meter)
1. Industrial	8.00-45.00 (depending on the quality of the wastewater)
2. Residential providers	6 / 8*
3. Commercial	8
3. Household	3

\*Apartment building obtaining the license from April 1, 2010 will have to pay Bt8.00/cubic meter.

However, the Company set a standard for wastewater that can be disposed from a factory, and if any factory disposes sub-standard wastewater, the Company will charge for the treatment service at 2-6 times the normal rate (of Bt8.00/cubic meter). In 2011, 15 out of 249 factories that used the Company's wastewater treatment service disposed sub-standard wastewater. Revenue from wastewater treatment accounts for 18% of the total utilities revenue.

## 3. Revenue from community services

The Company charges community services fees from industrial and residential zones. For industrial zone, the monthly services rate is fixed, and the fees are collected based on usable area. For residential zone, the Company will charge each type of the communities, i.e. shopping mall, commercial building, house, flat, and apartment, differently. The Company also collects services fees on special facilities, i.e. atm and telephone booth, provided in certain areas of the project.

## 4. Revenue from waste collection

The Company charges waste collection fees based on the waste volume at a fixed rate per 200 liter of waste. For the residential zone, the rate is set at Bt100/200 liter of waste.



## Industrial Trust

Nava Nakorn Public Company Limited (NNCL) or Nava Nakorn was founded on March 26<sup>th</sup>, 1971. Initially, Nava Nakorn Company Limited started out with 5,000 rais to 6,485 rais at present. The improvement of facilities and services as well as the expansion of land was due to foster the constant growth and expansion of factories and residential areas in the industrial zone. Currently, there are over 200 companies both foreign and domestic, entrusted and operating in Nava Nakorn Industrial Zone.

## 1. Value-added strategy

Due to the cutthroat competition in the industrial land sales market and the limited availability of the industrial land for sales, the Company employs the following strategies to add value to the Company's industrial land

- 1) Preparing ready-to-use land plots, called premium zone, to be ready for constructing factories and help curbing the operating costs.
- 2) Developing the flood prevention system that meets the international standard and is well-received by new investors and the manufacturers whose factories are situated in Nava Nakorn Industrial Zone.
- 3) Developing and maintaining the high quality infrastructure and facilities to accommodate the continual growth of existing investors in the industrial zone, such as road fixing, increasing the capacity of the industrial water production, and increasing the effectiveness of wastewater treatment.

## 2. Pricing strategy

As the selling price is an important factor for investors to determine whether they want to buy an industrial land plot, the Company must use the pricing strategy to attract the investors' buying interest. The Company set up an exact price for a piece of land, based on market information and accounting data. The Company also separates the commercial zone from the industrial zone to serve the specific needs of customers and enhance the Company's competitiveness.

## 3. Setting up seminars on the issues of interests

The Company will set up various small seminars on the issues of investors' interests to attract potential customers to visit Nava Nakorn Industrial Zone and use such

opportunities to discuss among investors and provide them the information about the Company.

- 1) The seminar will allow the Company to reach the target customers and expand the company's data base
- 2) The seminar will bring in people, academician, and orators, including related government agencies, to help inspire and resolve any problem for investors.
- 3) The seminar will provide an opportunity for presenting the detail of Nava Nakorn Industrial Zone to the attendees at the seminar.
- 4) The seminar will allow an open discussion among manufacturers in Nava Nakorn Industrial Zone.
- 5) The seminar will open an opportunity to distribute the Questionnaire on investors' demand for investment expansion and/or any information needed.

## 4. Inviting high potential foreign investors to visit Nava Nakorn Industrial Zone

Inviting foreign investors to visit Nava Nakorn Industrial Zone would create an opportunity for the Company to meet with target customers and bring in more new foreign customers to Nava Nakorn Industrial Zone.

- 1) Inspiring those investors to expand their investments in Thailand
- 2) Promoting Nava Nakorn Industrial Zone to those investors, as well as others by word of month
- 3) Allowing the target customers to see the industrial zone, helping support their investment decision

## 5. Operation

- 1) Contacting corporations or overseas agencies to bring in potential investors who would like to invest abroad to Nava Nakorn Industrial Zone
- 2) Impressing potential investors about investment experience at Nava Nakorn Industrial Zone
- 3) Developing, maintaining, and updating data base system

4) Following and attending related seminars and events held by BOI

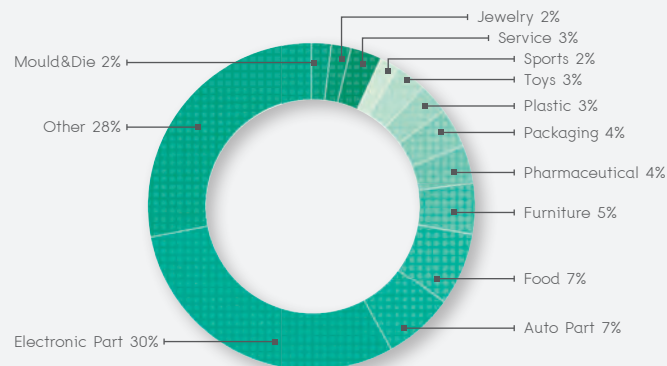
5) Preparing tools and media for making sales

## 6. Types of customers

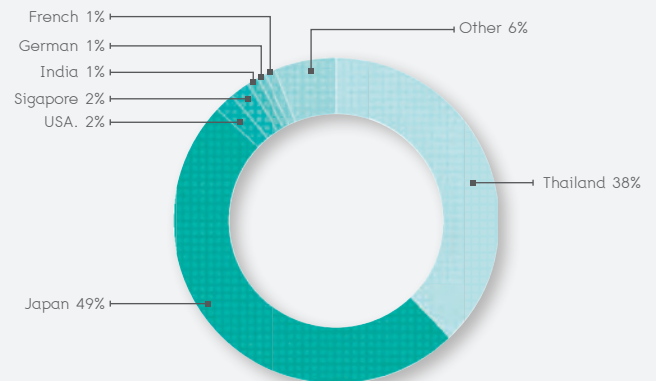
Most of customers in Nava Nakorn Industrial Zone are foreign investors, especially Japanese. The proportion of foreign to Thai investors is around 60:40, from various industries, i.e. electronics, auto parts, plastic, and food.

Graph: Breakdown of industry in Nava Nakorn (Pathumthani)

Graph: Breakdown of industry in Nava Nakorn (Pathumthani)

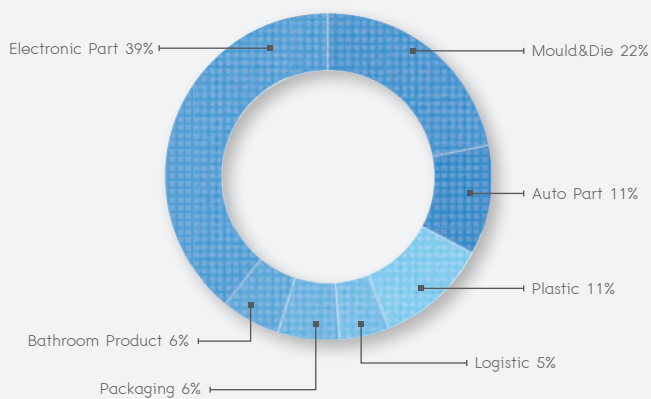


Graph: Breakdown of investors in Nava Nakorn (Pathumthani)

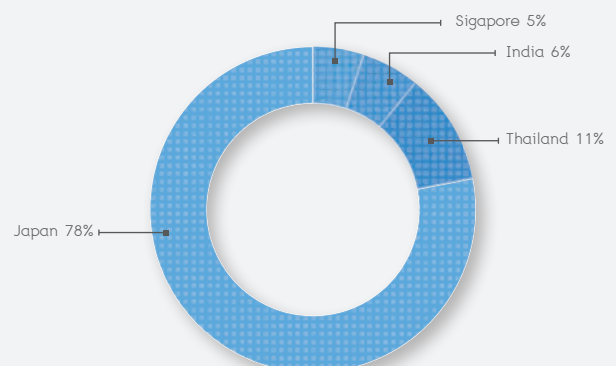


Graph: Breakdown of industry in Nava Nakorn (Korat)

Graph: Breakdown of industry in Nava Nakorn (Korat)



Graph: Breakdown of investors in Nava Nakorn (Korat)





Target customers include

- 1) Those industries that are granted special BOI investment privilege, equivalent to that of BOI zone 3, such as food industry, hard disk drive industry, agricultural industry, and research and development industry.
- 2) Existing customers or their related companies that are looking to expand their investment.
- 3) Supporting industries that are related to the industries situated in Nava Nakorn Industrial Zone.
- 4) Investors who need superior infrastructure services, transportation convenience, nearest-to-Bangkok location, and skilled labor.
- 5) Residential and commercial property developers to develop residential community, including commercial building, apartment, hospital, and banks.

## 7. Distribution channels

### 7.1 Personal/Corporate distribution channel

- 1) Direct to customer/direct mail. Sales department will distribute direct mail to customers domestically and overseas at every 4 months, based on information provided by sales department and marketing consultant .
- 2) Scheduling for monthly visit at Nava Nakorn Industrial Zone, through marketing consultant and government agencies, including various association, i.e. Taiwan, Chinese, and Japanese.
- 3) Trading company. This kind of company usually has a good relationship with other companies and should bring in new investors who are looking for investment expansion to the Company.
- 4) Sole Agent. The Company will appoint persons or corporations that the Company believes they have an

ability to secure new customers for the Company. Compensation is in form of a fixed salary plus variable marketing fees. Those sole agents are based on countries, such as Japan, Singapore, etc.

- 5) Overseas Real Estate companies could help recommend clients and stimulate sales. The Company will compensate those companies in form of commission fees.

### 7.2 Government and agencies, domestically and overseas

- 1) The Board of Investment (BOI). The Company is in cooperation with BOI in various activities to attract new investment and, in turn, have an opportunity to meet with new clients.
- 2) Embassy and Chamber of Commerce of several countries will provide useful various information and interesting events and activities, as well as investment-related advices to investors.

### 7.3 Trading partners

- 1) KASIKORN BANK, Bangkok Bank, and Japanese bank are partnerd with the Company in that they will refer clients to the Company, while the Company will refer credit clients to the banks.
- 2) Contractors and consultants sometimes bring in new clients to the Company. The Company will pay marketing fees to those parties once the deal is closed.
- 3) Law and accounting firms have an agreement with the Company to refer customers to each other.

### 7.4 Advertisement and promotion

- 1) Promotion booth at various events, domestically and overseas, to promote Nava Nakorn Industrial Zone and reach target customers.
- 2) Advertising through various channels, such as newspaper, directory web site, web link magazine, BOI's monthly issue, monthly news letter from the Company, Billboard along the highway from Saraburi to Nakornratchasima, and Airport area.



## 8. Competition from neighboring countries

### 8.1 People's Republic of China

China is located in East Asia. It has the largest number of population in the world and has an ancient history and civilization. The country covers a large area and is full of natural resources.

Becoming a member of World Trade Organization (WTO) in late 2001, China opened itself as the world's new and largest market. Chinese government attracted foreign investments from all over the world with the tax incentives. For example, Chinese corporations must pay taxes based on the total income received, domestically and overseas, while foreign corporations investing in China have to pay tax only on income generated from their business in China. Moreover, the government grants various tax incentives for some industries listed in the government's promotion lists and the investments in the promotion zone. Lower corporate income tax rate is stipulated for foreign companies that are JV with locals.

China has run its economic development policies and has developed economic zones to stimulate investment. With that, China is one of the serious competitors for Thailand.

### 8.2 Socialist Republic of Vietnam

While Vietnam is under the socialist regime, its government is quite open to foreign investment. This helps make Vietnam's economy develop in a faster pace, compared with others. At present, Vietnam's economic growth ranks the second in Asia, and with that fast economic growth and the government's investment incentives, foreign investors are now interested in investing in Vietnam more than in Thailand. Those foreign investors that are invested the most in Vietnam are from Taiwan, South Korea, and Japan, respectively. Currently, Taiwanese investors open a new factory every 3-4 days in Vietnam.

With that and the country's still labor abundance, Vietnam is considered one of the key competitors for Thailand.

### 8.3 Laos

Laos is located at the center of Indochina in South East Asia. The country covers a 236,800 sq km area with no outlets to an ocean.

Laos's economy has gradually developed for the past 20 years since the country changed from the socialist regime to democracy regime in 1986. Laos's economy grew at an average rate of 6.2% p.a., and in 2005, its industrial sector grew at more than 10% p.a. Power industry is the key driver to the country's revenue. However, Laos has some serious problems that need to urgently take care of, including high fuel price, high trade deficit, currency instability, below-budgeted government's revenue generated, and corruption.

Key resources of Laos include wood, tin, gypsum, lead, iron, lignite, zinc, gold, jewel, marble, oil, and water (to generate power).

Laos' government creates favorable environment for investment and supports investment by tax incentives and through the government agency, DDFI (Department for Domestic and Foreign Investment). DDFI provides one-stop service to investors and helps investors secure a source of fund for the investment.

## 9. Local competition

The Company has a clear advantage over local competitors on locations of both of its industrial zones, including

- 1) Nava Nakorn Industrial Zone (Pathumtani)
- 2) Nava Nakorn Industrial Zone (Nakornratchasima)

Nava Nakorn Industrial Zone (Pathumthani) is located nearest to Bangkok and close to Airport and harbor, which would help lessen transportation costs for manufacturers.

Nava Nakorn Industrial Zone (Nakornratchasima) is granted the maximum privilege by BOI. This industrial zone is strategically located at the connecting point of the Central and the North-Eastern part of Thailand and is also at the entrance to Indochina. Land prices at this industrial zone are relatively reasonable, and the construction costs are also relatively lower, compared with those in Pathumthani, while skilled labor is also available here.

## 10. Industrial Outlook

The outlook of this industry is implied mainly by Thailand's macroeconomic condition.

1) Political instability would adversely affect Thailand's economic outlook, which in turn will deteriorate tourism industry and investment climate. This could cause overseas

investors to divert their investment interests from Thailand to other competitive countries, such as Vietnam, India, Indonesia, and China.

2) Increasing oil price will affect operating costs negatively

3) Unclear and untimely government's plan on flood protection will hurt investment sentiment

4) Fundamentally, Thailand's economy is strong and has room for value added and new investment.

5) Higher labor costs mean higher operating costs to manufacturers. However, Thai labor is skillful and high experienced.

Nonetheless, the industrial outlook for 2013 remains decent, and Thailand should continue to be one of the most attractive locations for investments in the eyes of investors, given the country's advantages/strong points in infrastructure, investment incentives, income tax scheme, transportation network, and skilled labor availability.

## Connected Transactions

Nava Nakorn (PCL) had connected transactions with companies or individuals that may generate conflicts of interest during 2011 and 2012 as detailed below:

Transaction	Counter party	Relationship	Transaction Size (mn THB)		Rationality
			2012	2011	
Interest income	NEP Realty and Industry PCL	A major shareholder owning 23.39% and share board of directors	0.37	0.72	As agreed upon
Revenues from utilities services			0.32	-	
Property project sales			206.76	-	Market price
Revenues from utilities services	Nava Nakorn Power and Environment Co.*	Share board of directors	-	-	Market price
Revenues from utilities services	Nava Nakorn Medicare Co.		2.19	1.27	Market price
Security service income	Nava Nakorn International Gurad Co.	A connected firm which the company owns 15.08%	28.20	26.67	As specified in contract based on market price
Interest income			0.02		As agreed upon
Interest income	Board of Nava Nakorn International Guard	Board of 15%-owned company	0.01	-	As agreed upon
Revenues from utilities services	Sumicho Global Logistics (Thailand) Co. *	Share board of directors and 1.71%-owned by NNCL	0.87	0.60	Market price
Gain from sale of long-term investment			-	-	Market price
Dividend income			0.47	0.40	

Remark \* In 2008, the company owns 10.78% of paid-up capital in Sumicho Global Logistics (Thailand) (formerly Nava Nakorn Distribution Center Ltd). In 2009, it partially divested its stake in Sumicho and its ownership in Sumicho dropped to 1.71% of paid-up capital as of December 31, 2009.

The company has outstanding balance from trading and other transactions with connected firms as appeared in the 2012 financial statements below:

Details	Types of transactions	Counter parties	Size (THB mn)
Account Recievable	Utilities service revenues	Nava Nakorn Medicare Co.	0.19
		Sumicho Global Logistics (Thailand ) Co. (formerly Nava Nakorn Distribution Center Co.)	0.04
		NEP Realty and Industry PCL	0.06
Total			0.29
Short-Term Borrowing	Prommissory Notes	Nava Nakorn International Guard Co.	0.50
		Board of Nava Nakorn International Guard Co.	0.40
Total			0.90
Accrued Interest	Prommissory Notes	Nava Nakorn International Guard Co.	0.02
		Board of Nava Nakorn International Guard Co.	0.01
Total			0.03
Other recievable	Meeting expenses	NEP Realty and Industry PCL	0.30
Total			0.30
Account Payable	Security service fee	Nava Nakorn International Guard Co.	2.84
Total			2.84

#### Summary of the Audit Committee's opinion on connected transactions

The Audit Committee has examined connected transactions between the company and connected companies or connected persons in 2012 and came up with an opinion that the financial aid item was considered to be reasonable, fair, and not causing any damages to the company. Should

the company need to engage in future connected transactions; the Audit Committee will examine and provide opinion on the reasonability of engaging in such transactions as well as fairness of pricing and conditions. It will also ensure that connected persons must not take part in the decision making process to engage in such transactions and strictly follow relevant rules, announcement and laws.

## Policies and guidelines on future connected transactions

Nava Nakorn (PCL) has no policy to engage in connected transaction. But should there be any necessity and that the transaction generates utmost benefits to the company, it will concisely consider the reasonability as well as fairness of pricing and conditions indifference to engaging in transactions with external parties. The company has set procedures for connected transactions as follow:

1) The corporate secretary will take care of transactions with persons which might generate conflicts of interest and will suggest practical guidelines to comply with relevant rules, regulations, and announcement and inform the Audit Committee and Independent directors soon as the transaction take place.

2) The engagement in any connected transaction must go through approval process in hierarchy order, complying with rules and announcements of the Securities and Exchange Commission and the Stock Exchange of Thailand on information disclosure and operation of listed companies concerning connected transactions BE 2003 and relevant announcement.

3) To seek opinion from external experts on the rationality and fair price (if necessary).

4) The transaction must be examined by the Internal Audit Department and the Audit Committee, who will consider proper procedures in seeking approvals and relevant regulations while ensuring disclosure and provide complete

and accurate opinion on the transactions and propose to the board for further consideration.

5) To consider the connected transaction with any board member, the member with potential conflicts of interest must not take part in the consideration and/or approve the transaction.

Managing Director and the board has no authority to approve the connected transaction and/or gain and disposal of assets as stipulated in regulations of the Stock Exchange of Thailand.

6) Follow procedures and steps required before engaging in the connected transaction.

7) The Corporate Secretary will take care of the transaction to ensure it is conducted as being approved.

8) The Audit Committee will take care and randomly audit the approval of connected transactions to ensure it follows resolutions of the board and/or shareholders' meeting. It will also have to disclose the result of the random audit in the Audit Committee's Corporate Governance report.



## 1. Financial statement

### a) Summary of accounting audit reports

- For the year, ended December 31, 2010, the auditor, by Ms. Wannaporn Jongpeeradechananda of KPMG Phoomchai Audit Ltd, has expressed an unqualified opinion on the report that the financial statement present fairly, in material respects, the financial position, performance, and cash flows in accordance with the generally accepted accounting standard.

- For the year, ended December 31, 2011, the auditor, by Ms. Wannaporn Jongpeeradechananda of KPMG Phoomchai Audit Ltd, has a qualified opinion on the report that the financial statement present fairly, in material respects, the financial position, performance, and cash flows in accordance with the financial statement report standard except the impact on any potential revision of the 2011 financial statement revision which may be necessary. The management, insurers, and explorers are in the process of evaluating damages from Thailand's severe floods that disrupted the company's services at Pathumthani during mid-October to mid-December 2011. The management believes that damages from the floods will be compensated by insurers in accordance with its insurance policies while the financial statement for the year ended December 31, 2011 has not yet factored in any potential revision once the evaluation process of the flood damage is completed.

- For the year, ended December 31, 2012?, the auditor, by Ms. Wannaporn Jongpeeradechananda of KPMG Phoomchai Audit Ltd, has expressed an unqualified opinion on the report that the equity-method consolidated financial statement and the unconsolidated financial statement present fairly, in material respects, the

financial position as of December 31, 2012, as well as performance and cash flows for the year ended on the same day in accordance with the financial statement report standard. The auditor also noted that she had expressed a qualified opinion as stated in the report dated February 28, 2012, on the potential revision of the financial statement for the year ended December 31, 2011 in relation to the evaluation of flood damages. After the date of the report, the management has concluded the damages from the incident and that the company should book a loss of THB185 million. In the comparison figures that shown equity-method consolidated financial statement and the unconsolidated financial statement for the year ended December 31, 2011 have already adjusted the projected loss of THB185 million.

The shareholders' meeting on April 25, 2012, has approved the appointment of KPMG Poonchai Audit Ltd, by Ms. Wannaporn Jongpeeradechananda registration no. 4098 or Mr. Charoen Poomsamritlert registration no. 4068 or Mr. Wichien Dhamatrakul registration no. 3183, as the company's auditor for the year 2012 given that KPMG Poomchai Audit Ltd. proposed an acceptable audit fee while the company is confidence of its superior accounting standard.

## B) Summary table of financial statements

Items	Consolidated statements of Nava Nakorn PCL					
	2012		2011 (revised)		2010 (revised)	
	mn THB	%	mn THB	%	mn THB	%
<b>Balance Sheet</b>						
Cash and cash equivalent	73.55	1.69	163.41	4.55	231.52	6.20
Account receivables -net	38.55	0.89	6.79	0.19	46.78	1.25
Undue service fees	10.31	0.24	10.69	0.30	12.31	0.33
Cost of property project development for sale	1,666.09	38.27	1,749.90	48.76	1,782.64	47.74
Short-term loans to related companies	0.90	0.02	9.00	0.25	18.00	0.48
Accrued insurance claims	16.77	0.39				
Other current assets	43.95	1.01	37.53	1.05	9.00	0.24
Total current assets	1,850.11	42.50	1,977.33	55.10	2,100.25	56.25
Guaranteed deposits	31.82	0.73	28.74	0.80	8.12	0.22
Investment in associate companies	65.27	1.50	23.56	0.66	1.20	0.03
Long-term investment - cost method -net	4.27	0.10	4.27	0.12	4.27	0.11
property for investment -net	270.50	6.21	252.85	7.05	220.29	5.90
Land, building, and equipment -net	2,098.88	48.22	1,293.92	36.05	1,394.84	37.36
Advance payment on construction contract	21.94	0.50				
Other non-current assets	10.23	0.23	8.24	0.23	5.00	0.13
Total non-current assets	2,502.91	57.50	1,611.59	44.90	1,633.72	43.75
Total assets	4,353.02	100.00	3,588.92	100.00	3,733.97	100.00
Bank overdraft	7.60	0.17	2.20	0.06	21.33	0.57
Account payables	73.91	1.70	64.66	1.80	64.41	1.73
Construction payables	423.50	9.73				
Advance rental fee from clients	148.79	3.42	154.79	4.31	160.79	4.31
Short-term borrowings from financial institutions	126.71	2.91				
Long-term borrowing from financial institutions due within 1 year	147.96	3.40	267.48	7.45	153.29	4.11
Financial lease obligations due within 1 year	7.10	0.16	8.60	0.24	9.88	0.26
Tax payable	0.67	0.02	0.00	0.00	21.30	0.57
Other current liabilities	322.70	7.41	186.05	5.18	114.04	3.05
Total current liabilities	1,258.94	28.92	683.78	19.05	545.04	14.60
Retention	17.27	0.40	19.92	0.56	14.74	0.39
Long-term loans from financial institutions	499.46	11.47	536.64	14.95	714.59	19.14
Financial lease obligations	11.71	0.27	7.45	0.21	10.15	0.27
Employees' benefits payables	11.88	0.27	10.82	0.30		
Total liabilities	1,799.26	41.33	1,258.61	35.07	1,284.52	34.40
Registered capital	2,247.08	51.62	2,247.08	62.61	2,247.08	60.18
Issued and paid-up capital						
common shares	1,521.51	34.95	1,508.07	42.02	1,450.06	38.83
Total issued and paid-up capital	1,521.51	34.95	1,508.07	42.02	1,450.06	38.83
Proceeds from sale of exercise of rights to purchase common shares	1.20	0.03	13.34	0.37		
Share premium	283.56	6.51	283.56	7.90	283.56	7.59
Retained profit	747.47	17.17	525.33	14.64	715.83	19.17
Total shareholders' equity	2,553.76	58.67	2,330.30	64.93	2,449.45	65.60

Items	Consolidated statements of Nava Nakorn PCL					
	2012		2011 (revised)		2010 (revised)	
	mn THB	%	mn THB	%	mn THB	%
<b>Comprehensive profit and loss statement</b>						
Land sales	566.90	49.32	497.55	51.75	477.43	44.63
Services revenues	405.14	35.24	429.16	44.64	527.78	49.34
Rental revenues	21.02	1.83	17.46	1.82	15.82	1.48
Interest income	1.22	0.11	2.59	0.27	0.89	0.08
Dividend income	0.47	0.04	0.40	0.04	0.22	0.02
Compensation from insurance claims	143.66	12.50	0.00	0.00	0.00	0.00
Other income	11.10	0.97	14.29	1.49	47.62	4.45
Total Revenues	1,149.50	100.00	961.45	100.00	1,069.75	100.00
Costs of land and land with buildings	274.43	23.87	187.73	19.53	221.11	20.67
costs of services	286.40	24.91	367.15	38.19	335.74	31.38
Gross profit	432.22	37.60	389.29	40.49	464.18	43.39
Sales, general, and administrative expenses	282.28	24.56	446.95	46.49	237.18	22.17
Impairment loss	0.00	0.00	0.00	0.00	0.00	0.00
Financial expenses	48.62	4.23	44.74	4.65	48.02	4.49
Total expenses	891.72	77.57	1,046.58	108.85	842.05	78.71
Share of loss in equity investment	6.27	0.55	1.04	0.11	0.00	0.00
Pre-tax profit	251.50	21.88	-86.17	-8.96	227.71	21.29
Corporate tax	29.35	2.55	50.34	5.24	48.33	4.52
Net profit	222.15	19.33	-136.50	-14.20	179.38	16.77
<b>Cash flows statement</b>						
Net cash from (used in) operations	358.40		284.18		368.23	
Net cash from (used in) investment activities	-481.76		-229.78		-85.24	
Net cash from (used in) financing activities	33.50		-122.51		-61.97	
Net increase (decrease) of cash and cash equivalent	-89.86		-68.11		221.02	

Remarks: from January 1, 2011, the company has complied with the new accounting standard and adjusted back in the 2010 financial statements.

The 2011 financial statements were adjusted with the THB185 million estimated damages and losses from the massive floods

### C) Key financial ratios that reflect the company's financial position and performance of core businesses

Items		Consolidated statements of Nava Nakorn PCL		
		2012	2011 (revised)	2010
<b>Liquidity Ratio</b>				
Liquidity ratio	(time)	1.47	2.89	3.85
Quick ratio	(time)	0.09	0.25	0.51
Cash ratio	(time)	0.37	0.46	0.71
Receivable turnover	(time)	32.13	27.13	20.54
Collection period	(day)	11	13	18
Inventory turnover	(time)	0.33	0.31	0.31
Holding period	(day)	1091	1161	1161
Payable turnover	(time)	8.09	8.6	6.45
Payment period	(day)	44	42	56
Cash cycle	(day)	1,058	1,132	1,123
<b>Profitability Ratio</b>				
Gross profit margin	%	43.52	41.23	45.46
Operating profit margin	%	10.2	-10.85	21.78
Other profit margin	%	13.61	1.8	4.55
Cash to profitability	%	353.7	-277.5	205.73
Net profit margin	%	19.33	-14.2	16.77
Return on equity	%	9.10	-5.71	7.99
<b>Efficiency Ratio</b>				
Return on assets	%	5.59	-3.73	4.92
Return on fixed assets	%	15.72	-1.05	18.64
Assets turnover	(time)	0.29	0.26	0.29
<b>Financial Policy Ratio</b>				
Debt to equity	(time)	0.70	0.54	0.52
Interest coverage ratio (cash basis)	(time)	10.1	8.99	10.59
Debt coverage ratio (cash basis)	(time)	0.65	0.65	0.34
Dividend Payout	%		0	57.38
<b>Per share information</b>				
Earnings per share	(THB)	0.15	-0.09	0.15
Book value per share	(THB)	1.68	1.55	1.69

## 2. Discussion and analysis of the financial position and performance

### A) Performance

#### Overall performance

Nava Nakorn PCL develops land in Nava Nakorn industrial promotion zone. Core revenues are generated by land sale and revenues from services provided within it project. In 2012, land sale accounted for 49.32% of total revenues while services revenues made up 35.24%. The services revenues are considered to be sustainable, secured, and grow along with expanded land sale, number of operators, employees, and residents within the project. Therefore, the company focused on generating more income from utilities services, with details of any change and key factors that affect its performance as follows:

The economic stimulus measures and those supporting public investment such as reductions in property tax and land transfer fee as well as measures supporting SMEs investment and accommodative interest rate environment were all driving more consumption and investment, resulting in continuous economic expansion. Both domestic and foreign investors were confidence in the local economic condition and expanded their production capacity and investment. Moreover, the company has improved management efficiency within the industrial promotion zone and has been awarded the certification of industrial standard management system/ISO 9001:2000 in land development and utilities services in industrial promotion zone from the National Accreditation Council of Thailand, which enhanced credibility of the company's management system. These factors allowed the company to continuously generate operating profit. However, land sales volatility caused the company's earnings to swing accordingly. In order to reduce such volatility of land

sale revenues, the company has expanded to the Nakornratchasima project and made it the new channel to create new land sales. It has also sought partners with expertise and international network to be its sales agents for targeted foreign clients. These measures will make land sales revenues more stable in the future.

In 2010, the company posted total revenues of THB1,113.95 million, up THB548.67 million or 97.06% from 2009, due to an increase of THB465.58 million land sales.

In 2011, the company posted total revenues of THB961.45 million, down by THB108.30 million or 10.12% from 2010, due to a decrease of THB20.12 million and a THB98.63 million drop of services revenues following severe floods at the Nava Nakorn Pathumthani industrial promotion zone during mid-October to mid-December 2011. The natural disaster caused all factories in the industrial promotion zone to halt their operations and the company also discontinued its services during the period.

In 2012, the company posted total revenues of THB1,149.50 million, up THB188.05 million or 19.56% from revised revenues in 2011, due to THB69.35 million in land sales while services revenues retreated by THB24.02 million. The company booked insurance compensation worth THB143.66 million for damages of its assets following the massive floods at Nava Nakorn industrial promotion zone in Pathunthani in 2011.

#### Sales and services revenues

The company's core revenues from Nava Nakorn industrial promotion zone comprise of land sales and services revenues. Since January 1, 2011 onwards, the company has adopted the 18th accounting standard on revenues realization, changing the method of revenues realization on land sales from booking from paid installation to



booking at transfer of land ownership. The company also adjusted the 2010 financial statements applying this new accounting method.

In 2010, land sales were at THB477.43 million while land sales at 2011 and 2012 were at THB497.55 million and THB566.90 million respectively.

There has been no certainty in growth rate of the company's land sales. In a year that it can sell bit plots of land and get paid within the year, land sales revenues in that year will rise. Details of land sales during 2010-2012 follow:

Land sales	2012		2011 (revised)		2010	
	mn THB	% change	mn THB	% change	mn THB	% change
Total	566.90	13.94	497.55	4.21	477.43	815.56
Major clients <sup>1</sup>	307.71		361.95		319.86	

Remark: <sup>1</sup> In 2010, land sales to Oishi Trading Ltd amounted to THB151.78 million, HonChuan (Thailand) Ltd. amounted to THB57 million, Canon Hi-Tech (Thailand) Ltd. amounted to THB111.08 million.

In 2011, land sales to Nissin Foods (Thailand) Co. Ltd. amounted to THB213.48 million, Sum Hitech Ltd. amounted to THB79.46 million, and Canon Hi-Tech (Thailand) Ltd. amounted to THB69.01 million.

In 2012, land sales to Shinkawa Manufacturing Asia Co. Ltd. amounted to THB126.77 million and Nava Nakorn Electricity Generating Co. Ltd. amounted to THB180.94 million.

All services revenues were from services provided at the Nava Nakorn industrial promotion zone, including water supply, waste water management, community service, and garbage collection etc. About 58% of services revenues were from water supply revenues while another 18% of revenues were from waste water management. Details of services revenues during 2010-2012 follow:

	2012		2011 (revised)		2010	
	mn THB	% change*	mn THB	% change*	mn THB	% change*
Services revenues	405.14	(5.60)	429.16	(18.69)	527.78	17.08

In 2012, services revenues declined as most of the company's factory clients were affected by the devastating flood at Nava Nakorn industrial promotion zone in Pathunthani during mid-October to mid-December, 2011.

## Rental Revenues

In 2010, rental revenues were THB15.82 million, down by THB1.29 million or 7.54% from 2009.

In 2011, rental revenue were THB17.46 million, up by THB1.64 million or 10.40% from 2010.

In 2012, rental revenues were THB21.02 million, up by THB3.55 million or 20.36% from 2011.

## Insurance Claims

In 2012, the company booked THB143.66 million worth of compensation from insurance claims following the severe floods at Nava Nakorn Pathumthani industrial promotion zone in 2011.

## Other Revenues

- In 2010, the company booked THB48.72 million other revenues, including gain from asset sale and revaluation of asset impairment item, etc.
- In 2011, the company booked THB17.28 million other revenues, including interest income, bus parking fee and revaluation of asset impairment item, etc.
- In 2012, the company booked THB11.10 million other revenues, including interest income, commercial shop services, and bus parking fee, etc.

## Costs of goods sold and SG&A

- Cost of goods sold

The company's costs of goods sold can be divided by its two core revenues sources as costs of land sales and costs of services. In 2010-2012, costs of goods sold to revenues were at 52.76%, 57.71%, and 48.79% respectively due to difference margins of each period. Besides, in a year that land sales

were lower than services revenues, cost of goods sold to revenues would be higher while in contrary the ratio would be lower in a year that land sales were higher than services revenues.

In a revised 2010 statements, the company booked total costs of THB556.85 million, of which THB221.11 million were costs of goods sold and THB335.74 million were costs of services.

In 2011, the company booked total costs of THB554.88 million, of which THB187.73 million were costs of goods sold and THB367.15 million were costs of services.

In 2012, the company booked total costs of THB560.83 million, of which THB274.43 million were costs of goods sold and THB286.40 million were costs of services.

- Selling, General & Administrative Expenses

In a revised 2010 statements, the company booked SG&A expenses at THB285.19 million, up by THB60.54 million, or 26.95%, from 2009, due to higher expenses on land ownership transfer, board remuneration, and special business tax (varies to land sales revenues).

In a revised 2011 statements, the company booked SG&A expenses at THB491.70 million, up by THB206.50 million, or 72.41%, from 2010 due to estimated flood damages of THB185 million and expenses on flood prevention and rehabilitation activities as well setting up provisions.

In 2012, the company booked SG&A expenses at THB330.89 million, down by THB160.80 million or 32.70%, from 2011 due to estimated flood damages of THB185 million in 2011 while it incurred expenses on flood rehabilitation activities in 2012.

## Profit

- Gross Profit

In 2010–2012, average gross profit margin was at 43.46% of total revenues. Gross profit margin on land sales at Nava Nakorn industrial promotion zone was 55.68% while gross profit margin on services and rental revenues was at 27.37%. Details of the changes present below:

			(% of sales)	
Gross profit margin	average	2012	2011 (revised)	2010
• from land sale	55.68	51.59	62.27	53.69
• from services and rental revenues	27.37	29.30	17.79	38.24
Total	43.46	43.52	41.23	45.46

Considering the data above, despite high gross profit margin of land sales but it remains highly fluctuate because the company recognized costs of land by the price of land when it bought and costs of each plot of land vary. Therefore, gross profit margin on land sales may rise/fall depending on costs of the land sold. For example, in 2012, most of the realized land sales revenues were from land in Nakornratchasima, or 40.8%, while sales from land in premium zone in Pathumthani accounted for 31.92%. Since land costs of the premium zone were higher than original industrial zone in Pathumthani, gross profit margin on land sales in 2012 then dropped from the previous year.

In 2011, 53.19% of the realized land sales revenues were from land in the original Pathumthani zone, which had lower costs of sales than land plots in the new project, therefore its gross profit margin shot up to 62.27% from 53.69% in 2010.

In 2012, gross profit margin on services revenues bounced to 29.30% from 17.79% in 2011, which fell from 38.24% in 2010 due to severe floods at Nava Nakorn Pathumthani industrial promotion zone during mid-October to mid-December, 2011, which caused the company to loss services revenues during the period.

## Net Profit

In 2010–2012, the company posted a net profit of THB179.38 million, a net loss of THB136.50 million and a net profit of THB222.15 million respectively. The company's constant profit was owing to the 30-year establishment of Nava Nakorn industrial promotion zone, which it acquired most land in the project at the beginning of the project at low acquisition costs. On services revenues, the company sets its services fee based on its costs plus a determined profit. The company will adjust its revenues fee whenever costs escalate, therefore it will also record positive gross operating profit from services. As most of the investment used in project development sprung from the operating profit, the company will not have to shoulder much financial burden. Moreover, the company also tried to improve organization structure and management system while developing more efficient utilities services and enhanced flexibility in providing services to better serve clients more comprehensively which should help bring down its operating costs and create more revenues. However, net profit each year could fluctuate with the company's land sales. A year with high number of land sales would also mean high net profit for the year.

## Return on equity

In 2010–2012, the company's returns on equity were at 1.09%, -5.71%, and 9.1% respectively. In 2012, ROE was higher because it received compensation from insurance claims for damages from the devastating floods in 2011.

## B) Financial position

### Assets composition

As of December 31, 2010, the company's total assets amounted to THB3,733.97 million, up THB178.59 million, or 5.02%, from 2009.

As of December 31, 2011, the company's total assets amounted to THB3,588.92 million, up THB145.05 million, or 3.88%, from 2010.

As of December 31, 2012, the company's total assets amounted to THB4,353.02 million, up THB764.10 million, or 20.46%, from 2011. Details of the changes in assets composition in 2010, 2011, and 2012 are shown below:

- Current Assets

As of December 31, 2009, the company's current assets amounted to THB1,883.83 million, up THB34.92 million, or 1.89%, from the end of 2008. Cash and cash equivalent assets fell THB51.36 million while development costs of property project for sale rose THB95.75 million as the company commenced construction of the Nava Privacy Condominium project in late 2008.

As of December 31, 2010, the company's current assets amounted to THB2,100.25 million, up THB213.91 million, or 11.34%, from the end of 2009 as cash and cash equivalent assets rose THB221.02 million.

As of December 31, 2011, the company's current assets amounted to THB1,977.33 million, down THB122.92 million, or 5.85%, from the end of 2010. Cash and cash equivalent assets dropped THB68.11 million, account receivables fell THB39.98 million, and development costs of property project for sale retreated THB32.74 million.

As of December 31, 2012, the company's current assets amounted to THB1,850.11 million, down THB127.21 million, or 6.43%, from the end of 2011. Cash and cash equivalent assets dropped THB89.86 million and development costs of property project for sale fell THB83.82 million while account receivables rose THB31.75 million.

- Investment in affiliates

In 2010, the company invested THB1.20 million in Nava Nakorn Electricity Generating Co. Ltd.

In 2011, the company partially divested THB0.60 million and invested THB24.00 million in Nava Nakorn Electricity Generating Co. Ltd.'s new shares.

And in 2012, the company invested THB48.00 million in Nava Nakorn Electricity Generating Co. Ltd.'s new shares.

- Long-term Investment

As of December 31, 2012, the company's outstanding long-term investment amounted to THB4.27 million.

- Property for investment

Since January 1, 2011, onwards, the company has adopted the 40th note of the accounting standard (revised in 2009) on property for investment.

The company previously booked property for investment as part of land, building, and equipment but since 2011 set up a separate item for these assets and adjusted back for 2010.

As of December 31, 2010, the company's outstanding property for investment amounted to THB220.29 million. As of December 31, 2011, outstanding property for investment rose THB32.56 million from the end of 2010 due to an increase of land and factories for rent at Nava Nakorn Ratchasima industrial zone. However, the massive floods caused the company to book a loss from asset impairment of THB7.00 million.

As of December 31, 2012, outstanding property for investment rose THB17.65 million from the end of 2011 due to an increase of factories for rent at Nava Nakorn Ratchasima industrial zone.

- Land, building, and equipment

As of December 31, 2010, the company's outstanding land, building, and equipment amounted to THB1,394.84 million (after separating property for investment into a new item).

As of December 31, 2011, outstanding land, building, and equipment fell THB100.92 million from the end of 2010 to THB1,293.92 million. The massive floods caused the company to book a loss from asset impairment of THB173.50 million while construction costs of the expansion of water production facilities also increased.

As of December 31, 2012, outstanding land, building, and equipment rose THB804.66 million from the end of 2011 to THB2,098.88 million due to an increase of construction costs of the expansion of water production facilities and assets recovery after the floods.

## Quality of assets

- Account Receivables

As of December 31, 2010, the company has a total of THB46.78 million in account receivables, up by THB3.67 million from the end of 2009.

As of December 31, 2011, the company has a total of THB6.79 million in account receivables, down by THB39.99 million from the end of 2010.

As of December 31, 2012, the company has a total of THB31.75 million in account receivables, up by THB31.75 million from the end of 2011.

The establishment of provision in 2010-2012 was for the full amount of account receivables with more than one year overdue. The company will set aside 75% provision for 6-12 months overdue receivables, 50% provision 3-6 months overdue receivables, and 10% provision for 1-3 months overdue receivables.

- Long-term investment

At the end of 2009, 2010, and 2011, the company had set provision for impairment of its investment in Bangkok Club Ltd. at THB0.67 million (of THB1.00 million investment), which it deemed appropriate for the quality of investment in the affiliate. Therefore, it had not set additional provision for impairment of this investment.

- Land, building, and equipment

At the end of 2010, 2011, and 2012, the company had not booked any provision for impairment of its building and equipment because there had been no significant indication that net book value of the company's building and equipment would fall below their fair value or the expected retrieval value.

As of December 31, 2011, the company has booked loss from asset impairment due to the devastating floods.

## C) Liquidity

### Cash flows

Details of key changes in the company's cash flows during 2010 - 2012 are shown below:

(Unit: mn THB)

Items	2012	2011	2010
Net profit	222.15	(136.50)	179.38
Net cash from (used in) operations	358.40	284.18	368.23
Net cash from (used in) investment activities	(481.76)	(229.78)	(85.24)
Net cash from (used in) financing activities	33.50	(122.51)	(61.97)
Net increase (decrease) of cash and cash equivalent	(89.86)	(68.11)	221.02

In 2012, most of cash flows from operations were generated by land sales while cash spending for investment rose from 2011 due to the construction of water production expansion project and the rehabilitation

of assets that were damaged by the floods and the drawdown of loans from financial institutions.

In 2010, the THB368.23 million cash flows from operations derived from a net profit of THB179.38 million, a THB125.99 million depreciation, and a THB54.96 million decline in property project development cost. Regarding investment activities, the company spent THB57.60 million cash to purchase land, building, and equipment, resulting in net cash used in investment activities of THB85.24 million. Net cash used in financing activities amounted to THB61.97 million as the company borrowed additional THB701.78 million but repay THB914.39 million debts while paying THB60.97 million financial expenses and THB91.80 worth of dividend. Therefore, cash and cash equivalent for the period rose THB221.02 million and when combine with cash balance at the beginning of the period at THB10.50 million, cash and cash equivalent at the end of 2012 was at THB231.52 million.

In 2011, the THB284.18 million cash flows from operations derived from a net loss of THB136.50 million, a THB119.85 million depreciation, a THB185 million loss from the floods, a THB39.98 million decline in account receivables, a THB28.24 million decline in property project development cost, and a THB72.02 million increase in other current receivables. Regarding investment activities, the company spent THB155.44 million cash to purchase land, building, and equipment, THB41.95 million in property for investment, and another THB24 million to invest in affiliated companies, resulting in net cash used in investment activities of THB229.78 million. Net cash used in financing activities amounted to THB122.51 million as the company borrowed additional THB118.59 million but repay THB182.36 million debts while paying THB53.91 million financial expenses and THB44.93 worth of dividend. Therefore, cash and cash equivalent for the period fell THB68.11 million and when combine with cash



balance at the beginning of the period at THB231.52 million, cash and cash equivalent at the end of 2012 was at THB163.41 million.

In 2012, the THB358.40 million cash flows from operations derived from a net profit of THB222.15 million, a THB85.57 million depreciation, a THB132.20 million increase in other receivables, and a THB85.32 million decline in property project development. Regarding investment activities, the company spent THB434.07 million cash to purchase land, building, and equipment, and THB20.89 million in property for investment, and another THB47.99 million to invest in affiliated companies, resulting in net cash used in investment activities of THB481.76 million. Net cash used in financing activities amounted to THB33.50 million as the company received THB126.88 million insurance claims and borrowed additional THB220.79 million but repay THB250.78 million debts while paying THB60.46 million financial expenses. Therefore, cash and cash equivalent for the period fell THB89.86 million and when combine with cash balance at the beginning of the period at THB163.41 million, cash and cash equivalent at the end of 2012 was at THB73.55 million.

### Liquidity Ratio

As of December 31, 2010, liquidity ratio and quick ratio rose to 3.85x and 0.51x respectively.

As of December 31, 2011, liquidity ratio and quick ratio fell to 2.89x and 0.25x respectively.

As of December 31, 2012, liquidity ratio and quick ratio rose to 1.47x and 0.09x respectively.

### Capital Expenditure

The company currently invest mainly in industrial promotion zone and the capital expenditures were used to develop utilities system within the project and the Nava Privacy shopping malls and residential projects.

In 2010, the company spent THB27.71 million to repair roads in the Pathumthani project and THB56.76 million to develop utilities system at the Nakornratchasima project.

In 2011, the company spent THB104.40 million in the expansion of water production project, THB32.96 million to build factories for rent at the Nakornratchasima project, and THB68.89 million in utilities system development at Nakornratchasima project.

In 2012, the company spent THB597.55 million to build a permanent flood wall, THB80.18 million to repair roads in the project, THB97.12 million to recover water production and waste water system, and THB78.63 million in the expansion of water production project.

Before making any investment decision, the company will conduct feasibility studies to ensure that the project return worth the investment. It will consider the financial, marketing, social, and environmental aspects to make the right decision and will weigh most on the utmost benefits of the company.

## D) Source of fund

### Debt to equity ratio

As of December 31, 2009, the company's debt to equity ratio was at 0.74x as it borrowed more to finance the development of the Nava Privacy shopping mall and condominium project in the Navanakorn Pathumthani industrial promotion zone.

As of December 31, 2010, the company's debt to equity ratio was at 0.52x.

As of December 31, 2011, the company's debt to equity ratio was at 0.54x.

As of December 31, 2012, the company's debt to equity ratio was at 0.70x.

## Shareholders' equity

As of December 31, 2010, shareholders' equity stood at THB2,449.45 million, up by THB410.82 million, or 20.15%, from 2009 due mainly to a THB323.24 million increase in paid-up capital and an increase of THB179.38 million retained earnings and a THB91.80 million dividend payment.

As of December 31, 2011, shareholders' equity stood at THB2,330.30 million, down by THB119.14 million, or 4.86%, from 2010 due mainly to a THB58.02 million increase in paid-up capital, a THB13.34 million receipt from the exercise of rights to buy common shares, a decline of THB136.50 million retained earnings and a THB44.93 million dividend payment.

As of December 31, 2010, shareholders' equity stood at THB2,553.76 million, up by THB223.45 million, or 9.59%, from 2009 due mainly to a THB13.44 million increase in paid-up capital and an increase of THB222.15 million retained earnings.

## Liabilities

As of December 31, 2010, total liabilities stood at THB1,284.52 million, down by THB232.23 million from the end of 2009 due to a decline of THB212.62 million in long-term loans and a fall of THB43.75 million in account payables.

As of December 31, 2011, total liabilities stood at THB1,258.61 million, down by THB25.91 million from the end of 2010 due to a decline of THB19.13 million in bank overdraft, a THB63.76 million drop in long-term loans, a fall of THB21.30 million in tax payables, and an increase of THB72.02 million in other current liabilities.

As of December 31, 2012, total liabilities stood at THB1,799.26 million, up by THB540.65 million from the end of 2010 due to a THB423.50 increase in account payables and a THB136.65 million increase in other current liabilities.

## E) Factors that may affect future performance or financial position

### Costs of land for new projects may increase in the future

The company was established in 1971 to operate businesses in industrial promotion zone, with an initial area of around 5,000 rai. It has gradually accumulated 1,135 rai additional land surrounding the compound. In 2006, the company bought an additional 175 rai, making a total area of 6,310 rai. At present, the company has around 746 rai of land available for sale. As the company gradually acquired its land, each plot has different costs as those being bought earlier would have lower costs than those accumulated later. Therefore, once the original plots of land were sold off, margin from land sale would then drop because costs of the newly acquired plots of land were significantly higher than the original plots. In 2002, the company has acquired 1,175 rai of land in Sungnern, Nakornratchasima and bought additional 728 rai during 2003-2005, making a total land of 1,903 rai to be developed at Nava Nakorn (Nakornratchasima) industrial zone.

Details of changes in projected land sales and costs are shown below:

(Unit : million baht)

Items	Original project	New project			Total
		duty free zone/small industries	premium zones	Nakorn Ratchasima	
Outstanding land for sale	257	-	149	700	1,106
Average price per rai	4.75	-	4.75	1.8	2.88
Total projected sales value	1,221	-	708	1,260	3,189
Present costs of land					
• Value	111	-	550	583	1,133
• %	9.10	-	77.68	46.28	35.53

In each purchase of new plots of land, the company will conduct a feasibility study before acquiring the plots. Key determination factor is the land price, which have to be competitive enough and generate proper return on investment. Therefore, the company believes that despite lower gross profit margin in the future, the margin will still be at competitive levels and could constantly generate profit and dividend to shareholders.

### **Project layout**

Nava Nakorn (Pathumthani) industrial promotion zone is Thailand's first industrial estate project that has been well-established and being continuously expanded. As the company has in the past sold some plots of land in the industrial zones to general investors, who develop the plots into commercial and residential area, making the current planning of the project less orderly and could be a constraint in selling some plots to investors. However, the company has currently set a clear master plan of the project and it will consider the planned usage of land plots before selling to investors to ensure the usage fits the location specified in the master plan.

### **The project's ground is lower than adjacent area**

The location of the Nava Nakorn industrial promotion zone was originally a basin that set on low ground. Therefore, the company had to build dyke surrounding the project and develop drainage to prevent floods. As the company purchase more land to develop, it would need to build additional dykes and drainage, making its land development costs and maintenance expenses for the dykes and drainage relatively higher than its competitors, whose location set on higher grounds and don't have to incur such expenses. However, as the company has completed the building of dykes and internal

drainage, it will now book only maintenance expenses and additional costs on additional construction along newly acquired land. Each year, it record around THB1-2 million in maintenance expenses of the dykes and drainage, accounting for around 1-3% of total expenses which is considered marginal to overall costs. Therefore, the company believes this factor will not affect the company's performance.

### **Land for sale not connected to the project**

In the past, the company let individuals acted as an agent to collect land plots and re-sell to the company to bring down acquisition cost as land owners usually set higher prices for corporate buyers. The company gradually purchased small plots of land, not huge plot all at once. In 1987, the company bought 22-2-16 rai of land worth around THB4.20 million, adjacent to a canal with no connection to road and located 390 meters away from the company's project. Back then, the company expected to be able to purchase adjacent plots and combine the land into the project. However, it failed to do so and therefore the plot does not connect with the project. The company will continue to consider buying adjacent plots to connect the plot with the project for further development and will at the meantime try to sell the plot to any interested person to reduce land development constraints.

# Independent Auditor's Report

## To the shareholders of Nava Nakorn Public Company Limited

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

## Management's Responsibility for the Financial Statements in which the Equity Method is Applied and Separate Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in which the equity method is applied and separate 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 in which the equity method is applied and separate 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 in which the equity method is applied and separate 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 in which the equity method is applied and separate financial statements are free from material misstatement.

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

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

## Opinion

In my opinion, the financial statements in which the equity method is applied and separate financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2012 and the financial performance and cash flows for the year then ended of Nava Nakorn Public Company Limited in accordance with Thai Financial Reporting Standards.

## Emphasis of Matter

Without qualifying my opinion, I refer to Note 3 to the financial statements describing the impact on the Company of the severe flooding in Thailand during 2011. I have previously audited the financial statements in which the equity method is applied and separate financial statements of Nava Nakorn Public Company Limited for the year ended 31 December 2011 in accordance with Thai Standards on Auditing and expressed a qualified opinion on those financial statements in my report dated 28 February 2012 for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to satisfy myself with respect to the loss suffered by the Company from flood damage. Subsequent to the date of my report on the 2011 financial statements, management has estimated the damage and the loss suffered from the flood that should have been recorded in the 2011 financial statements at Baht 185 million. The financial statements in which the equity method is applied and separate financial statements for the year ended 31 December 2011, which are included in the accompanying financial statements as comparative information, are based on the audited financial statements for the year ended 31 December 2011 after adjusting for this estimated Baht 185 million loss.



(Vannaporn Jongperadechanon)  
Certified Public Accountant  
Registration No. 4098

KPMG Phoomchai Audit Ltd.  
Bangkok  
19 February 2013

Nava Nakorn Public Company Limited

Statements of financial position

Assets	Note	At Equity method		At Cost method	
		31 December		31 December	
		2012	2011 (Restated)	2012	2011 (Restated)
		<i>(in Baht)</i>			
<b>Current assets</b>					
Cash and cash equivalents	6	73,549,030	163,410,333	73,549,030	163,410,333
Trade accounts receivable	5, 7	38,546,205	6,793,086	38,546,205	6,793,086
Unbilled service income		10,312,258	10,691,546	10,312,258	10,691,546
Real estate projects under development	3, 8	1,666,085,985	1,749,901,750	1,666,085,985	1,749,901,750
Short-term loans to related party	5	900,000	9,000,000	900,000	9,000,000
Accrued insurance reimbursement	3	16,772,400	-	16,772,400	-
Other current assets	5, 9	43,947,412	37,530,939	43,947,412	37,530,939
<b>Total current assets</b>		<b>1,850,113,290</b>	<b>1,977,327,654</b>	<b>1,850,113,290</b>	<b>1,977,327,654</b>
<b>Non-current assets</b>					
Deposits at banks used as collateral	14	31,816,563	28,744,274	31,816,563	28,744,274
Investment in an associated company	10	65,267,836	23,557,573	72,585,060	24,600,000
Long-term investments	11	4,274,947	4,274,947	4,274,947	4,274,947
Investment properties	3, 12	270,500,420	252,851,449	270,500,420	252,851,449
Property, plant and equipment	3, 13	2,098,883,001	1,293,920,980	2,098,883,001	1,293,920,980
Advances to contractors		21,936,277	-	21,936,277	-
Other non-current assets		10,226,347	8,240,335	10,226,347	8,240,335
<b>Total non-current assets</b>		<b>2,502,905,391</b>	<b>1,611,589,558</b>	<b>2,510,222,615</b>	<b>1,612,631,985</b>
<b>Total assets</b>		<b>4,353,018,681</b>	<b>3,588,917,212</b>	<b>4,360,335,905</b>	<b>3,589,959,639</b>

## Nava Nakorn Public Company Limited

### Statements of financial position

Liabilities and equity	Note	At Equity method		At Cost method	
		31 December		31 December	
		2012	2011	2012	2011
			(Restated)		(Restated)
		(in Baht)			
<b>Current liabilities</b>					
Bank overdrafts	14	7,604,728	2,197,800	7,604,728	2,197,800
Trade accounts payable	5, 15	73,910,728	64,658,543	73,910,728	64,658,543
Construction payable		423,500,528	-	423,500,528	-
Advance rental receipt from customer	16	148,790,323	154,790,323	148,790,323	154,790,323
Short-term borrowings from financial institutions	14	126,706,396	-	126,706,396	-
Current portion of long-term borrowings from financial institutions	14	147,960,000	267,476,451	147,960,000	267,476,451
Current portion of finance lease liabilities	14	7,098,482	8,601,289	7,098,482	8,601,289
Income tax payable		667,989	-	667,989	-
Other current liabilities	17	322,702,791	186,054,760	322,702,791	186,054,760
<b>Total current liabilities</b>		<b>1,258,941,965</b>	<b>683,779,166</b>	<b>1,258,941,965</b>	<b>683,779,166</b>
<b>Non-current liabilities</b>					
Retention		17,267,234	19,919,185	17,267,234	19,919,185
Long-term borrowings from financial institutions	14	499,462,879	536,642,127	499,462,879	536,642,127
Finance lease liabilities	14	11,711,320	7,448,157	11,711,320	7,448,157
Employee benefit obligations	18	11,880,070	10,824,623	11,880,070	10,824,623
<b>Total non-current liabilities</b>		<b>540,321,503</b>	<b>574,834,092</b>	<b>540,321,503</b>	<b>574,834,092</b>
<b>Total liabilities</b>		<b>1,799,263,468</b>	<b>1,258,613,258</b>	<b>1,799,263,468</b>	<b>1,258,613,258</b>
<b>Equity</b>					
Share capital	19				
Authorised share capital		2,247,083,295	2,247,083,295	2,247,083,295	2,247,083,295
Issued and paid-up share capital		1,521,512,530	1,508,072,530	1,521,512,530	1,508,072,530
Received from warrants exercised	20, 39	1,204,500	13,340,000	1,204,500	13,340,000
Premium on ordinary shares	21	283,563,867	283,563,867	283,563,867	283,563,867
Retained earnings					
Appropriated - legal reserve	21	98,247,577	86,826,499	98,247,577	86,826,499
Unappropriated		649,226,739	438,501,058	656,543,963	439,543,485
<b>Total equity</b>		<b>2,553,755,213</b>	<b>2,330,303,954</b>	<b>2,561,072,437</b>	<b>2,331,346,381</b>
<b>Total liabilities and equity</b>		<b>4,353,018,681</b>	<b>3,588,917,212</b>	<b>4,360,335,905</b>	<b>3,589,959,639</b>



## Nava Nakorn Public Company Limited

### Statements of comprehensive income

	Note	At Equity method		At Cost method	
		For the year ended 31 December		For the year ended 31 December	
		2012	2011	2012	2011
			(Restated)		(Restated)
		(in Baht)			
<b>Income</b>	5				
Revenue from sale of real estate					
development projects		566,897,740	497,552,125	566,897,740	497,552,125
Revenue from rendering of services		405,136,403	429,155,243	405,136,403	429,155,243
Rental income	16	21,016,129	17,461,760	21,016,129	17,461,760
Interest income		1,222,340	2,588,009	1,222,340	2,588,009
Dividend income		469,395	400,140	469,395	400,140
Insurance reimbursement	3	143,657,043	-	143,657,043	-
Other income	23	11,097,961	14,293,996	11,097,961	14,293,996
<b>Total income</b>		<b>1,149,497,011</b>	<b>961,451,273</b>	<b>1,149,497,011</b>	<b>961,451,273</b>
<b>Expenses</b>	5				
Cost of sale of real estate development projects		274,431,468	187,731,845	274,431,468	187,731,845
Cost of rendering of services	24	286,396,916	367,149,911	286,396,916	367,149,911
Selling expenses	25	52,223,500	51,695,969	52,223,500	51,695,969
Administrative expenses	3, 26	230,052,796	395,256,274	230,052,796	395,256,274
Finance costs	29	48,616,895	44,744,221	48,616,895	44,744,221
<b>Total expenses</b>		<b>891,721,575</b>	<b>1,046,578,220</b>	<b>891,721,575</b>	<b>1,046,578,220</b>
<b>Share of net loss in equity – accounted investees</b>					
Associate	10	6,274,797	1,042,427	-	-
<b>Total</b>		<b>6,274,797</b>	<b>1,042,427</b>	<b>-</b>	<b>-</b>
<b>Profit (loss) before income tax expense</b>		<b>251,500,639</b>	<b>-86,169,374</b>	<b>257,775,436</b>	<b>-85,126,947</b>
Income tax expense	30	29,353,880	50,335,493	29,353,880	50,335,493
<b>Profit (loss) for the year</b>		<b>222,146,759</b>	<b>-136,504,867</b>	<b>228,421,556</b>	<b>-135,462,440</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>222,146,759</b>	<b>-136,504,867</b>	<b>228,421,556</b>	<b>-135,462,440</b>
<b>Earnings (loss) per share (Baht)</b>	32				
Basic		0.15	-0.09	0.15	-0.09
Diluted		0.12	-0.08	0.12	-0.08

**Nava Nakorn Public Company Limited**  
**Statements of changes in equity**

	At Equity method					Total equity
	Issued and paid-up share capital	Received from warrants exercised	Premium on ordinary shares	Retained earnings		
				Legal reserve	Unappropriated	
Note	(in Baht)					
	1,450,055,530	-	283,563,867	84,401,742	622,365,358	2,440,386,497
<b>For the year ended 31 December 2011</b>						
<b>Balance at 1 January 2011</b>						
<b>Transactions with owners, recorded directly in equity</b>						
<b>Contributions by and distributions to owners of the Company</b>						
Received from warrants exercised	-	13,340,000	-	-	-	13,340,000
Legal reserve	-	-	2,424,757	-	-2,424,757	-
Increase of new shares	58,017,000	-	-	-	-	58,017,000
Dividends	-	-	-	-	(44,934,676)	(44,934,676)
<b>Total contributions by and distributions to owners of the Company</b>	<b>58,017,000</b>	<b>13,340,000</b>	<b>-</b>	<b>2,424,757</b>	<b>(47,359,433)</b>	<b>26,422,324</b>
<b>Comprehensive income for the year</b>						
Loss - restated	-	-	-	-	(136,504,867)	(136,504,867)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(136,504,867)</b>	<b>(136,504,867)</b>
<b>Balance at 31 December 2011</b>	<b>1,508,072,530</b>	<b>13,340,000</b>	<b>283,563,867</b>	<b>86,826,499</b>	<b>438,501,058</b>	<b>2,330,303,954</b>

**Nava Nakorn Public Company Limited**  
**Statements of changes in equity**

	At Equity method					Total equity
	Issued and paid-up share capital	Received from warrants exercised	Premium on ordinary shares	Retained earnings		
Note				Legal reserve	Unappropriated	
						(in Baht)
	1,508,072,530	13,340,000	283,563,867	86,826,499	623,501,058	2,515,303,954
3	-	-	-	-	-185,000,000	-185,000,000
	1,508,072,530	13,340,000	283,563,867	86,826,499	438,501,058	2,330,303,954
<b>Transactions with owners, recorded directly in equity</b>						
<b>Contributions by and distributions to owners of the Company</b>						
20	-	(12,135,500)	-	-	-	(12,135,500)
21	-	-	-	11,421,078	(11,421,078)	-
19	13,440,000	-	-	-	-	13,440,000
	13,440,000	(12,135,500)	-	11,421,078	(11,421,078)	1,304,500
<b>Comprehensive income for the year</b>						
	-	-	-	-	222,146,759	222,146,759
	-	-	-	-	222,146,759	222,146,759
	1,521,512,530	1,204,500	283,563,867	98,247,577	649,226,739	2,563,755,213

**Nava Nakorn Public Company Limited**  
**Statements of changes in equity**

	At Cost method						Total equity
	Issued and paid-up share capital	Received from warrants exercised	Premium on ordinary shares	Legal reserve	Retained earnings	Unappropriated	
	(in Baht)						
<b>For the year ended 31 December 2011</b>							
<b>Balance at 1 January 2011</b>	1,450,055,530	-	283,563,867	84,401,742	622,365,358	-	2,440,386,497
<b>Transactions with owners, recorded directly in equity</b>							
<b>Contributions by and distributions to owners of the Company</b>							
Received from warrants exercised	-	13,340,000	-	-	-	-	13,340,000
Legal reserve	-	-	-	2,424,757	-	-2,424,757	-
Increase of new shares	58,017,000	-	-	-	-	-	58,017,000
Dividends	-	-	-	-	(44,934,676)	-	(44,934,676)
<b>Total contributions by and distributions to owners of the Company</b>	<b>58,017,000</b>	<b>13,340,000</b>	<b>-</b>	<b>2,424,757</b>	<b>(47,359,433)</b>	<b>-</b>	<b>26,422,324</b>
<b>Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(135,462,440)</b>	<b>-</b>	<b>(135,462,440)</b>
Loss - restated	-	-	-	-	(135,462,440)	-	(135,462,440)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>439,543,485</b>	<b>-</b>	<b>439,543,485</b>
<b>Balance at 31 December 2011</b>	<b>1,508,072,530</b>	<b>13,340,000</b>	<b>283,563,867</b>	<b>86,826,499</b>	<b>66,826,499</b>	<b>439,543,485</b>	<b>2,331,346,381</b>

**Nava Nakorn Public Company Limited**  
**Statements of changes in equity**

	At Cost method						Total equity
	Issued and paid-up share capital	Received from warrants exercised	Premium on ordinary shares	Retained earnings			
				Legal reserve	Unappropriated		
Note	(in Baht)						
	1,508,072,530	13,340,000	283,563,867	86,826,499	624,543,485	2,516,346,381	
3	-	-	-	-	(185,000,000)	(185,000,000)	
	<b>1,508,072,530</b>	<b>13,340,000</b>	<b>283,563,867</b>	<b>86,826,499</b>	<b>439,543,485</b>	<b>2,331,346,381</b>	
<b>Transactions with owners, recorded directly in equity</b>							
<b>Contributions by and distributions to owners of the Company</b>							
20	-	(12,135,500)	-	-	-	(12,135,500)	
21	-	-	-	11,421,078	(11,421,078)	-	
19	13,440,000	-	-	-	-	13,440,000	
	<b>13,440,000</b>	<b>(12,135,500)</b>	<b>-</b>	<b>11,421,078</b>	<b>(11,421,078)</b>	<b>1,304,500</b>	
<b>Comprehensive income for the year</b>							
Profit	-	-	-	-	228,421,556	228,421,556	
	-	-	-	-	228,421,556	228,421,556	
	<b>1,521,512,530</b>	<b>1,204,500</b>	<b>283,563,867</b>	<b>98,247,577</b>	<b>656,543,963</b>	<b>2,561,072,437</b>	

**For the year ended 31 December 2012**

**Balance at 1 January 2012 - as reported**

Adjustment to recognise flood related losses

**Balance at 1 January 2012 - restated**

**Transactions with owners, recorded directly in equity**

**Contributions by and distributions to owners**

**of the Company**

Received from warrants exercised

Legal reserve

Increase of new shares

**Total contributions by and distributions to owners**

**of the Company**

**Comprehensive income for the year**

Profit

**Total comprehensive income for the year**

**Balance at 31 December 2012**

## Nava Nakorn Public Company Limited

### Statements of cash flows

Note	At Equity method		At Cost method	
	For the year ended 31 December		For the year ended 31 December	
	2012	2011 (Restated)	2012	2011 (Restated)
	(in Baht)			
<b>Cash flows from operating activities</b>				
Profit (loss) for the year	222,146,759	-136,504,867	228,421,556	-135,462,440
<i>Adjustments for</i>				
Allowance (reversal of allowance) for doubtful accounts	7	-5,884,092	6,328,488	-5,884,092
Allowance (reversal of allowance) for impairment losses		4,271,231	(976,998)	4,271,231
Provision for legal claims		69,840	69,650	69,840
Depreciation charges		85,571,798	119,850,912	85,571,798
Rental income	16	-6,000,000	-6,000,000	-6,000,000
Interest income		-1,222,340	-2,588,009	-1,222,340
Dividends income		-469,395	-400,140	-469,395
Finance costs		48,616,895	44,744,221	48,616,895
Insurance reimbursement	3	-143,657,043	-	-143,657,043
Flood related losses	3	-	185,000,000	-
Employee benefits	18	1,055,447	1,765,409	1,055,447
Gain on disposal of property, plant and equipment		-504,466	-1,692,942	-504,466
Share of loss of equity-accounted investees	10	6,274,797	1,042,427	-
Income tax expense	30	29,353,880	50,335,493	29,353,880
		<u>239,623,311</u>	<u>260,973,644</u>	<u>239,623,311</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable		-31,753,119	39,984,162	-31,753,119
Unbilled service income		379,288	1,618,282	379,288
Real estate profits under development		85,315,765	28,235,987	85,315,765
Other current assets		-13,535,373	-28,453,634	-13,535,373
Advances to contractors		-21,936,278	-	-21,936,278
Other non-current assets		-1,986,012	-3,243,271	-1,986,012
Trade accounts payable		1,429,225	246,095	1,429,225
Other current liabilities		132,197,483	72,019,131	132,197,483
Income tax paid		-28,685,891	-87,198,870	-28,685,891
Retention fee		-2,651,951	-	-2,651,951
<b>Net cash from operating activities</b>		<u><b>358,396,448</b></u>	<u><b>284,181,526</b></u>	<u><b>358,396,448</b></u>
				<u><b>284,181,526</b></u>



## Nava Nakorn Public Company Limited

### Statements of cash flows

Note	At Equity method		At Cost method	
	For the year ended 31 December		For the year ended 31 December	
	2012	2011 (Restated)	2012	2011 (Restated)
	(in Baht)			
<b>Cash flows from investing activities</b>				
Deposits at banks used as collateral	8,054,381	-20,624,664	8,054,381	-20,624,664
Interest received	1,250,268	191,644	1,250,268	191,644
Dividends received	469,395	400,140	469,395	400,140
Loans to related party	(900,000)	-	(900,000)	-
Proceeds from collection on loans to related party	9,000,000	9,000,000	9,000,000	9,000,000
Purchase of investments in an associated company	-47,985,060	-24,000,000	-47,985,060	-24,000,000
Sale of investments in related party	-	600,000	-	600,000
Sale of property, plant and equipment	3,318,507	2,036,000	3,318,507	2,036,000
Purchases of property, plant and equipment	-434,071,886	-155,440,796	-434,071,886	-155,440,796
Purchases of investment properties	-20,892,311	-41,945,713	-20,892,311	-41,945,713
<b>Net cash used in investing activities</b>	<b>-481,756,706</b>	<b>-229,783,389</b>	<b>-481,756,706</b>	<b>-229,783,389</b>
<b>Cash flows from financing activities</b>				
Finance costs paid	(60,462,899)	(53,913,860)	(60,462,899)	(53,913,860)
Proceeds from insurance reimbursement	126,884,642	-	126,884,642	-
Dividends paid	-	(44,934,676)	-	(44,934,676)
Increase (decrease) in bank overdrafts	5,406,928	(19,131,245)	5,406,928	(19,131,245)
Finance lease payments	(9,644,914)	(12,122,334)	(9,644,914)	(12,122,334)
Proceeds from borrowings	220,791,136	118,592,447	220,791,136	118,592,447
Repayment of borrowings	(250,780,438)	(182,356,172)	(250,780,438)	(182,356,172)
Received from warrants exercised	1,204,500	13,340,000	1,204,500	13,340,000
Received from increasing of new shares	100,000	58,017,000	100,000	58,017,000
<b>Net cash from (used in) financing activities</b>	<b>33,498,955</b>	<b>-122,508,840</b>	<b>33,498,955</b>	<b>-122,508,840</b>
<b>Net decrease in cash and cash equivalents</b>	<b>-89,861,303</b>	<b>-68,110,703</b>	<b>-89,861,303</b>	<b>-68,110,703</b>
Cash and cash equivalents at 1 January	163,410,333	231,521,036	163,410,333	231,521,036
<b>Cash and cash equivalents at 31 December</b>	<b>73,549,030</b>	<b>163,410,333</b>	<b>73,549,030</b>	<b>163,410,333</b>

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## Nava Nakorn Public Company Limited

### Statements of cash flows

Note	At Equity method		At Cost method	
	For the year ended 31 December		For the year ended 31 December	
	2012	2011 (Restated)	2012	2011 (Restated)
	<i>(in Baht)</i>			
<b>Supplemental disclosures of cash flows information:</b>				
Property, plant and equipment purchased during the year are detailed as follows:				
Increase in property, plant and equipment during the year	889,088,448	189,620,710	889,088,448	189,620,710
Less - payables on purchase of property, plant equipment	-435,774,036	-25,112,289	-435,774,036	-25,112,289
- capitalised interest	-6,837,256	-926,239	-6,837,256	-926,239
- payables on property, plant and equipment purchased by entering into finance lease contracts	-12,405,270	-8,141,386	-12,405,270	-8,141,386
<b>Purchase of property, plant and equipment paid by cash</b>	<b>434,071,886</b>	<b>155,440,796</b>	<b>434,071,886</b>	<b>155,440,796</b>
Investment properties purchased during the year are detailed as follows:				
Increase in investment properties during the year	20,892,311	42,682,488	20,892,311	42,682,488
Less - capitalised interest	-	-736,775	-	-736,775
<b>Purchase of investment properties paid by cash</b>	<b>20,892,311</b>	<b>41,945,713</b>	<b>20,892,311</b>	<b>41,945,713</b>

## The Financial Statement

These notes form an integral part of the financial statements.

The financial statements issued for Thai Statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 19 February 2013.

### 1 General information

Nava Nakorn Public Company Limited, the "Company", is incorporated in Thailand and has its registered head office and branch offices as follows:

Head office : 999 Moo 13, Phaholyothin Road, Tambol Klong Nueng, Amphur Klong Luang, Phatumthani 12120, Thailand

1<sup>st</sup> branch office : 83 C.B. House Building, Amnuaysongkram Road, Kwang Tanonnakornchaisi, Khet Dusit, Bangkok 10300, Thailand

2<sup>nd</sup> branch office : 999/1 Mittraphap Road (Km. 231) Moo 1, Tambol Naklang, Amphur Soongnuen, Nakhon Ratchasima 30380, Thailand

The Company was listed on the Stock Exchange of Thailand on 18 May 2004.

The Company's major shareholders during the financial year were Mr. Taweachat Jurangkool and NEP Realty and Industry Public Company Limited, which owned 24.80% and 23.39%, respectively of the Company's share capital as at 31 December 2012 (*31 December 2011: NEP Realty and Industry Public Company Limited, which owned 23.60% of the Company's share capital*). The Company was incorporated in Thailand.

The principal businesses of the Company are the development of property and industrial estate projects for trading and leasing, and providing utilities and other facilities services in the industrial estates.

## 2 Basis of preparation of the financial statements

### (a) Statement of compliance

The financial statements are prepared in accordance with Thai Accounting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions ("FAP"); and applicable rules and regulations of the Thai Securities and Exchange Commission.

As at 31 December 2012, the FAP had issued a number of new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 40.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

### (c) Presentation currency

The financial statements are presented in Thai Baht. All financial information presented in Thai Baht has been rounded to the nearest thousand unless otherwise stated.

### (d) Use of estimates and judgements

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following note:

Note 3	Impact of severe flooding in Thailand
Note 18	Measurement of employee benefit obligations

### 3 Impact of severe flooding in Thailand

The Company's operations in Phatumthani Province were affected by the unusually severe flooding in parts of Thailand during 2011 and services stopped from mid-October to mid-December 2011. At that time, the management, insurers and loss adjusters were in the process of determining the actual damage and assessing the amount of loss suffered by the Company and management believed that losses consequent to flood damage would be covered by the Company's insurers. The financial statements for the year ended 31 December 2011 did not include any provision for losses in this regard. Subsequently, management has estimated the damage and the loss suffered from the flood that should have been recorded in the 2011 financial statements at Baht 185 million. The statement of financial position in which the equity method is applied and separate statement of financial position as at 31 December 2011, which are included in these interim financial statements for comparative purposes, are based on the audited statements as at 31 December 2011 after adjusting for this estimated Baht 185 million loss.

Reimbursements from insurers are recognized when, and only when, it is virtually certain that the reimbursements will be received. At 31 December 2012, the Company had received reimbursements of Baht 127 million from its insurers in respect of asset damage and subsequently, in January 2013, the Company received an additional reimbursement of Baht 17 million. Thus, total reimbursements of Baht 144 million have been recognized in the statements of comprehensive income for the year ended 31 December 2012.

Profit (loss) before income tax expense has been arrived at after including the following flood related expenses and reimbursements:

<i>For the year ended 31 December</i>	<u>2012</u>	<u>2011</u> (Adjusted)
	<i>(in thousand Baht)</i>	
Insurance reimbursements received prior to 31 December	126,885	-
Insurance reimbursements received after 31 December	<u>16,772</u>	<u>-</u>
<b>Insurance reimbursements recognised</b>	<b><u>143,657</u></b>	<b><u>-</u></b>
Impairment of real estate projects under development	-	4,500
Impairment of investment properties	-	7,000
Impairment of plant and equipment	-	173,500
<b>Total</b>	<b><u>-</u></b>	<b><u>185,000</u></b>
Other flood related expenses	<u>8,801</u>	<u>10,991</u>
<b>Total flood related expenses</b>	<b><u>(8,801)</u></b>	<b><u>(195,991)</u></b>
<b>Net flood related gains (losses) recognised</b>	<b><u>134,856</u></b>	<b><u>(195,991)</u></b>

## 4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### (a) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash balances, call deposits and highly liquid short-term investments.

### (b) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

### (c) Real estate development projects

Real estate development projects are projects for the development of properties with the intention of sale in the ordinary course of business. They are stated at the lower of cost or estimated net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

The cost of real estate development projects comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding real estate development projects are capitalised, on a specific identification basis, as part of the cost of the property until the completion of development.

### (d) Investments

#### Investment in an associated company

Investment in an associated company in the separate financial statements of the Company is accounted for using the cost method. Investment in an associated company in the financial statements is accounted for using the equity method.

#### Investments in equity securities

Equity securities which are not marketable are stated at cost less any impairment losses.



### Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

## (e) Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Investment property	10 and 30	years
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## (f) Property, plant and equipment

### Recognition and measurement

#### Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

#### **Leased assets**

Leases in terms of which the Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

#### **Subsequent costs**

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### **Depreciation**

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings	20	years
Commercial buildings	5 and 30	years
Water production for industry system	5, 10 and 25	years
Utilities systems	5, 10 and 25	years
Machinery and equipment	5	years
Furniture, fixtures and office equipment	3 and 5	years
Vehicles	5	years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### (g) Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

##### Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

##### Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(h) Interest-bearing liabilities**

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

**(i) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

**(j) Employee benefits**

**Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

**Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method.

The Company recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

#### **Other long-term employee benefits**

The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

#### **Termination benefits**

Termination benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

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

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### **(k) Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

## (l) Revenue

### Real estate development projects

Sales of real estate development projects are recognised in profit or loss when the ownerships have been transferred to buyers.

### Revenue from rendering of services and rental income

Revenue from rendering of services is recognised as services are provided.

Rental income from operating lease is all attributable to minimum lease payments and is recognised in profit or loss on a straight line basis over the term of the lease.

### Dividend income

Dividend income is recognised in profit or loss on the date the Company's right to receive payments.

### Interest income

Interest income is recognised in profit or loss as it accrues.

## (m) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

## (n) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, Contingent rental are charged to profit or loss for the accounting period in which they are incurred.

## (o) Income tax

Income tax on the profit or loss for the year comprises current tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.



In determining the amount of current tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(p) **Earnings per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise share options.

**5 Related parties**

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties were as follows:

<u>Name of entities</u>	<u>Country of incorporation</u>	<u>Nature of relationships</u>
NEP Realty and Industry Public Company Limited	Thailand	Major shareholder, 23.39% shareholding, and common directors
Nava Nakorn Electricity Generating Company Limited	Thailand	Related party, the Company invests 29.99% shareholding and common directors
Navanakorn International Guard Co., Ltd.	Thailand	Related company, the Company invests 15.08% shareholding
Sumisho Global Logistics (Thailand) Co., Ltd.	Thailand	Related company, the Company invests 1.71% shareholding
Nava Nakorn Medicare Co., Ltd.	Thailand	Common directors
Nava Nakorn Energy and Environ Co., Ltd.	Thailand	Common directors
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

The pricing policies for particular types of transactions are explained further below:

<u>Transactions</u>	<u>Pricing policies</u>
Revenue from sale of real estate development projects	General market price
Revenue from rendering of services	General market price
Interest income	Contractually agreed price
Security service expenses	Contractually agreed price

Significant transactions for the years ended 31 December 2012 and 2011 with related parties were as follows:

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
<b>Related parties</b>		
Revenue from sale of real estate development projects	206,761	-
Revenue from rendering of services	3,382	1,871
Interest income	396	722
Dividend income	469	400
Security service expense	28,196	26,665
<b>Key management personnel</b>		
Key management personnel compensation		
Short-term employee benefits	28,961	27,182
Other long-term benefits	506	942
<b>Total key management personnel</b>	<u>29,467</u>	<u>28,124</u>

In May 2012, the Company received dividend income from investments in a related party, Sumisho Global Logistics (Thailand) Co., Ltd. of Baht 15 per share, on 30,780 shares, amounting to Baht 0.5 million.

In May 2011, the Company received dividend income from investments in a related party, Sumisho Global Logistics (Thailand) Co., Ltd. of Baht 13 per share, on 30,780 shares, amounting to Baht 0.4 million.

Balances as at 31 December 2012 and 2011 with related parties were as follows:

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
<b>Trade accounts receivable from related parties</b>		
NEP Realty and Industry Public Company Limited	56	-
Nava Nakorn Medicare Co., Ltd.	191	-
Sumisho Global Logistics (Thailand) Co., Ltd.	44	-
<b>Total</b>	<u>291</u>	<u>-</u>

	<u>Interest rate</u>		<u>Interest rate</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>	
<b>Short-term loans to related parties</b>				
NEP Realty and Industry Public Company Limited	-	6 - 6.50	-	9,000
Navanakorn International Guard Co., Ltd.	6.50	-	500	-
Director - Navanakorn International Guard Co., Ltd.	6.0	-	400	-
<b>Total</b>			<b>900</b>	<b>9,000</b>

Movements during the years ended 31 December 2012 and 2011 of short-term loans to related parties were as follows:

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
<b>Related parties</b>		
At 1 January	9,000	18,000
Increase	900	-
Decrease	(9,000)	(9,000)
<b>At 31 December</b>	<b>900</b>	<b>9,000</b>
<b>Accrued interest income (included in other current assets)</b>		
<b>Related parties</b>		
NEP Realty and Industry Public Company Limited	-	57
Navanakorn International Guard Co., Ltd.	18	-
Director - Navanakorn International Guard Co., Ltd.	11	-
<b>Total</b>	<b>29</b>	<b>57</b>

#### Other receivables (included in other current assets)

##### Related party

NEP Realty and Industry Public Company Limited

298

298

##### Trade account payable

##### Related party

Navanakorn International Guard Co., Ltd.

2,842

1,899

#### Significant agreements with related parties

The Company has security service agreements with a related party, Navanakorn International Guard Co., Ltd. Under the terms of the agreements, the Company is committed to pay a monthly security service fee at the rates stipulated in the agreements.

The Company has pledged a savings account of Baht 8.1 million with a local bank to guarantee letters guarantee issued by the bank to Nava Nakorn Electricity Generating Company Limited. The Company closed the saving account in April 2012.

## 6 Cash and cash equivalents

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
Cash on hand	110	110
Cash at financial institutions – current accounts	4,406	4,403
Cash at financial institutions – savings accounts	<u>69,033</u>	<u>158,897</u>
<b>Total</b>	<b><u>73,549</u></b>	<b><u>163,410</u></b>

Cash and cash equivalents of the Company as at 31 December 2012 and 2011 were denominated entirely in Thai Baht.

## 7 Trade accounts receivable

	Note	<u>2012</u>	<u>2011</u>
<i>(in thousand Baht)</i>			
Related parties	5	291	-
Other parties		43,554	17,976
<b>Total</b>		<b>43,845</b>	<b>17,976</b>
Less allowance for doubtful accounts		(5,299)	(11,183)
<b>Net</b>		<b>38,546</b>	<b>6,793</b>
Bad and doubtful debts expense for the year		<b>(5,884)</b>	<b>6,328</b>

Trade accounts receivable of the Company as at 31 December 2012 and 2011 were denominated entirely in Thai Baht.

Aging analyses for trade accounts receivable were as follows:

	Note	<u>2012</u>	<u>2011</u>
<i>(in thousand Baht)</i>			
<b>Related parties</b>			
Within credit term	5	291	-
<b>Total</b>		<b>291</b>	<b>-</b>
<b>Other parties</b>			
Within credit term		35,344	841
Overdue:			
Less than 3 months		3,117	(653)
3 - 6 months		68	12,856
6 - 12 months		288	449
Over 12 months		4,737	4,483
<b>Total</b>		<b>43,554</b>	<b>17,976</b>
Less allowance for doubtful accounts		(5,299)	(11,183)
<b>Net</b>		<b>38,255</b>	<b>6,793</b>
<b>Grand Total</b>		<b>38,546</b>	<b>6,793</b>

The normal credit term granted by the Company is 30 days.

## 8 Real estate projects under development

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
<i>Developed land available for sales</i>		
<i>Nava Nakorn Industrial Promotion Zone Project</i> <i>(Pathumthanee Province)</i>		
Cost of land	65,321	68,490
Project development costs	35,512	43,338
Capitalised interest	15,861	16,039
<b>Total</b>	<b>116,694</b>	<b>127,867</b>
Less allowance for impairment losses	(359)	(359)
<b>Net</b>	<b>116,335</b>	<b>127,508</b>
 <i>Duty Free Zone Project (Pathumthanee Province)</i>		
Cost of land	15,690	15,690
Project development costs	20,004	20,004
Capitalised interest	2,918	2,918
<b>Total</b>	<b>38,612</b>	<b>38,612</b>
<b>Developed land available for sales, net</b>	<b>154,947</b>	<b>166,120</b>
 <i>Land under development</i>		
<i>Premium Zone Project (Pathumthanee Province)</i>		
Cost of land	448,157	533,692
Project development costs	101,804	43,833
Capitalised interest	79,303	86,941
<b>Total</b>	<b>629,264</b>	<b>664,466</b>
Less allowance for impairment losses	(12,869)	(8,652)
<b>Net</b>	<b>616,395</b>	<b>655,814</b>



**Nava Nakorn Industrial Promotion Zone Project***(Nakhon Ratchasima Province)*

Cost of land	345,434	413,859
Project development costs	282,242	236,823
Capitalised interest	26,792	39,784
<b>Total</b>	<b>654,468</b>	<b>690,466</b>
<b>Land under development, net</b>	<b>1,270,863</b>	<b>1,346,280</b>

**Residential and commercial building under development***The Nava Privacy Project (Pathumthanee Province)*

Cost of land	3,064	3,064
Project development costs	235,763	232,965
Capitalised interest	5,973	5,973
<b>Total</b>	<b>244,800</b>	<b>242,002</b>
Less write-off / allowance for impairment losses	(4,524)	(4,500)
<b>Net</b>	<b>240,276</b>	<b>237,502</b>
<b>Total residential and commercial building under development</b>	<b>240,276</b>	<b>237,502</b>
<b>Grand total</b>	<b>1,666,086</b>	<b>1,749,902</b>

Residential and commercial building under development  
(in thousand Baht)

**Finance costs capitalised**

	<u>Land under development</u>	<u>Residential and commercial building under development</u>	<u>Total</u>
Finance costs capitalised during 2011	6,788	69	6,857
Rate of interest capitalised during 2011 (% per annum)	5.625 – 7.25	5.50 – 6.00	5.50 – 7.25
Finance costs capitalised during 2012	5,490	-	5,490
Rate of interest capitalised during 2012 (% per annum)	6.50 – 7.25	-	6.50 – 7.25

As at 31 December 2011 the Company reversed impairment losses on development costs of real estate projects totaling Baht 1 million. The Company determined impairment losses based on the net realisable values in the ordinary course of business and the appraisal values of an independent appraiser.

The Company mortgaged certain plots of its developed land available for sales, land under development, residential and commercial building under development and public utilities, as collateral for credit facilities obtained from local financial institutions.

## 9 Other current assets

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
Prepaid expenses	3,879	2,429
Advance payment	7,603	9,736
Suspense input vat	5,933	2,039
Others	26,532	23,327
<b>Total</b>	<b><u>43,947</u></b>	<b><u>37,531</u></b>

## 10 Investment in an associated company

	<u>At equity method</u>		<u>At cost method</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>			
At 1 January	23,558	1,200	24,600	1,200
Acquisitions	47,985	24,000	47,985	24,000
Share of loss of equity-accounted investees	(6,275)	(1,042)	-	-
Disposals	-	(600)	-	(600)
<b>At 31 December</b>	<b><u>65,268</u></b>	<b><u>23,558</u></b>	<b><u>72,585</u></b>	<b><u>24,600</u></b>

In the second quarter of 2011, the Company sold part of this investment at cost of Baht 0.6 million thereby reducing its interest in Nava Nakorn Electricity Generating Company Limited to 29.99%.

In the fourth quarter of 2011, the Company paid Baht 24 million to invest its equity share of an increase in the share capital of Nava Nakorn Electricity Generating Company Limited.

On 27 April 2012, the Company paid an additional Baht 24 million to invest in its equity share of a further increase in the share capital of Nava Nakorn Electricity Generating Company Limited.

On 31 October 2012, the Company paid an additional Baht 24 million to invest in its equity share of a further increase in the share capital of Nava Nakorn Electricity Generating Company Limited.

	Ownership interest (%)		Paid-up capital (in thousand Baht)		Cost		Equity		Dividend income	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Nava Nakorn Electricity Generating Company Limited	29.99	29.99	242,000	82,000	72,585	24,600	65,268	23,558	-	-
<b>Total</b>					<b>72,585</b>	<b>24,600</b>	<b>65,268</b>	<b>23,558</b>	<b>-</b>	<b>-</b>

None of the equity-accounted investees are publicly listed and consequently do not have published price quotations.

The following summarised financial information on interests in an associated company which has been accounted for using the equity method:

Company's name	Ownership interest (%)	Current assets (in thousand Baht)		Non-current assets		Total assets		Current liabilities		Non-current liabilities		Total liabilities		Total revenues		Total expenses		Net loss	
		2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
<b>2012</b>																			
Nava Nakorn Electricity Generating Company Limited	29.99	20,616	199,643	-	-	220,259	2,705	2,705	1,012	2,705	1,012	2,705	1,012	2,705	21,928	21,928	21,928	21,928	(20,916)
<b>Total</b>		<b>20,616</b>	<b>199,643</b>	<b>-</b>	<b>-</b>	<b>220,259</b>	<b>2,705</b>	<b>2,705</b>	<b>1,012</b>	<b>2,705</b>	<b>1,012</b>	<b>2,705</b>	<b>1,012</b>	<b>2,705</b>	<b>21,928</b>	<b>21,928</b>	<b>21,928</b>	<b>21,928</b>	<b>(20,916)</b>
<b>2011</b>																			
Nava Nakorn Electricity Generating Company Limited	29.99	79,585	-	-	-	79,585	1,115	1,115	199	1,115	199	1,115	199	1,115	3,680	3,680	3,680	3,680	(3,481)
<b>Total</b>		<b>79,585</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79,585</b>	<b>1,115</b>	<b>1,115</b>	<b>199</b>	<b>1,115</b>	<b>199</b>	<b>1,115</b>	<b>199</b>	<b>1,115</b>	<b>3,680</b>	<b>3,680</b>	<b>3,680</b>	<b>3,680</b>	<b>(3,481)</b>

## 11 Other long-term investments

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
At 1 January: Cost	4,949	4,949
Allowance for impairment	<u>(674)</u>	<u>(674)</u>
At 31 December	<u><b>4,275</b></u>	<u><b>4,275</b></u>

	Country of incorporation	Type of business	Nature of relationships	Ownership interest		Paid-up capital		Investment amount		Dividend income	
				2012 (%)	2011 (%)	2012	2011	2012	2011	2012	2011
<b>Cost</b>											
<b>Related companies</b>											
Sumisho Global Logistics (Thailand) Co., Ltd.	Thailand	Transportation services	Shareholder	1.71	1.71	180,000	180,000	3,078	3,078	469	400
Navanakorn International Guard Co., Ltd.	Thailand	Security services	Shareholder	15.08	15.08	6,300	6,300	871	871	-	-
<b>Total</b>								<b>3,949</b>	<b>3,949</b>	<b>469</b>	<b>400</b>
<b>Non-related company</b>											
The Bangkok Club Co., Ltd.	Thailand	Trading of food and beverage	Shareholder	0.11	0.11	450,000	450,000	1,000	1,000	-	-
Less allowance for impairment losses								(674)	(674)	-	-
<b>Net</b>								<b>326</b>	<b>326</b>	<b>-</b>	<b>-</b>
<b>Total</b>								<b>4,275</b>	<b>4,275</b>	<b>469</b>	<b>400</b>

## 12 Investment properties

	<u>2012</u>	<u>2011</u>
	<i>'in thousand Baht)</i>	
<b>Cost</b>		
At 1 January	266,511	223,829
Additions	20,892	42,682
Write-off	(8,171)	-
<b>At 31 December</b>	<b><u>279,232</u></b>	<b><u>266,511</u></b>
<b>Depreciation</b>		
At 1 January	6,660	3,540
Depreciation charge for the year	3,339	3,120
Write-off	(1,267)	-
<b>At 31 December</b>	<b><u>8,732</u></b>	<b><u>6,660</u></b>
<b>Impairment losses</b>		
At 1 January (restated – see note 3)	7,000	-
Impairment losses	-	7,000
Reversal for write-off	(7,000)	-
<b>At 31 December</b>	<b><u>-</u></b>	<b><u>2,800</u></b>
<b>Net book value</b>		
At 1 January 2011		<u>220,289</u>
At 31 December 2011		<u>252,851</u>
At 1 January 2012 (restated – see note 3)	<u>252,851</u>	
At 31 December 2012	<u>270,500</u>	
		<u>Investment properties</u> <i>(in thousand Baht)</i>
<b>Finance costs capitalised</b>		
Finance costs capitalised during 2011		737
Rate of interest capitalised during 2011 (% per annum)		5.50 – 6.25
Finance costs capitalised during 2012		-
Rate of interest capitalised during 2012 (% per annum)		-

Investment properties were revalued by a firm of independent professional valuers, at market values. The appraised value was Baht 346 million (31 December 2011: Baht 321 million).



### 13 Property, plant and equipment

	Land	Buildings	Commercial buildings – The Nava Privacy Project	Commercial Water production for industry system	Utilities systems	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	Total
<b>Cost</b>										(in thousand Baht)
At 1 January 2011	127,651	72,878	165	908,893	692,353	34,676	72,228	103,662	45,223	2,057,729
Additions	-	-	-	-	1,008	2,867	635	8,141	176,970	189,621
Transfers	-	-	-	-	19,974	-	-	-	(19,974)	-
Disposals	-	-	-	-	-	(2,953)	-	(4,145)	-	(7,098)
<b>At 31 December 2011</b>	<b>127,651</b>	<b>72,878</b>	<b>165</b>	<b>908,893</b>	<b>713,335</b>	<b>34,590</b>	<b>72,863</b>	<b>107,658</b>	<b>202,219</b>	<b>2,240,252</b>
Additions	-	-	-	371	7,313	1,414	5,647	11,979	862,365	889,089
Transfers	-	-	-	-	(315)	-	358	-	(43)	-
Disposals	-	-	-	-	-	(17)	(1,397)	(5,698)	-	(7,112)
Write-off	-	(14)	(160)	(209,017)	(159,180)	(649)	(2,692)	-	-	(371,712)
<b>At 31 December 2012</b>	<b>127,651</b>	<b>72,864</b>	<b>5</b>	<b>700,247</b>	<b>561,153</b>	<b>35,338</b>	<b>74,779</b>	<b>113,939</b>	<b>1,064,541</b>	<b>2,750,517</b>
<b>Depreciation</b>										
At 1 January 2011	-	(17,992)	(21)	(166,371)	(320,372)	(30,081)	(61,754)	(66,299)	-	(662,890)
Depreciation charge for the year	-	(2,905)	(40)	(50,395)	(38,420)	(2,878)	(5,845)	(16,247)	-	(116,730)
Disposals	-	-	-	-	-	2,672	-	4,106	-	6,778
Write-off	-	-	11	-	-	-	-	-	-	11
<b>At 31 December 2011</b>	<b>-</b>	<b>(20,897)</b>	<b>(50)</b>	<b>(216,766)</b>	<b>(358,792)</b>	<b>(30,287)</b>	<b>(67,599)</b>	<b>(78,440)</b>	<b>-</b>	<b>(772,831)</b>
Depreciation charge for the year	-	(2,887)	-	(29,500)	(31,382)	(1,876)	(2,989)	(13,601)	-	(82,235)
Disposals	-	-	-	-	-	5	1,387	3,895	-	5,287
Write-off	-	14	48	95,862	99,242	584	2,395	-	-	198,145
<b>At 31 December 2012</b>	<b>-</b>	<b>(23,770)</b>	<b>(2)</b>	<b>(150,404)</b>	<b>(290,932)</b>	<b>(31,574)</b>	<b>(66,806)</b>	<b>(88,146)</b>	<b>-</b>	<b>(651,634)</b>

	Land	Buildings	Commercial buildings – The Nava Privacy Project	Commercial Water production for industry system	Utilities systems	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	Total
<i>(in thousand Baht)</i>										
<b>Impairment losses</b>										
At 1 January 2011	-	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	(112)	(113,155)	(59,938)	(65)	(230)	-	-	(173,500)
<b>At 31 December 2011 and 1 January 2012</b>	-	-	(112)	(113,155)	(59,938)	(65)	(230)	-	-	(173,500)
Reversal for impairment losses	-	-	112	113,155	59,938	65	230	-	-	173,500
<b>At 31 December 2012</b>	-	-	-	-	-	-	-	-	-	-
<b>Net book value</b>										
At 1 January 2011	127,651	54,886	144	742,522	371,981	4,595	10,474	2,302	45,223	1,359,778
Owned assets	-	-	-	-	-	-	-	35,061	-	35,061
Asset under finance leases	<b>127,651</b>	<b>54,886</b>	<b>144</b>	<b>742,522</b>	<b>371,981</b>	<b>4,595</b>	<b>10,474</b>	<b>37,363</b>	<b>45,223</b>	<b>1,394,839</b>
<b>At 31 December 2011 and 1 January 2012</b>										
Owned assets	127,651	51,981	3	578,972	294,605	4,238	5,034	2,463	202,219	1,267,166
Asset under finance leases	-	-	-	-	-	-	-	26,755	-	26,755
<b>At 31 December 2012</b>	<b>127,651</b>	<b>51,981</b>	<b>3</b>	<b>578,972</b>	<b>294,605</b>	<b>4,238</b>	<b>5,034</b>	<b>29,218</b>	<b>202,219</b>	<b>1,293,921</b>
<b>At 31 December 2012</b>										
Owned assets	127,651	49,094	3	549,843	270,221	3,764	5,884	5,692	1,064,541	2,076,693
Asset under finance leases	-	-	-	-	-	-	2,089	20,101	-	22,190
<b>At 31 December 2012</b>	<b>127,651</b>	<b>49,094</b>	<b>549,843</b>	<b>549,84</b>	<b>270,221</b>	<b>3,764</b>	<b>7,5</b>	<b>25,793</b>	<b>1,064,541</b>	<b>2,098,883</b>

	Land	Buildings	Commercial buildings – The Nava Privacy Project	Water production for industry system	Utilities systems	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	Total
<i>(in thousand Baht)</i>										
<b>Finance costs capitalised</b>										
Finance costs capitalised during 2011	-	-	-	-	-	-	-	-	926	926
Rate of interest capitalise during 2011 (% per annum)	-	-	-	-	-	-	-	-	5.5 – 6.5	5.5 – 6.5
Finance costs capitalised during 2012	-	-	-	-	-	-	-	-	6,837	6,837
Rates of interest capitalise during 2012 (% per annum)	-	-	-	-	-	-	-	-	6.38 – 6.75	6.38 – 6.75

As at 31 December 2012 the Company mortgaged plots of land including the water production for industry systems, water treatment system, machinery and equipment, and commercial building under construction, with the carrying value of Baht 713 million (2011: Baht 630 million), as collateral for credit facilities obtained from local financial institutions.

The gross amount of the Company's fully depreciated assets that was still in use as at 31 December 2012 amounted to Baht 336.2 million (2011: Baht 388.4 million).

## 14 Interest-bearing liabilities

	<i>Note</i>	<u>2012</u>	<u>2011</u>
		<i>(in thousand Baht)</i>	
<b><i>Current</i></b>			
Overdrafts			
(interest rates ranging from minimum overdraft rate (MOR) less 0.5% and 1.25% per annum) – secured	<i>8, 12, 13</i>	7,605	2,198
Short-term borrowings from financial institution – secured	<i>8, 12, 13</i>	126,706	-
Current portion of long-term borrowings from financial institutions – secured	<i>8, 12, 13</i>	147,960	267,476
Current portion of finance lease liabilities		7,098	8,601
<b>Total current</b>		<b><u>289,369</u></b>	<b><u>278,275</u></b>
<b><i>Non-current</i></b>			
Long-term borrowings from financial institutions – secured	<i>8, 12, 13</i>	499,463	536,642
Finance lease liabilities		11,711	7,448
<b>Total non-current</b>		<b><u>511,174</u></b>	<b><u>544,090</u></b>
<b>Total</b>		<b><u>800,543</u></b>	<b><u>822,365</u></b>

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
Within one year	282,271	269,674
After one year but within five years	499,463	536,642
<b>Total</b>	<b><u>781,734</u></b>	<b><u>806,316</u></b>

### ***Long-term borrowings from financial institutions***

Details of long-term borrowings from local financial institutions are as follows:

<u>Borrowing agreements</u>	<u>Approved credit line</u> (in million Baht)	<u>Interest rate per annum</u> (%)	<u>Term of payment</u>
The first agreement (for financing costs of land and development costs of Nava Nakorn Industrial Promotion Zone project (Nakhon Ratchasima Province))	450	Minimum loan rate	Within 13 April 2013
The second agreement (for construction costs of water production for industry system project (Pathumthanee Province))	450	Minimum loan rate less 1.25%	Within 8 September 2016
The third agreement (for construction costs of water production for industry system project (Pathumthanee Province))	150	Minimum loan rate less 1.25%	7 years from the first Installment of loan withdraw
The fourth agreement (for financing costs of land and development costs of Premium Zone project (Pathumthanee Province))	318	Minimum loan rate less 0.5%	Within 13 February 2015
The fifth agreement (for construction costs of water treatment system project (Pathumthanee Province))	200	Minimum loan rate less 1.25%	Within 8 October 2016
The sixth agreement (for development costs of factory for rent building (Nakhon Ratchasima Province))	15	Minimum loan rate	36 months from the first Installment of loan withdraw

The outstanding balances of the above borrowing agreements as at 31 December 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
The first borrowing agreement	-	45,200
The second borrowing agreement	337,218	401,117
The third borrowing agreement	109,929	50,384
The fourth borrowing agreement	50,706	116,803
The fifth borrowing agreement	149,570	177,740
The sixth borrowing agreement	-	12,874
<b>Total</b>	<b><u>647,423</u></b>	<b><u>804,118</u></b>

The outstanding balance of secured interest-bearing liabilities as at 31 December 2012 and 2011 were secured on the following assets:

	<i>Note</i>	<u>2012</u>	<u>2011</u>
		<i>(in thousand Baht)</i>	
Certain plots of developed land available for sales		130,909	130,909
Certain plots of land under development, residential and commercial building under development and public utilities		1,208,107	1,308,677
<b>Total</b>	<b>8</b>	<b><u>1,339,016</u></b>	<b><u>1,439,586</u></b>
Certain plots of land including the factory for rent building	12	56,297	28,213
Certain plots of land including the water production for industry system, water treatment system, machinery and equipment	13	712,762	629,749
<b>Grand total</b>		<b><u>2,108,075</u></b>	<b><u>2,097,548</u></b>

As at 31 December 2012 the Company had unutilised credit facilities totaling Baht 373.6 million (2011: Baht 336.4 million).

#### ***Finance lease liabilities***

Finance lease liabilities as at 31 December 2012 and 2011 were payable as follows:

	<u>2012</u>			<u>2011</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
	<i>(in thousand Baht)</i>					
Within one year	7,098	772	7,870	8,601	949	9,550
After one year but within five years	11,711	1,314	13,025	7,448	727	8,175
<b>Total</b>	<b>18,809</b>	<b>2,086</b>	<b>20,895</b>	<b>16,049</b>	<b>1,676</b>	<b>17,725</b>

The Company entered into finance lease contracts with local financial institutions to purchase vehicles with interest rates ranging from 1.9% to 5.0% per annum in 2012 (2011: rates ranging from 1.9% to 4.5% per annum); and repayable by monthly installments ending in various periods (the last installment is ending in October 2015).

Interest-bearing liabilities of the Company as at 31 December 2012 and 2011 were denominated entirely in Thai Baht.

## 15 Trade accounts payable

	<i>Note</i>	<u>2012</u>	<u>2011</u>
		<i>(in thousand Baht)</i>	
Related parties	5	2,842	1,899
Other parties		71,069	62,760
<b>Total</b>		<b>73,911</b>	<b>64,659</b>

Trade accounts payable of the Company as at 31 December 2012 and 2011 were denominated entirely in Thai Baht.

## 16 Advance rental receipt from customer

The Company has a land lease agreement with a local company ("the buyer") for a period of 30 years expiring in 2037. At the agreement date, the buyer paid the rental fee in advance to the Company amounting to Baht 186 million. Under the terms of the agreement, when the buyer exercises its right to terminate this agreement in writing, the Company is required to return the advance receipt to the buyer in proportion to the remaining lease period within 15 days. As at 31 December 2012 the Company had the outstanding balance of advance receipt for the land lease of Baht 148.8 million (2011: Baht 154.8 million).

The Company recognises the advance receipt for the land lease as a rental income in profit or loss over the term of the lease agreement. The rental income for the year ended 31 December 2012 was Baht 6 million (2011: Baht 6 million).



## 17 Other current liabilities

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
Accrued operating expenses	15,338	38,761
Accrued bonus	5,895	5,522
Retention payable to constructors	17,125	12,276
Retention payable to customers for utilities	24,931	22,934
Deposits	245,031	95,071
Others	14,383	11,491
<b>Total</b>	<b><u>322,703</u></b>	<b><u>186,055</u></b>

## 18 Employee benefit obligations

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
<b>Statement of financial position obligation for:</b>		
Long-term employee benefits	11,880	10,825
	<b><u>11,880</u></b>	<b><u>10,825</u></b>

### *For the years ended 31 December*

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
<b>Statement of comprehensive income recognised in profit or loss:</b>		
Long-term employee benefits	1,055	1,766
	<b><u>1,055</u></b>	<b><u>1,766</u></b>

The Company adopted TAS 19 – Employee Benefits with effect from 1 January 2011. The Company has opted to record the entire amount of this liability, totaling Baht 9.06 million, as an adjustment to retained earnings as at 1 January 2011.

Movement in the present value of the employee benefit obligations:

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
Defined benefit obligations at 1 January	10,825	9,059
Current service costs and interest	1,055	1,766
<b>Employee benefit obligations at 31 December</b>	<b><u>11,880</u></b>	<b><u>10,825</u></b>

Expense recognised in profit or loss:

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
Current service costs	708	1,332
Interest on obligation	347	434
<b>Total</b>	<b><u>1,055</u></b>	<b><u>1,766</u></b>

The expense is recognised in the following line items in the statement of comprehensive income:

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
Administrative expenses	1,055	1,766
<b>Total</b>	<b><u>1,055</u></b>	<b><u>1,766</u></b>

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	<u>2012</u>	<u>2011</u>
	<i>(% per annum)</i>	
Discount rate	4.17	4.17
Future salary increases	7.50	7.50

Assumptions regarding future mortality are based on published statics and mortality tables.

## 19 Share capital

		<u>2012</u>		<u>2011</u>	
	<u>Par value</u>	<u>Number</u>		<u>Number</u>	
	<u>per share</u>	<u>of shares</u>	<u>Baht</u>	<u>of shares</u>	<u>Baht</u>
	<i>(in Baht)</i>	<i>(thousand shares / in thousand Baht)</i>			
<b>Authorised</b>					
At 1 January					
- ordinary shares	1	<u>2,247,083</u>	<u>2,247,083</u>	<u>2,247,083</u>	<u>2,247,083</u>
<b>At 31 December</b>					
- ordinary shares	1	<b><u>2,247,083</u></b>	<b><u>2,247,083</u></b>	<b><u>2,247,083</u></b>	<b><u>2,247,083</u></b>
<b>Issued and paid-up</b>					
At 1 January					
- ordinary shares	1	1,508,073	1,508,073	1,450,056	1,450,056
Issue of new shares	1	<u>13,440</u>	<u>13,440</u>	<u>58,017</u>	<u>58,017</u>
<b>At 31 December</b>					
- ordinary shares	1	<b><u>1,521,513</u></b>	<b><u>1,521,513</u></b>	<b><u>1,508,073</u></b>	<b><u>1,508,073</u></b>

### *In 2012*

The Company received 13.34 million units of warrants exercised amounting to Baht 13.34 million and registered the new share capital with the Ministry of Commerce on 10 January 2012.

The Company received 0.1 million units of warrants exercised amounting to Baht 0.1 million and registered the new share capital with the Ministry of Commerce on 16 October 2012.

### *In 2011*

In the first quarter of 2011 the Company received 47.77 million units of warrants exercised amounting to Baht 47.77 million and registered the new shares issued with the Ministry of Commerce on 7 April 2011.

In the second quarter of 2011 the Company received 7.06 million units of warrants exercised amounting to Baht 7.06 million and registered the new shares issued with the Ministry of Commerce on 6 July 2011.

In the third quarter of 2011 the Company received 3.19 million units of warrants exercised amounting to Baht 3.19 million and registered the new shares issued with the Ministry of Commerce on 10 October 2011.

## 20 Warrants

The warrants have conditions for exercising as follows:

Warrant	:	NNCL-W2
Exercising ratio	:	1 warrant per 1 ordinary share
Exercising price	:	Baht 1 per 1 ordinary share
Exercising period	:	5 years from the issued date (30 December 2010)

The holders of warrants under the Company's ESOP exercised these rights to acquire new shares in the Company are follows:

ESOP-W1	
Trading date	: 19-Jan-2012
Number of additional shares	
- Common stock (Unit: shares)	: 13,340,000
New capital (baht)	: 1,521,412,530.00
- Common stock (Unit: shares)	: 1,521,412,530
Par value (baht per share)	: 1.00
Allocated for	: Warrant holders as directors and employees (ESOP-W1) 13,340,000 units exercise to subscribe 13,340,000 common shares

Ratio (Warrant : share)	: 1 : 1
Exercise price (baht per share)	: 1.00

As at 31 December 2012 the remaining balance of unexercised warrants NNCL-W2 was 723,256,251 units (31 December 2011: 724,560,751 units). The last exercise date is 29 December 2015.

## 21 Additional paid-in capital and reserves

### Share premium

Section 51 of the Public Limited Company Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

### Legal reserve

Section 116 of the Public Limited Company Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

## 22 Segment information

Segment information is presented in respect of the Company's geographic segments and business segments, based on the Company's management and internal reporting structures.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income relating to interest and dividends, and the related common assets and liabilities, and management benefit expenses.

### Geographic segments

In presenting information on the basis of geographic segments, segment revenue is based on the geographic location of customers.

The following are the main geographic segments:

Segment 1 : Pathumthanee Province

Segment 2 : Nakhon Ratchasima Province

Revenues and results, based on geographic segments, in the Company's financial statements for the years ended 31 December 2012 and 2011 were as follows:

	Pathumthanee		At Equity method Nakhon Ratchasima		Total	
	Province		Province			
	2012	2011	2012	2011	2012	2011
	<i>(in thousand Baht)</i>					
Revenue from sale of real estate development projects	339,707	363,597	227,191	133,955	566,898	497,552
Revenue from rendering of services	388,204	420,012	16,933	9,143	405,137	429,155
Rental income	15,075	15,300	5,941	2,162	21,016	17,462
Insurance reimbursement	143,657	-	-	-	143,657	-
Other income	11,888	16,008	901	1,274	12,789	17,282
<b>Total allocated revenues</b>	<b>898,531</b>	<b>814,917</b>	<b>250,966</b>	<b>146,534</b>	<b>1,149,497</b>	<b>961,451</b>
Unallocated revenues	-	-	-	-	-	-
<b>Total revenues</b>	<b>898,531</b>	<b>814,917</b>	<b>250,966</b>	<b>146,534</b>	<b>1,149,497</b>	<b>961,451</b>
Cost of sale of real estate development projects	(110,144)	(84,138)	(164,288)	(103,595)	(274,432)	(187,733)
Direct cost of rendering of services	(259,360)	(343,166)	(27,037)	(23,984)	(286,397)	(367,150)
Selling expenses	(30,592)	(35,341)	(21,631)	(16,355)	(52,223)	(51,696)
Administrative expenses	(146,020)	(349,924)	(84,033)	(45,332)	(230,053)	(395,256)
Finance costs	(45,632)	(43,487)	(2,985)	(1,257)	(48,617)	(44,744)
Share of net loss in equity - accounted investees	(6,275)	(1,042)	-	-	(6,275)	(1,042)
<b>Total allocated expenses</b>	<b>(598,023)</b>	<b>(857,098)</b>	<b>(299,974)</b>	<b>(190,523)</b>	<b>(897,997)</b>	<b>(1,047,621)</b>
Unallocated management benefit expenses	-	-	-	-	-	-
<b>Total expenses</b>	<b>(598,023)</b>	<b>(857,098)</b>	<b>(299,974)</b>	<b>(190,523)</b>	<b>(897,997)</b>	<b>(1,047,621)</b>
<b>Profit (loss) before income tax expenses</b>	<b>300,508</b>	<b>(42,181)</b>	<b>(49,008)</b>	<b>(43,989)</b>	<b>251,500</b>	<b>(86,170)</b>
Income tax expense	(29,353)	(50,335)	-	-	(29,353)	(50,335)
<b>Profit (loss) for the year</b>	<b>271,155</b>	<b>(92,516)</b>	<b>(49,008)</b>	<b>(43,989)</b>	<b>222,147</b>	<b>(136,505)</b>

	Pathumthanee		At Cost method Nakhon Ratchasima		Total	
	Province		Province			
	2012	2011	2012	2011	2012	2011
	<i>(in thousand Baht)</i>					
Revenue from sale of real estate development projects	339,707	363,597	227,191	133,955	566,898	497,552
Revenue from rendering of services	388,204	420,012	16,933	9,143	405,137	429,155
Rental income	15,075	15,300	5,941	2,162	21,016	17,462
Insurance reimbursement	143,657	-	-	-	143,657	-
Other income	11,888	16,008	901	1,274	12,789	17,282
Total allocated revenues	898,531	814,917	250,966	146,534	1,149,497	961,451
Unallocated revenues	-	-	-	-	-	-
<b>Total revenues</b>	<b>898,531</b>	<b>814,917</b>	<b>250,966</b>	<b>146,534</b>	<b>1,149,497</b>	<b>961,451</b>
Cost of sale of real estate development projects	(110,144)	(84,138)	(164,288)	(103,595)	(274,432)	(187,733)
Direct cost of rendering of services	(259,360)	(343,166)	(27,037)	(23,984)	(286,397)	(367,150)
Selling expenses	(30,592)	(35,341)	(21,631)	(16,355)	(52,223)	(51,696)
Administrative expenses	(146,020)	(349,924)	(84,033)	(45,332)	(230,053)	(395,256)
Finance costs	(45,632)	(43,487)	(2,985)	(1,257)	(48,617)	(44,744)
Total allocated expenses	(591,748)	(856,056)	(299,974)	(190,523)	(891,722)	(1,046,579)
Unallocated management benefit expenses	-	-	-	-	-	-
<b>Total expenses</b>	<b>(591,748)</b>	<b>(856,056)</b>	<b>(299,974)</b>	<b>(190,523)</b>	<b>(891,722)</b>	<b>(1,046,579)</b>
<b>Profit (loss) before income tax expenses</b>	<b>306,783</b>	<b>(41,139)</b>	<b>(49,008)</b>	<b>(43,989)</b>	<b>257,775</b>	<b>(85,128)</b>
Income tax expense	(29,353)	(50,335)	-	-	(29,353)	(50,335)
<b>Profit (loss) for the year</b>	<b>277,430</b>	<b>(91,474)</b>	<b>(49,008)</b>	<b>(43,989)</b>	<b>228,422</b>	<b>(135,463)</b>

Geographic segment financial positions as at 31 December 2012 and 2011 were as follows:

	<u>Pathumthanee</u>		<u>At Equity method</u> <u>Nakhon Ratchasima</u>		<u>Total</u>	
	<u>Province</u>		<u>Province</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
					<i>(in thousand Baht)</i>	
Trade accounts receivable	36,910	5,955	1,636	838	38,546	6,793
Development costs of real estate projects	1,011,618	1,059,436	654,468	690,466	1,666,086	1,749,902
Accrued insurance reimbursement	16,772	-	-	-	16,772	-
Investment properties	214,203	199,456	56,297	53,395	270,500	252,851
Property, plant and equipment	1,737,820	914,093	361,063	379,828	2,098,883	1,293,921
Advances to contractors	21,936	-	-	-	21,936	-
Unallocated assets	-	-	-	-	240,295	285,450
<b>Total assets</b>	<b>3,039,259</b>	<b>2,178,940</b>	<b>1,073,464</b>	<b>1,124,527</b>	<b>4,353,018</b>	<b>3,588,917</b>
Construction payable	423,501	-	-	-	423,501	-
Advance rental receipt from customer	148,790	154,790	-	-	148,790	154,790
Income tax payable	668	-	-	-	668	-
Long-term borrowings from financial institutions	647,423	746,045	-	58,074	647,423	804,119
Unallocated liabilities	-	-	-	-	578,882	299,704
<b>Total liabilities</b>	<b>1,220,382</b>	<b>900,835</b>	<b>-</b>	<b>58,074</b>	<b>1,799,264</b>	<b>1,258,613</b>
Capital expenditure	886,527	132,761	2,562	56,860	889,089	189,621
Depreciation charges	59,968	94,731	25,606	25,120	85,574	119,851



	<u>Pathumthanee</u>		<u>At Cost method</u> <u>Nakhon Ratchasima</u>		<u>Total</u>	
	<u>Province</u>		<u>Province</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>					
Trade accounts receivable	36,910	5,955	1,636	838	38,546	6,793
Development costs of real estate projects	1,011,618	1,059,436	654,468	690,466	1,666,086	1,749,902
Accrued insurance reimbursement	16,772	-	-	-	16,772	-
Investment properties	214,203	199,456	56,297	53,395	270,500	252,851
Property, plant and equipment	1,737,820	914,093	361,063	379,828	2,098,883	1,293,921
Advances to contractors	21,936	-	-	-	21,936	-
Unallocated assets	-	-	-	-	247,612	286,493
<b>Total assets</b>	<b>3,039,259</b>	<b>2,178,940</b>	<b>1,073,464</b>	<b>1,124,527</b>	<b>4,360,335</b>	<b>3,589,960</b>
Construction payable	423,501	-	-	-	423,501	-
Advance rental receipt from customer	148,790	154,790	-	-	148,790	154,790
Income tax payable	668	-	-	-	668	-
Long-term borrowings from financial institutions	647,423	746,045	-	58,074	647,423	804,119
Unallocated liabilities	-	-	-	-	578,882	299,704
<b>Total liabilities</b>	<b>1,220,382</b>	<b>900,835</b>	<b>-</b>	<b>58,074</b>	<b>1,799,264</b>	<b>1,258,613</b>
Capital expenditure	886,527	132,761	2,562	56,860	889,089	189,621
Depreciation charges	59,968	94,731	25,606	25,120	85,574	119,851

## Business segments

In presenting information on the basis of business segments, segment revenue is based on the business segments.

The following are the main business segments:

Segment 1 : Real estate trading business

Segment 2 : Utilities services business

Revenues and results, based on business segments, in the Company's financial statements for the years ended 31 December 2012 and 2011 were as follows:

	At Equity method						
	Real estate trading business		Utilities services business		Others		Total
	2012	2011	2012	2011	2012	2011	
Revenue from sale of real estate development projects	566,898	497,552	-	-	-	-	566,898
Revenue from rendering of services	-	-	405,136	429,155	-	-	405,136
Total allocated revenues	566,898	497,552	405,136	429,155	-	-	972,034
Unallocated revenues	-	-	-	-	-	-	177,463
<b>Total revenues</b>	<b>566,898</b>	<b>497,552</b>	<b>405,136</b>	<b>429,155</b>	-	-	<b>1,149,497</b>
Cost of sale of real estate development projects	(274,432)	(187,733)	-	-	-	-	(274,432)
Direct cost of rendering of services	-	-	(286,397)	(367,150)	-	-	(286,397)
Finance costs	(2,481)	(2,689)	(35,524)	(37,595)	(10,612)	(4,460)	(48,617)
Total allocated expenses	(276,913)	(190,422)	(321,921)	(404,745)	(10,612)	(4,460)	(609,446)
Unallocated expenses	-	-	-	-	-	-	(288,551)
<b>Total expenses</b>	<b>(276,913)</b>	<b>(190,422)</b>	<b>(321,921)</b>	<b>(404,745)</b>	<b>(10,612)</b>	<b>(4,460)</b>	<b>(897,997)</b>
<b>Profit (loss) before income tax expenses</b>	<b>289,985</b>	<b>307,130</b>	<b>83,215</b>	<b>24,410</b>	<b>(10,612)</b>	<b>(4,460)</b>	<b>251,500</b>
Income tax expense	-	-	-	-	-	-	(29,353)
<b>Profit (loss) for the year</b>	<b>289,985</b>	<b>307,130</b>	<b>83,215</b>	<b>24,410</b>	<b>(10,612)</b>	<b>(4,460)</b>	<b>222,147</b>
							<b>(136,505)</b>

(in thousand Baht)

	At Cost method						Total (in thousand Baht)	
	Real estate trading business		Utilities services business		Others			
	2012	2011	2012	2011	2012	2011		
Revenue from sale of real estate development projects	566,898	497,552	-	-	-	-	566,898	497,552
Revenue from rendering of services	-	-	405,136	429,155	-	-	405,136	429,155
Total allocated revenues	566,898	497,552	405,136	429,155	-	-	972,034	926,707
Unallocated revenues	-	-	-	-	-	-	177,463	34,744
<b>Total revenues</b>	<b>566,898</b>	<b>497,552</b>	<b>405,136</b>	<b>429,155</b>	<b>-</b>	<b>-</b>	<b>1,149,497</b>	<b>961,451</b>
Cost of sale of real estate development projects	(274,432)	(187,733)	-	-	-	-	(274,432)	(187,733)
Direct cost of rendering of services	-	-	(286,397)	(367,150)	-	-	(286,397)	(367,150)
Finance costs	(2,481)	(2,689)	(35,524)	(37,595)	(10,612)	(4,460)	(48,617)	(44,744)
Total allocated expenses	(276,913)	(190,422)	(321,921)	(404,745)	(10,612)	(4,460)	(609,446)	(599,627)
Unallocated expenses	-	-	-	-	-	-	(282,276)	(446,952)
<b>Total expenses</b>	<b>(276,913)</b>	<b>(190,422)</b>	<b>(321,921)</b>	<b>(404,745)</b>	<b>(10,612)</b>	<b>(4,460)</b>	<b>(891,722)</b>	<b>(1,046,579)</b>
<b>Profit (loss) before income tax expenses</b>	<b>289,985</b>	<b>307,130</b>	<b>83,215</b>	<b>24,410</b>	<b>(10,612)</b>	<b>(4,460)</b>	<b>257,775</b>	<b>(85,128)</b>
Income tax expense	-	-	-	-	-	-	(29,353)	(50,335)
<b>Profit (loss) for the year</b>	<b>289,985</b>	<b>307,130</b>	<b>83,215</b>	<b>24,410</b>	<b>(10,612)</b>	<b>(4,460)</b>	<b>228,422</b>	<b>(135,463)</b>

Business segments financial positions as at 31 December 2012 and 2011 were as follows:

	At Equity method					
	Real estate trading business		Utilities services business		Others	
	2012	2011	2012	2011	2012	2011
Trade accounts receivable	-	-	38,546	6,793	-	-
Development costs of real estate projects	1,666,086	1,749,902	-	-	1,666,086	1,749,902
Unallocated assets	-	-	-	-	2,648,386	1,832,222
<b>Total assets</b>	<b>1,666,086</b>	<b>1,749,902</b>	<b>38,546</b>	<b>6,793</b>	<b>4,353,018</b>	<b>3,588,917</b>
Other current liabilities	246,207	95,496	15,699	16,739	322,703	186,055
Long-term borrowings from financial institutions	50,706	162,002	596,716	629,242	647,422	804,118
Unallocated liabilities	-	-	-	-	829,139	268,440
<b>Total liabilities</b>	<b>296,913</b>	<b>257,498</b>	<b>612,415</b>	<b>645,981</b>	<b>1,799,264</b>	<b>1,258,613</b>
						(in thousand Baht)
	At Cost method					
	Real estate trading business		Utilities services business		Others	
	2012	2011	2012	2011	2012	2011
Trade accounts receivable	-	-	38,546	6,793	-	-
Development costs of real estate projects	1,666,086	1,749,902	-	-	1,666,086	1,749,902
Unallocated assets	-	-	-	-	2,655,703	1,833,265
<b>Total assets</b>	<b>1,666,086</b>	<b>1,749,902</b>	<b>38,546</b>	<b>6,793</b>	<b>4,360,335</b>	<b>3,589,960</b>
Other current liabilities	246,207	95,496	15,699	16,739	322,703	186,055
Long-term borrowings from financial institutions	50,706	162,002	596,716	629,242	647,422	804,118
Unallocated liabilities	-	-	-	-	829,139	268,440
<b>Total liabilities</b>	<b>296,913</b>	<b>257,498</b>	<b>612,415</b>	<b>645,981</b>	<b>1,799,264</b>	<b>1,258,613</b>

## 23 Other income

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
Gain on disposal of property, plant and equipment	505	1,693
Car park fee	1,002	4,469
Other income	9,591	8,132
<b>Total</b>	<b><u>11,098</u></b>	<b><u>14,294</u></b>

## 24 Direct cost of rendering of services

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
Depreciation expenses	59,285	87,082
Management and maintenance fees for water production system	62,349	58,331
Security service expenses	28,381	28,224
Electricity expenses	23,408	26,010
Employee benefit expenses	23,668	22,446
Others	89,306	145,057
<b>Total</b>	<b><u>286,397</u></b>	<b><u>367,150</u></b>

## 25 Selling expenses

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
Selling expenses for real estate sold	32,485	38,627
Others	19,738	13,069
<b>Total</b>	<b><u>52,223</u></b>	<b><u>51,696</u></b>

## 26 Administrative expenses

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
Employee benefit expenses	60,155	56,180
Depreciation expenses	25,399	32,133
Remuneration expenses	40,073	22,648
Transportation fee	4,129	3,408
Flooded expenses	8,801	10,991
Flood related losses	-	185,000
Others	91,496	84,896
<b>Total</b>	<b><u>230,053</u></b>	<b><u>395,256</u></b>

## 27 Employee benefit expenses

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
<b>Management</b>		
Salaries	27,394	25,632
Contributions to provident fund	1,383	1,298
Others	690	1,194
	<u>29,467</u>	<u>28,124</u>
<b>Other employees</b>		
Salaries and wages	51,823	48,341
Contributions to provident fund	2,414	2,270
Others	6,150	5,731
	<u>60,387</u>	<u>56,342</u>
<b>Total</b>	<u>89,854</u>	<u>84,466</u>

The Company has established a contributory provident fund for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees at the rate of 5% of their basic salaries and by the Company at 6% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as a juristic entity and is managed by a licensed Fund Manager.

## 28 Expenses by nature

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
Employee benefit expenses	89,854	84,466
Depreciation expenses	85,574	119,851
Security expenses	28,381	28,224
Selling expenses for real estate sold	32,485	38,627

## 29 Finance costs

	<i>Note</i>	<u>2012</u>	<u>2011</u>
		<i>(in thousand Baht)</i>	
Interest paid and payable to financial institutions		53,731	49,169
Other finance cost		7,213	4,095
<b>Total</b>		<u>60,944</u>	<u>53,264</u>
<i>Less qualified assets:</i>			
Capitalised as development costs of real estate projects	8	(5,490)	(6,857)
Capitalised as cost of investment properties	12	-	(737)
Capitalised as cost of property, plant and equipment	13	(6,837)	(926)
<b>Net</b>		<u>48,617</u>	<u>44,744</u>

## 30 Income tax expense

### Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

The current tax expense in profit or loss does not equal the amount determined by applying the Thai corporation tax rate to the accounting profit for the year principally because:

- The Company has been granted BOI tax privileges.
- The different treatment for accounting and taxation purposes of certain items of income and expenses.

## 31 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, the Company has been granted privileges by the Board of Investment relating to the real estate and industrial estate development projects (Nakhon Ratchasima Province), water production for consumption in the industrial estate (Pathumthanee Province), and water treatment services (Pathumthanee Province). The privileges granted include:

- (a) an exemption from payment of import duty on machinery as approved by the Board of Investment;
- (b) an exemption from payment of corporate income tax on net profit of the promoted business for certain periods and conditions as stipulated in the promotional certificates;
- (c) a permission to deduct double the actual costs of transportation, electricity and water supply for a period of 5 years from the start of the promoted business;
- (d) a permission to deduct 25% of installation costs or construction costs of assets necessary for the Company's operations besides a deduction of their normal depreciation; and



- (e) an exemption to include the dividend income from the promoted business in the computation of corporate income tax throughout the period the Company being granted such exemption.

As a promoted company, the Company must comply with certain conditions and restrictions prescribed in the promotional certificates.

The Company's revenues from the sale of real estate development projects and the rendering of services classified under the promoted and non-promoted businesses for the years ended 31 December 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
Revenue from sale of real estate development projects		
- Promoted business	227,191	64,940
- Non-promoted business	339,707	432,612
<b>Total</b>	<b><u>566,898</u></b>	<b><u>497,552</u></b>
Revenue from rendering of services		
- Promoted business	241,872	256,731
- Non-promoted business	163,264	172,424
<b>Total</b>	<b><u>405,136</u></b>	<b><u>429,155</u></b>
<b>Grand total</b>	<b><u>972,034</u></b>	<b><u>926,707</u></b>

## 32 Earnings (loss) per share

### Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the years ended 31 December 2012 and 2011 were based on the profit (loss) for the years attributable to ordinary shares holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	<u>At Equity method</u>	
	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht / thousand shares)</i>	
<b>Profit (loss) attributable to ordinary shareholders of the Company (basic)</b>	<b><u>222,147</u></b>	<b><u>(136,505)</u></b>
Number of ordinary shares outstanding at 1 January	1,508,073	1,450,056
Effect of conversion share (7 April 2011)	-	35,204
Effect of conversion share (6 July 2011)	-	3,462
Effect of conversion share (10 October 2011)	-	725
Effect of conversion share (10 January 2012)	13,012	-
Effect of conversion share (16 October 2012)	21	-
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b><u>1,521,106</u></b>	<b><u>1,489,447</u></b>
<b>Earnings (loss) per share (basic) (in Baht)</b>	<b><u>0.15</u></b>	<b><u>(0.09)</u></b>

	<u>At Cost method</u>	
	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht / thousand shares)</i>	
<b>Profit (loss) attributable to ordinary shareholders of the Company (basic)</b>	<b><u>228,422</u></b>	<b><u>(135,463)</u></b>
Number of ordinary shares outstanding at 1 January	1,508,073	1,450,056
Effect of conversion share (7 April 2011)	-	35,204
Effect of conversion share (6 July 2011)	-	3,462
Effect of conversion share (10 October 2011)	-	725
Effect of conversion share (10 January 2012)	13,012	-
Effect of conversion share (16 October 2012)	21	-
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b><u>1,521,106</u></b>	<b><u>1,489,447</u></b>
<b>Earnings (loss) per share (basic) (in Baht)</b>	<b><u>0.15</u></b>	<b><u>(0.09)</u></b>

### Diluted earnings (loss) per share

The calculation of diluted earnings (loss) per share for the years ended 31 December 2012 and 2011 was based on the profit (loss) for the years attributable to equity holders of the Company and the number of ordinary shares outstanding during the year after adjusting for the effects of all dilutive potential ordinary shares as follows:

	<u>At Equity method</u>	
	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht / thousand shares)</i>	
<b>Profit (loss) attributable to ordinary shareholders of the Company (diluted)</b>	<b><u>222,147</u></b>	<b><u>(136,505)</u></b>
Number of ordinary shares outstanding (basic)	1,521,106	1,489,447
Effect of exercise of warrants	340,581	260,099
<b>Weighted average number of ordinary shares outstanding (diluted)</b>	<b><u>1,861,687</u></b>	<b><u>1,749,546</u></b>
<b>Earnings (loss) per share (diluted) (in Baht)</b>	<b><u>0.12</u></b>	<b><u>(0.08)</u></b>

	<u>At Cost method</u>	
	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht / thousand shares)</i>	
<b>Profit (loss) attributable to ordinary shareholders of the Company (diluted)</b>	<b><u>228,422</u></b>	<b><u>(135,463)</u></b>
Number of ordinary shares outstanding (basic)	1,521,106	1,489,447
Effect of exercise of warrants	340,581	260,099
<b>Weighted average number of ordinary shares outstanding (diluted)</b>	<b><u>1,861,687</u></b>	<b><u>1,749,546</u></b>
<b>Earnings (loss) per share (diluted) (in Baht)</b>	<b><u>0.12</u></b>	<b><u>(0.08)</u></b>

### 33 Dividends

At the annual general meeting of the shareholders of the Company held on 21 April 2011, the shareholders approved the appropriation of dividend of the year 2010 of Baht 0.07 per share. The Company already paid the interim dividend payment on November 12, 2010 in the amount of Baht 0.04 per share, therefore the remaining dividend payment is another Baht 0.03 per share amounting to Baht 44.9 million. The dividend was paid to shareholders in May 2011.

### 34 Financial instruments

#### Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and from non-performance of contractual obligations by counterparties. The Company does not hold or use derivative financial instruments for speculative or trading purposes. The Company's business transactions are incurred in Thailand.

## Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital which the Company defines as result from operating activities divided by total shareholders' equity and also monitors the level of dividends to ordinary shareholders.

## Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows. The Company is primarily exposed to interest rate risk from its variable rate overdrafts and borrowings due to change in market interest rates. The management believes that the interest rate risk is not significant because the overdrafts and borrowings bear interest at market rates.

## Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company sets up an allowance for doubtful accounts in respect of all debts which are expected to be uncollectible.

## Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

## Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining the fair value is disclosed in the notes specific to that asset or liability.

Cash and cash equivalents, trade accounts receivable, trade accounts payable and short-term borrowings - the carrying amount approximates the fair value due to the relatively short-term maturity.

Long-term borrowings - the carrying amount approximates the fair value due to the borrowings bearing interest at floating market rates.

Finance lease liabilities – the carrying amount approximates the fair value estimated from the current market rates available for finance lease liabilities with a similar maturity profile.

### 35 Court case

On 16 October 2007 a former employee of the Company (the plaintiff) filed a labour case against the Company as defendant. The case represented a claim for unfair dismissal amounting to Baht 3.8 million, including associated interest at the rate of 15% per annum calculated from the terminated date until the payment is made, and including additional surcharges. Later on 23 May 2008 the Central Labour Court ruled the Company to pay for this claim amounting to Baht 0.9 million, including associated interest at the rate of 7.5% per annum calculated from the date the case was filed until the date the payment is made. The Company subsequently appealed to the Supreme Court on 23 June 2008 and the ultimate outcome cannot presently be determined. The Company, however, provided a provision for this claim of Baht 1.29 million as at 31 December 2012 (*31 December 2011: Baht 1.22 million*).

### 36 Commitments with non-related parties

#### (a) Capital commitments

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
Contracted but not provided for (mainly represents real estate development projects and contracts for construction costs of water treatment and water production for industry systems)	480,889	420,253
Authorised but not contracted for (construction costs of water production for industry system)	145,556	145,556
<b>Total</b>	<b><u>626,445</u></b>	<b><u>565,809</u></b>

#### (b) Non-cancellable operating lease commitments

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
Within one year	2,739	3,779
After one year but within five years	1,031	3,907
After five years	5,218	5,482
<b>Total</b>	<b><u>8,988</u></b>	<b><u>13,168</u></b>

The Company has lease agreements covering office equipment and office space for a period of 3 years, and a piece of land for a period of 30 years, which will expire during 2013 and 2036 respectively.

- (c) As at 31 December 2012 the Company had a management and maintenance service agreement covering water production for industry system with a local company. Under the terms of the agreement, the local company agrees to provide the Company a management and maintenance service for water production system. In this regard, the Company is committed to pay the management and service fees to the local company at the agreed rate based on the water production quantity. This agreement is in effect for a period of 5 years and is renewable for additional periods of 5 years in accordance with the terms stipulated in the agreement.
- (d) As at 31 December 2012 the Company had commitments under service agreements with local companies totaling Baht 43.41 million (2011: Baht 137.3 million).
- (e) As at 31 December 2012, the Company had letters of guarantee issued by a local bank to government agencies for land allocation of the utilities and land lease totaling Baht 190.8 million (2011: Baht 136.1 million).

### 37 Operating lease for which the Company acts as a lessor

The Company has a land lease agreement with a local company for a period of 30 years expiring in 2037. Future minimum lease payments receivable under this land lease agreement are detailed as follows:

	<u>2012</u>	<u>2011</u>
	<i>(in thousand Baht)</i>	
Within one year	5,274	5,170
After one year but within five years	23,431	22,450
After five years	170,530	176,785
<b>Total</b>	<b><u>199,235</u></b>	<b><u>204,405</u></b>

### 38 Others

Sales with signed contracts and total project sales of condominium as at 31 December 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
	<i>(in million Baht)</i>	
Sales with signed contracts	<u>25</u>	<u>25</u>
Total project sales	<u>74</u>	<u>74</u>
<b>The ratio of sales with signed contracts against total project sales (%)</b>	<b><u>34</u></b>	<b><u>34</u></b>

### 39 Events after the reporting period

The Company registered new share capital with the Ministry of Commerce on 10 January 2013 in respect of shares issued following the exercise of 1.2 million units of warrants, for Baht 1.2 million, in the fourth quarter of 2012.

### 40 Thai Financial Reporting Standards (TFRS) not yet adopted

The Company has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are expected to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

<u>TFRS</u>		<u>Year effective</u>
TAS 12	Income Taxes	2013
TAS 20	Accounting for Government Grants and Disclosures of Government Assistance	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TFRS 8	Operating Segments	2013

Management expects to adopt and apply these new TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the Company's financial statements of those new standards assessed to have the greatest potential impact on the financial statements in the period of initial application. These standards are as follows:

#### TAS 12 - Income taxes

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements. Deferred tax liabilities and assets are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences between the carrying amount of the liability or asset in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carry forward of unused tax losses. Currently, the Company does not recognise deferred tax in the financial statements.

The Company will adopt TAS 12 with effect from 1 January 2013. The effects of the change will be recognised retrospectively in the financial statements and the statement of financial position as at 31 December 2012 and 2011 will be adjusted accordingly. Management estimates that the impact on the statements of financial position as at 31 December 2012 and 2011 will be as follows:

2012                      2011  
(in thousand Baht)

**Statement of financial position**

Estimated changes as a result of the adoption retrospectively of TAS 12 –

Income taxes:

Increase in deferred tax assets

21,351

12,400

**Increase in total equity**

21,351

12,400

The impact on the statements of comprehensive income for 2013 and subsequent periods is not presently determinable.

**TAS 21 (revised 2009) – The effects of changes in foreign exchange rates**

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht. Accordingly, the adoption of TAS 21 from 1 January 2013 is not expected to have a significant impact on the Company's reported assets, liabilities, or retained earnings.

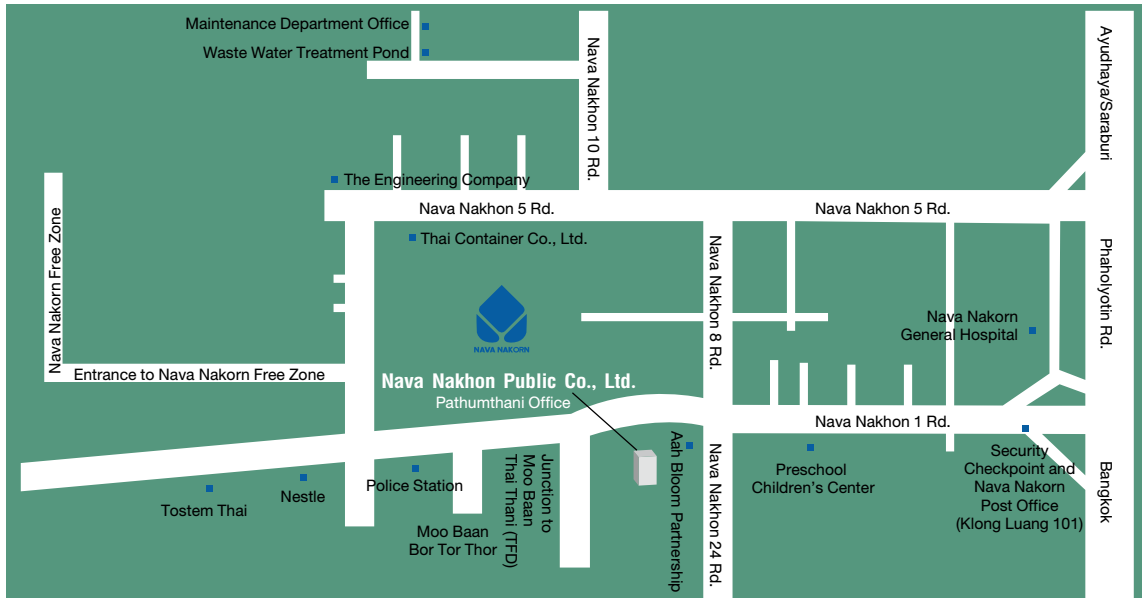
**TFRS 8 – Operating segments**

The principal change introduced by TFRS 8 is the introduction of the concept of presenting operating segments based on the information that internally is provided to the Group/Company's chief operating decision maker. Since the change in accounting policy only impacts disclosure aspects, there is no impact on the Company's financial statements.

**TAS 20 – Accounting for government grants and disclosures of government assistance**

Management is of the opinion that the adoption of TAS 20 from 1 January 2013 will not have a significant impact on the Company's financial statements.





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