

ANNUAL REPORT
2009

WHERE INDUSTRIES GROW



NAVA NAKORN

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The Thai economy experienced an overall downturn in the latter half of 2008, continuing through the early part of 2009. The Kingdom’s economic troubles stemmed chiefly from the broader global economic crisis seen during this same time period. In large part, the global chain of events began with a weakening United States economy, driven by a dramatic decline in residential and commercial property values.

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NAVA NAKORN



Message from The Chairman



Finally, on behalf of Nava Nakorn's Board of Directors, I would like to thank all of our shareholders, as well as our customers and business partners who are supporting Nava Nakorn Plc.

The Thai economy experienced an overall downturn in the latter half of 2008, continuing through the early part of 2009. The Kingdom's economic troubles stemmed chiefly from the broader global economic crisis seen during this same time period. In large part, the global chain of events began with a weakening United States economy, driven by a dramatic decline in residential and commercial property values. The deterioration of U.S. property assets were propagated globally through the widespread international sales of certain new financial instruments, particularly a variety of collateralized mortgage obligations. Thai political instability during this period likely magnified the impact of the external economic pressures on the Kingdom's domestic economic state. In 2010, it is anticipated that signs of recovery will be seen in the global economy, as several economic indices have begun a positive adjustment. The potential for inflation will exist in this environment and will require attention.

Nava Nakorn Public Company Limited has been carefully managing the company's operations, insuring it remains stable in the face of these economic obstacles. The company has been aggressively marketing industrial services for public utility. We also have focused on manufacturing services and made careful investments in a number of new projects. The company remains optimistic about its investments in the construction of Nava Privacy, which includes a shopping complex, the Privacy Mall, modern condominiums and a central parking area within the Nava Nakorn Industrial Estate Pathumthani. Additionally, the potential remains positive for continued success with extensions to the company's large wastewater treatment plant, our electrical power plant project and the extension of our industrial water processing plant project.

Finally, on behalf of Nava Nakorn's Board of Directors, I would like to thank all of our shareholders, as well as our customers and business partners who are supporting Nava Nakorn Plc., with confidence. I want to thank the management team and all of our employees for their devotion, their energy and will in working for Nava Nakorn Plc. Without all of you, Nava Nakorn Plc., would not have achieved the stability and promise that it holds today.

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

Gen. Akaradej Sasiprapha

Chairman

Board of Director



General Akaradej Sasiprapha

Chairman of the Board of Directors

Gen. Akaradej assumed the position of the Chairman of the Company's Board of Directors at Nava Nakorn in 2001. He also holds the position of the Chairman of the Board of Directors at the NEP Realty and Industry Public Co., Ltd. In the past, he held the positions of Member of the Board of Directors at the Bangkok Metro Public Co., Ltd. and at the Petroleum Authority of Thailand or PTT Public Co., Ltd. Currently, he is 69 years old. He earned his Bachelor of Science from the Chulachomkiao Royal Military Academy. He completed the Ranger Airborne Program from the U.S. Army Airborne School at Fort Benning, Georgia, USA, and graduated from the National Defence College of Thailand.

General Chainarong Noonpakdee

Member of the Board of Directors and Chairman of the Executive Board

Gen. Chainarong took on the positions of the Member of the Board of Directors and the Chairman of the Executive Board at Nava Nakorn in 2001. He also holds the Member of the Board of Directors position at the NEP Realty and Industry Public Co., Ltd. In the past, he assumed the positions of the Chief of Joint Staff of the Royal Thai Armed Forces Headquarters. He was the Member of the Board of Directors at Expressway Authority of Thailand, at Thai Airways International Public Co., Ltd, and at the New Bangkok International Airport Co., Ltd. (Suvarnabhumi). He also was the Chairman of the Board of Directors at the Thai Maritime Navigation Co., Ltd. At present, he is 71 years old. He earned his Bachelor of Science from the Chulachomkiao Royal Military Academy. He completed the Infantry Officer Advance Course from Fort Benning, Georgia, USA and graduated from the National Defence College of Thailand. He earned certificates from the Directors Certification Program at the Thai Institute of Directors and from the Management Executive Certification Program (CMA Program) at the Capital Market Academy.



Police General Somchai Vanichsenee

Member of the Board of Directors and Vice Chairman of the Board of Directors

Pol. Gen. Somchai assumed the positions of Independent Member of the Board of Directors and Member of the Audit Committee of the Company in 2002. In 2005, he was appointed the Member of the Board of Directors and the Vice Chairman of the Executive Board. Later in 2009, he is appointed as the Company's Vice Chairman. In the past, he was the Deputy Police Commissioner for the Royal Thai Police. He also was the Member of the Board of Directors at the Port Authority of Thailand, at the Government Lottery Office, and at the Provincial Water Authority. At present, he is 68 years old. He earned his Master Degree in Public Administration from Chulalongkorn University and completed the Directors Certification Program from Institute of Directors (IOD).

Mr. Seksit Charoensethasil

Member of the Board of Directors and Vice Chairman of the Executive Board

Khun Seksit assumed the position of Advisor to the Company's Board of Directors in 2003 and later in 2004 he was appointed Executive Vice President of the Company. In 2008, he was also appointed as the Member of the Company's Board of Directors and later in 2009 he is appointed the Vice Chairman of the Executive Board. He also holds the Managing Director position at the NEP Realty and Industry Public Co., Ltd. In the past, he held the position of Executive Vice President at the NEP Realty and Industry Public Co., Ltd. Currently, he is 55 years old. He earned his Master Degree from the Faculty of Business Management, Kasetsart University.





Mr. Nipit Arunvongse Na Ayudhya

Member of the Board of Directors and Chief Executive Officer

Khun Nipit assumed the position of Chief Executive Officer of Nava Nakorn Public Co., Ltd. since 2001. And since 2002 he took up additional position as the Member of the Board of Directors of the Company. At the same time, he also holds the position of Member of the Board of Directors at Casa Co., Ltd., at NEP Realty and Industry Public Co., Ltd., and at Sumisho Global Logistics (Thailand) Co., Ltd. Currently, he is 49 years old. He earned his Bachelor Degree in Architecture from University of Minnesota, USA. Additionally, he completed the Directors Certification Program from the Thai Institute of Directors.

Mrs. Leena Charernsri

Independent Member of the Board of Directors and Chairman of the Audit Committee

Khun Leena assumed the position of Member of the Board of Directors at Nava Nakorn in 2002 and later was appointed as the Chairman of the Audit Committee of the Company in 2008. In the past, she held the position of Deputy Permanent Secretary of the Ministry of Finance in 2005. Presently, she is also the Member of the Board of Directors at Provincial Waterworks Authority, Member of the Audit and Evaluation Committee of the Ministry of Finance, and Member of the Board of Directors at Eastern Water Resources Development and Management Public Co., Ltd. At present she is 64 years old. She earned her Bachelor Degree in Accountancy and Mini MBA for Development of Executive from the Ministry of Finance Class 1 from Thammasart University. She also earned the Advance Certificate in Democratic Politics and Governance for High-Level Administrators (Por. Por. Ror.) Class 6, from the King Prajadhipok's Institute.



Lieutenant General Seekrin Singhaphan

Independent Member of the Board of Directors and Member of Audit Committee

Lt. Gen. Seekrin assumed the positions of Independent Member of the Board of Directors and Member of the Audit Committee of Nava Nakorn Public Co., Ltd. since 2005. In the past, he was the Director of Information Process Center for the Internal Security Operations Command. At present, he is 70 years old. He earned his Bachelor of Science (The Royal Thai Army) from the Chulachomkiao Royal Military Academy. He also graduated from the Command and General Staff College of the Royal Thai Army, the National Defence College of Thailand (Wor Por Ror Or. Class 36), and the Army Special Warfare School, Fort Bragg, North Carolina, USA. He also earned his certificates from the Director Accreditation Program (DAP) and the Audit Committee Program (ACP) from the Thai Institute of Directors.

Khunying Supanapa Attanand

Independent Member of the Board of Directors and Member of the Audit Committee

Khunying Supanapa assumed the positions of Independent Member of the Board of Directors and Member of the Audit Committee at Nava Nakorn Public Co., Ltd. in 2002. In the past, she was the Member of the Audit Committee of the Ocean Securities and Finance Co., Ltd. and the Advisor to Siam Home Co., Ltd. At present, she is 64 years old. She graduated with Bachelor Degree in Architecture from the Chulalongkorn University.



Board of Director



Mr. Pongpun Buranasiri

Member of the Board of Directors and Chairman of the Remuneration Committee

Khun Pongpun joined Nava Nakorn in 1991 as the Member of the Board of Directors. He was later appointed and held the position of the Chief Executive Officer of the Company from 1997 to 2000. At present, he is the Member of the Board of Directors and the Chairman of the Remuneration Committee. Currently, he is 74 years old. He earned his Bachelor degree in Commerce and Accountancy from Thammasart University. Additionally, he earned the certificate from the Directors Certification Program at the Thai Institute of Directors.

Mrs. Suvalai Chandawanich

Member of the Board of Directors and Member of the Remuneration Committee

Khun Suvalai assumed the position of Member of the Board of Directors at Nava Nakorn in 1971 and in 2009 she is appointed Member of the Remuneration Committee. In 1995, she was the Vice President for Accounting and Finance Department at Nava Nakorn Public Co., Ltd. Currently, she is 62 years old. She graduated with Bachelor Degree majoring in Accounting from Thammasart University.



General Sommai Wichaworn

Independent Member of the Board of Directors and Member of the Remuneration Committee

Gen. Sommai assumed the Member of the Executive Board position in 2002 and, in 2009, he is appointed as the Member of the Remuneration Committee. Currently, he is 69 years old. He earned his Bachelor of Science from the Chulachomkiao Royal Military Academy and graduated from the National Defence College of Thailand. He also earned his Master of Arts (Political Sciences) from the Ramkhamhaeng University and certificate from the Directors Certification Program at the Thai Institute of Directors.



Air Chief Marshal Dr. Nopporn Chandawanich

Member of the Board of Directors

ACM. Dr. Nopporn assumed the Advisor position at Nava Nakorn in 1992 and the Member of the Executive Board position in 2004. At present, he is the Member of the Company's Board of Directors being appointed in 2009. In the past, he had been appointed as Member of the Board of Directors at Provincial Waterworks Authority and at Airport of Thailand Public Co., Ltd. He also was the Chairman of Audit Committee at Airport of Thailand Public Co., Ltd, the Member of the Executive Board at the Thai Airways International Public Co., Ltd, and the Chairman of the Board of Directors at the New Bangkok International Airport Co., Ltd. (Suvarnabhumi). He is now 67 years old. He earned his Doctor of Philosophy (PhD) degree in Engineering Mechanics from the Michigan State University, USA and also graduated from the Thai National Defence College.





Mrs. Chuanpis Chaimueanwong
Independent Member of the Board of Directors

Khun Chuanpis joined Nava Nakorn Public Company Limited as Independent Member of the Board of Directors in 2005. In the past, she held the position of the Governor of the National Housing Authority (2002 to 2006) and the Member of the National Legislative Assembly. At present, she is 62 years old. She earned her Bachelor of Arts and Master of Arts in Economics from Thammasart University, and Bachelor of Law from Ramkhamhaeng University. She graduated from the National Defence College of Thailand (Wor.Por.Or. 41) and from the Politics and Governance in Democratic Systems for Executives, Class 11, at King Prajadhipok's Institute.

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

Khun Warangkana took on the Member of the Board of Directors position at Nava Nakorn in 2006. She also holds the position of Chief Executive Officer at Nava Nakorn Medical Co., Ltd. At present, she is 38 years old. She earned her 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.



Mrs. Nualphan Lamsam
Independent Member of the Board of Directors

Khun Nualphan assumed the position of Member of the Executive Board at Nava Nakorn in 2008. Later in 2009, she is appointed as the Member of the Company's Board of Directors. Before joining Nava Nakorn, she has held the position of the Managing Director of Muang Thai Insurance Public Co., Ltd (2005 to 2009). Currently, Khun Nualphan is 44 years old. She earned her Master Degree in Education Management from the Boston University, USA. At present she is the Vice Minister at the Ministry of Social Development and Human Security.



Executive Board

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

Gen. Chainarong took on the positions of the Member of the Board of Directors and the Chairman of the Executive Board at Nava Nakorn in 2001. He also holds the Member of the Board of Directors position at the NEP Realty and Industry Public Co., Ltd. In the past, he assumed the positions of the Chief of Joint Staff of the Royal Thai Armed Forces Headquarters. He was the Member of the Board of Directors at Expressway Authority of Thailand, at Thai Airways International Public Co., Ltd., and at the New Bangkok International Airport Co., Ltd. (Suvarnabhumi). He also was the Chairman of the Board of Directors at the Thai Maritime Navigation Co., Ltd. At present, he is 71 years old. He earned his Bachelor of Science from the Chulachomkiao Royal Military Academy. He completed the Infantry Officer Advance Course from Fort Benning, Georgia, USA and graduated from the National Defence College of Thailand. He earned certificates from the Directors Certification Program at the Thai Institute of Directors and from the Management Executive Certification Program (CMA Program) at the Capital Market Academy.

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

Khun Seksit assumed the position of Advisor to the Company's Board of Directors in 2003 and later in 2004 he was appointed Executive Vice President of the Company. In 2008, he was also appointed as the Member of the Company's Board of Directors and later in 2009 he is appointed the Vice Chairman of the Executive Board. He also holds the Managing Director position at the NEP Realty and Industry Public Co., Ltd. In the past, he held the position of Executive Vice President at the NEP Realty and Industry Public Co., Ltd. Currently, he is 55 years old. He earned his Master Degree from the Faculty of Business Management, Kasetsart University.

Lieutenant General Pornthep Thepayasuwan Member of the Executive Board

Lt. Gen. Pornthep assumed the position of Member of the Executive Board at Nava Nakorn since 2005. In the past, he held the position of Chief of Post Engineer and the Deputy Chief of Engineer Department at the Royal Thai Army. Presently, he is 71 years old. He graduated from the Command and General Staff College, Royal Thai Army, Class 52, and from the Joint Staff College, class 25.

Lieutenant General Sakda Plodmechai Member of the Executive Board

Lt. Gen. Sakda took on the position of Member of the Executive Board at Nava Nakorn in 2006. In the past, he held the positions of the Chief of Staff of the 1st Corps, the Deputy Chief of Staff of the Institute of Advance Military Study, and the Advisor to the Supreme Command Headquarters of the Royal Thai Armed Forces Headquarters. At present, he is 72 years old. He 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.

General Yanyong Wongwit Member of the Executive Board

Gen. Yanyong assumes the Member of the Executive Board position at Nava Nakorn in 2009. At present, he is 68 years old. In the past, he was the Advisor to the Supreme Command Headquarters of the Royal Thai Armed Forces Headquarters and the Advisor to the Election Commission of Thailand. He earned his Bachelor of Science from the Chulachomkiao Royal Military Academy. Also, he completed the courses from the Command and General Staff College, Royal Thai Army and from the National Defence College of Thailand.

Mr. Hattajit Noonpakdee Member of the Executive Board

Khun Hattajit assumed the position of Senior Vice President at Nava Nakorn in 2005. Later in 2007, he was appointed as the Member of the Executive Board of the Company. In the past, he held the position of Executive Vice President at the NEP Realty and Industry Public Co., Ltd. Currently, he is 48 years old. He earned his Master Degree in Business Management from the City University (Seattle), USA.

Nava Nakorn's Executives

Nipit Arunvongse Na Ayudhya

Member of the Board of Directors and Chief Executive Officer

Khun Nipit assumed the position of Chief Executive Officer of Nava Nakorn Public Co., Ltd. since 2001. And since 2002 he took up additional position as the Member of the Board of Directors of the Company. At the same time, he also holds the position of Member of the Board of Directors at Casa Co., Ltd., at NEP Realty and Industry Public Co., Ltd., and at Sumisho Global Logistics (Thailand) Co., Ltd. Currently, he is 49 years old. He earned his Bachelor Degree in Architecture from University of Minnesota, USA. Additionally, he completed the Directors Certification Program from the Thai Institute of Directors.

Mrs. Peerayaluk Tangsunawan

Executive Vice President

Khun Peerayaluk took on the positions of the Member of the Board of Directors and the Member of the Remuneration Committee in 2001. In 2002, she was appointed Executive Vice President and assumed this position until present. In 2008, she also is the Member of the Board of Directors of the NEP Realty and Industry Public Co., Ltd. Prior to joining Nava Nakorn Public Co., Ltd, she worked in the Government Service as Trade Officer, Department of Foreign Trade, Ministry of Commerce. At present, she is 36 years old. She earned her Master of Business Administration from New Hampshire College, USA.

General Taweesak Noonpakdee

Executive Vice President

Gen. Taweesak assumed the Project Manager of the Industrial Water Processing Plant position in 2006. Later in 2008, he was promoted to the Executive Vice President position of the Company. At present, he is 67 years old. He received his Bachelor of Science from the Chulachomklao Royal Military Academy, completed Organizational Maintenance Officer Course from Fort Knox, USA and graduated from the National Defence College of Thailand.

Mrs. Kalaya Hongsree

Vice President - Accounting and Finance Department

Khun Kalaya joined Nava Nakorn in May 1980. Later, she was appointed Assistant to the Executive Vice President in 1990, and Manager of the Accounting and Finance Department in 1996. In 2003, she was appointed Vice President for the Accounting Department and Acting Vice President for the Finance Department. Currently, Khun Kalaya is 55 years old. She earned her Bachelor Degree in Accounting from Faculty of Business Administration, Ramkhamhaeng University, and her MBA from University of the Thai Chamber of Commerce.

Mr. Piyabuth Chuwung

Vice President - Legal Office Department

Khun Piyabuth took on the position of Assistant Manager for the Administrative Department in 1996. In 2003, he was appointed Vice President for the Legal Office Department and the Company's Lawyer. At present, he is 44 years old. He earned his Bachelor Degree from Faculty of Law, Ramkhamhaeng University, Master of Laws from Dhurakij Pundit University, Mini MBA from the University of the Thai Chamber of Commerce, and MMP from Chulalongkorn University.

Mr. Narongrit Sammanuch

Vice President - Purchasing Department

Khun Narongrit joined Nava Nakorn in 1989, later in 1996, he was appointed to assume the position of Assistant Manager in Administrative Department. In 2003, he was appointed Acting Vice President of Purchasing Department. Then in 2004, he assumed the position of Vice President of Purchasing Department. At present, he is 44 years old. He earned his bachelor degree from Faculty of Law, Ramkhamhaeng University, and his MBA from the University of The Thai Chamber of Commerce.

Mr. Nutnarut Suriyapanuwat

Vice President - Sales Department

Khun Nutnarut assumed the position of Vice President for Sales Department in 2004. Before joining Nava Nakorn, he held the positions of Sales and Marketing Manager at Kabinburi Industrial Zone Limited and Project Manager (Engineering) at Fasco Manufacturing Co., Ltd. (Australia). At present, he is 41 years old. He graduated with Bachelor Degree in Mechanical Engineering from Royal Melbourne Institute of Technology University (R.M.I.T.) and in Advance Technology in Manufacturing Engineering from Monash University, both in Australia.

Mr. Suthiporn Chandawanich

Vice President - Marketing Department

Khun Suthiporn assumed the position of Vice President for Maintenance Department in 2003. In 2005, he was appointed Vice President for Business Development Department. In 2009, he was appointed Vice President for Marketing Department. Currently, he is 35 years old. He graduated with Bachelor Degree in Mechanical Engineering from Washington University at St. Louis and Master Degree from Webster University at St. Louis, USA.

Acting Sub Lieutenant Pravit Kruttayuenyong

Vice President - Information Technology Department

Khun Pravit assumed the role of Vice President for Information Technology Department in 2003. Before joining Nava Nakorn, he held the position of Computer Department Assistant Manager at Central Watson Co., Ltd. At present, he is 36 years old. He graduated with 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.

Nava Nakorn's Executives

Ms. Anocha Sasiprapha

Vice President -

Investor Relations Department

Khun Anocha joined the Company as the Manager of Investor Relations Department in 2004. Later in 2005, she was appointed the Vice President of Investor Relations. Currently, she is 36 years old. She earned her Master of Science in Economics with reference to the Asia Pacific Region from SOAS (University of London), UK.

Mr. Surasee Hangrisuwan

Vice President -

Nava Nakorn - Nakhonratchasima Project

Khun Surasee assumed the Vice President for Nava Nakorn - Nakhonratchasima Project position since 2004. At the same time, he was also appointed Member of the Review Board of Police Management for the Soongnern District Police Station in 2006. In 2008, he was appointed Member of the Advisory Board to Sport Authority of Nakhonratchasima Province by the Governor of Nakhonratchasima. At present, Khun Surasee is 48 years old.

Mr. Veerachai Chutimakorn

Vice President - Wastewater

Treatment and Environment Department

Khun Veerachai assumed the position of Environment Manager for Central Waste Water Treatment Plant of Nava Nakorn in 2004. He was later appointed Vice President -Wastewater Treatment and Environment Department in 2005. Currently, he is 47 years old. He earned his Bachelor Degree from Faculty of Education, Prince of Songkla University, Mini MBA from University of the Thai Chamber of Commerce, and a Master degree in Engineering Management from the Faculty of Business Administration from Rajamangala University of Technology Thanyaburi.

Mrs. Sureerat Rangsikosai

Vice President - Internal Audit Department

Khun Sureerat assumed the Vice President for Internal Audit Department in 2007. Before joining Nava Nakorn, she held the position of Manager for Internal Audit Department at Sun Wood Industries Public Co., Ltd. Currently, she is 55 years old. She earned her Bachelor Degree in Business Administration from Bangkok University.

Lieutenant General Chiraphat Malai

Vice President - Retail Shops and

Residential Project Department

Lt. Gen. Chiraphat was first joined Nava Nakorn as the Vice President for Special Affairs Department and later on, in 2008, he was appointed as Vice President for Retail Shops and Residential Project Department. At the same time, he is the Advisor to the Board of Directors of NEP Realty and Industry Public Co., Ltd. and the Advisor to the Managing Director of Nava Nakorn International Guard Co., Ltd. Currently, he is 64 years old. He earned his Bachelor of Science (The Royal Thai Army) from the Chulachomklao Royal Military Academy and a Master of Public Administration from the National Institute of Development Administration (NIDA).

Mr. Veerapong Gankhunthod

Vice President - Human Resource and

Administrative Department

Khun Veerapong joined Nava Nakorn in 2007 as Human Resource Manager. In 2008, he was promoted to the position of Vice President of Human Resource Department. In 2009, there was a re-organization, where he was appointed as Vice President of Human Resource and Administrative Department. Furthermore, Khun Veerapong is appointed as Expert Director at the Industrial Technology Faculty at the Valaya Alongkorn Rajabhat University Under the Royal Patronage. Before joining Nava Nakorn, in 1980, he worked at the Education Evaluation Unit, Office of Registration and Evaluation, Sukhothai Thammathirat Open University. In 1991, he joined Bangkok Union Insurance Public Co., Ltd. as an analyst and in 1994 he held the Manager position in the Analysis and Planning Department at Assets Insurance Co., Ltd. At present, Khun Veerapong is 50 years old. He earned his bachelor degree from the Faculty of Education, Sukhothai Thammathirat Open University.

Mr. Don Panichanok

Vice President - Special Affairs Department

Khun Don assumed the position of Secretary to the Chairman of the Company in 2000. In 2005, he assumed the position of Supervisor for Juristic Laws and Contracts Unit. In 2007, he was appointed Manager for Laws and Contracts Division. In 2009, he is promoted to Vice President for Special Affairs Department. Current, he is 34 years old. He graduated with a Bachelor of Law from Bangkok University.

Mr. Phopporn Chandawanich

Vice President - Public Works Department

Khun Phopporn took the position of Vice President for Public Works Department in 2009. In the past, he was the Manager for Operation Department at TSK Co., Ltd. At present, he is 34 years old. He earned a Bachelor Degree from USA.

Major General Prajak Visuttakul

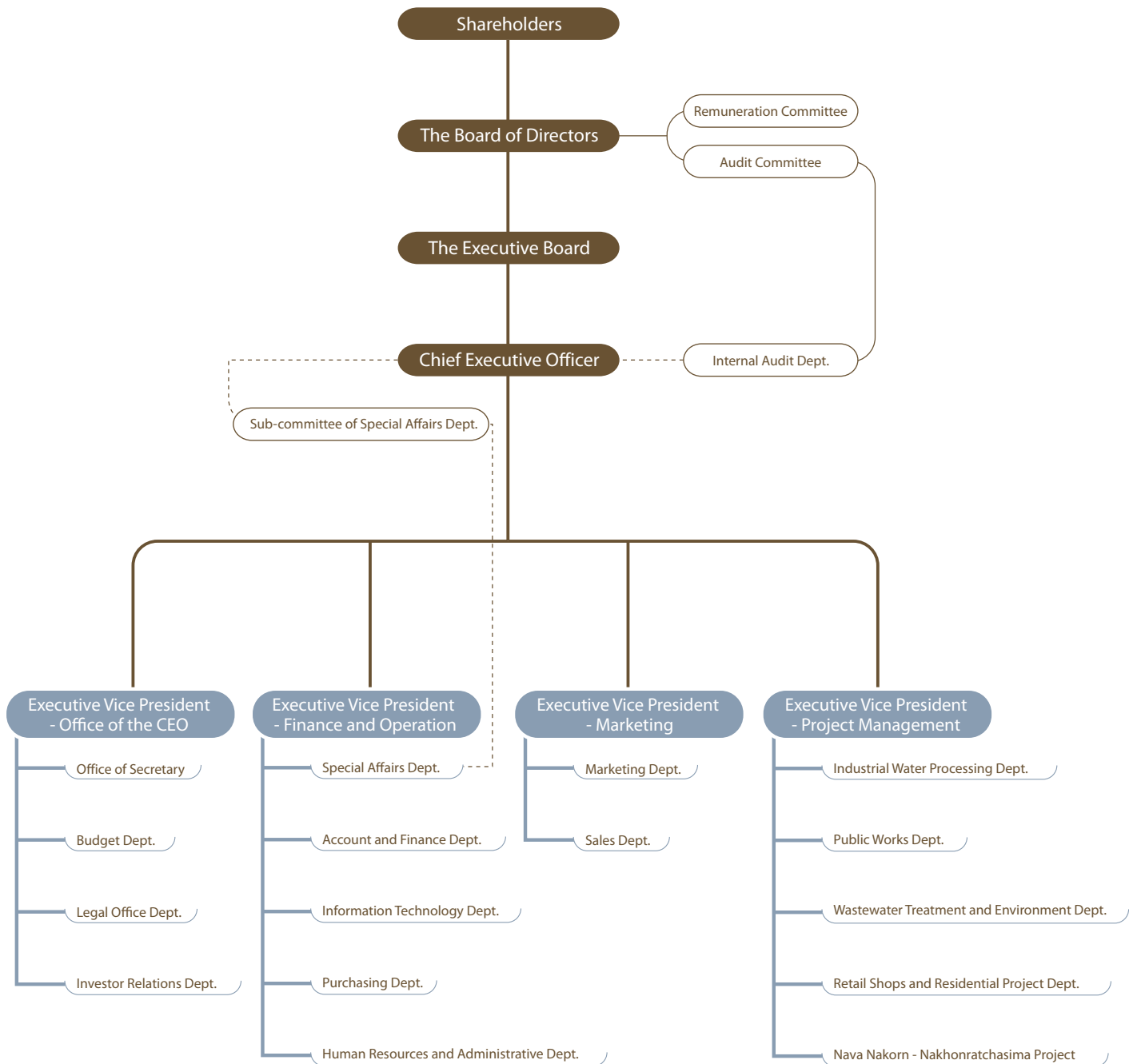
Vice President - Industrial Water

Processing Department

Gen. Prajak joined Nava Nakorn in 2006 as the Advisor to the Company. In 2007, he resigned and was later appointed as the Assistant Managing Director and Plant Manager for NEP Realty and Industry Public Co., Ltd. In 2008, he was appointed Deputy Manager for the Industrial Water Processing Plant at Nava Nakorn. In 2009, he is appointed Acting Manager for the Industrial Water Processing Plant at Nava Nakorn and now he holds the position of Vice President for Industrial Water Processing Department. He, previously, held the position of 2nd Army Area Deputy Commander, Nakhon Ratchasima Province. At present, he is 67 years old. He earned his Bachelor of Science from the Chulachomklao Royal Military Academy. Also, he graduated from the National Defence College of Thailand (Wor.Por.Or 399).



Organization Structure of Nava Nakorn Public Company Limited



Audit Committee's Report

Dear Shareholders of Nava Nakorn Public Company Limited,

The Audit Committee of Nava Nakorn Plc. comprised of three independent directors and neither of them holds management, employee, or consultant position of the Company. Mrs. Leena Charernsri is the Chairman of the Audit Committee. Lt. Gen. Seekrin Singhaphan and Khunying Supanapa Attanand are the Audit Committees. Additionally, Mrs. Sureerat Rangikosai is the Secretary to the Audit Committee.

The Audit Committee performed the duties accordingly to the boundaries and responsibilities assigned by the Company's Board of Directors and according to rules and regulations of the Charter of Audit Committee which are in line with the Stock Exchange of Thailand Best Practice Guidelines for the Audit Committee. In the fiscal year 2009, there were a total of seven meetings among the Audit Committee. And in 2010, up until the date of this report, there were two additional meetings, totaling nine meetings to date. All the members of the Audit Committee attended each of the meetings and joined the meetings with top management, auditors, and internal auditors when appropriate. The summary of the main points as follows:

- Review all quarterly and annual financial statements for the year 2009. Statement review includes interrogation and clarification from management and auditors in term of the adequacy, completeness, and accuracy of information disclosed. The Audit Committee, in agreement with auditors, expressed the opinion that the statements are accurate in all key points in pursuant to the International Accounting Standards.
- Review the disclosure of information for its accuracy, adequacy, and merit as well as review the internal auditing in accordance with the guidelines prescribed by the Securities and Exchange Commission. It is believed that the Company has adequate, appropriate, and effective internal control systems.
- Consider and give recommendations on obligations, boundaries, duties, and responsibilities as well as independence, human resources, and budget for the internal audit department. Also review the Internal Auditing Charter for its appropriateness, timeliness, compliance with the Stock Exchange of Thailand's Guidelines for Internal Audit Control and approval of each annual internal audit plan.
- In 2009, the Company considered and hired KPMG Phoomchai Audit Ltd., the Stock Exchange of Thailand's certified auditor as the Company's external auditor the same as in the year 2008. The Company considers this firm to have sound and methodical accounting and financial reporting systems.

- In the selection and determination of the Company's external auditor and the remuneration for the external auditor for the fiscal year 2010 where KPMG Phoomchai Audit Ltd. was selected which to be submitted to the Board of Directors for further approval in the Annual General Meeting of Shareholders 2009, the Audit Committee had considered the operation's independence, adequacy of resources, and suitability of remuneration, it is deemed it appropriate to nominate Mr. Charoen Puusamritlert, Reg. No. 4068; Mr. Wichien Thammatrakul, Reg. No. 3183; Miss Wannaporn Jongpeeradechanont, Reg. No. 4098; or Miss Boonsri Chotipaibul, Reg. No. 3756 of KPMG Phoomchai Audit Ltd. The annual auditor fee of 2,200,000.- Baht, remains the same amount as last year.
- In the past fiscal year, the Company treated connected transactions or transactions that might pertain to conflict of interest in accordance with the Regulations outlined by the Stock Exchange of Thailand and the Securities and Exchange Commission. The auditor had an opinion that the connected transactions were already disclosed in the financial statements and the Notes to Financial Statements. The Audit Committee was in agreement with the auditor in that the transactions were reasonable and the disclosure of information was accurate and complete.

In conclusion, the Audit Committee carried out all the duties completely as listed in the Charter of the Audit Committee. Therefore, the Audit Committee expressed the opinion that the Company has reported financial and operational information accurately. The Company has internal control systems in place, operated in compliance with the laws, accurately disclosed of connected transactions, and has adequate, transparent, and trustworthy Good Corporate Governance Systems.



(Mrs. Leena Charernsri)

Chairman of the Audit Committee

22nd February, 2010



Good Governance Report

Throughout times, Nava Nakorn Public Company Limited (Nava Nakorn or the Company) has always been giving emphasis on the 15 principles of Good Corporate Governance stipulated by the Securities and Exchange Commission and the Stock Exchange of Thailand. The 15 principles of Good Corporate Governance are used as a guideline in the Company's operation giving emphasis transparency, efficiency, trustworthy to all shareholders and the people and being responsible to the shareholders, stakeholders, and the society. All is done to foster sustainable growth. The details are as follows:

1. Policy on Corporate Governance

The Board of Directors which is the representative of shareholders believes that the policy of good corporate governance is a crucial factor for the Company's success. The Company set out the good corporate governance policy in writing covering various policies and operation manuals of the Company in order to protect shareholders' benefit and to ensure transparency of the Company's operation and can be reviewed, therefore create confidence and fairness to all stakeholders. The policy covers the following principles:

1. Rights and Equitable Treatment of Shareholders and Stakeholders.
2. The Board of Directors clearly defined authorities, roles, duties, and responsibilities for every board and committee including the Management.
3. Information disclosure with accuracy, truthfulness, transparency, and can be reviewed in accordance with the rules of the Stock Exchange of Thailand.
4. Control and review of the internal audit
5. Business Moral and Ethics

2. Rights and Equitable Treatment of Shareholders

The Company has scheduled to convene the Annual General Meeting (AGM) within 4 months from the end of fiscal year. In 2009, the Company scheduled the AGM for the year on 21st April, 2009. The Company sent out invitation letter to the AGM which indicated all meeting agenda with accompanying the Board's opinion in each agenda, scheduled place, date, and time with relevant enclosures to the shareholders at least seven days in advance in order to allow time for shareholders to plan ahead for the meeting.

Furthermore, in the invitation letter to the AGM, there is an explanation in details of which document the shareholders must bring to the AGM in order to reserve the right to attend the meeting as well as proxy form is attached so the shareholders could assign anyone else or any independent director to attend the meeting on their behalves. The Company allowed shareholders to register at least 2 hours ahead of the meeting time.

Once the meeting starts, the Chairman of the meeting would explain about the rights and duties in voting process in pursuant to the Public Company Limited Act and the Company's regulations. During the meeting, shareholders do have equitable rights to express their opinions and suggestions, and to inquire for further information. For voting and vote-counting, the Company counts 1 share of common stock as 1 vote and hold the majority vote as the resolution, except in case it is an extra-ordinary resolution which prescribes that it must be not less than three-fourth of the total vote casts of all the shareholders who are presented at the meeting and have the legal right to vote to for passing that extra-ordinary resolution. The Company records system atically every resolution with details on how many votes are in favor for the resolution, against the resolution, and abstained, in writing in the minute the meeting. In addition, the questions, clarification, and opinions of the meeting are completely recorded in the minute as well for shareholders to review later.

3. Rights of Stakeholders

Besides ensuring equal right to every shareholder, the Company emphasizes the importance of the rights of every stakeholder group such as customers, the management, employees, business partners, investors, shareholders, lenders, as well as the public and the communities. The Company has been operating with strict adherent to the rules and regulations of Securities and Exchange Commission and of the Stock Exchange of Thailand as well as other relating laws in order to ensure that all these stakeholders are well taken care of, protected, and treated with equality.

4. The Board of Directors

The Board of Directors is representatives of shareholders and is accountable for overseeing and managing of the Company. The Board is the body that determines vision, strategy, goal, business plan, and annual budget of the Company. In performing these duties, the Board of Directors considers laws, objectives, and regulations of the Company as well as Shareholders Meeting's resolutions with sincerity, honesty, and caution in protecting shareholders' benefits. The Board considers other stakeholders as well.

In term of roles, duties, and responsibilities of the Board of Directors and of the Management, they are clearly separated and are in writing. In that it clearly defines authorities in every level. Every director of the Company has qualifications according to the regulation of the Stock Exchange of Thailand and is knowledgeable and skillful. The total of 6 directors completed the Director Certification Program (DCP) from the Thai Institute of Directors (IOD).

4.1 Structure of the Board of Directors

The Board of Directors comprises of 15 members as follows:

- 3 Executive Directors
- 6 Non-executive Directors
- 6 Independent Directors

The Board of Directors has exact tenure in pursuant to the regulations of the Company. The regulations prescribed that in every Annual General Meeting, one-third of the Board members must retire from the post and those who are retired can be re-elected.

4.2 Clearly separated roles and responsibilities between the Board of Directors and the Management

The Company clearly separated roles and responsibilities between the Chairman and the Chairman of the Executive Board. The Chairman cannot be a chairman or member of any committee nor can he involves in management. The Chairman must be independent and free to express opinion and is knowledgeable, capable, and experienced. This is to balance the power and done to clearly separate roles and responsibilities.

4.3 Remuneration for Directors and the Management

Remuneration for Directors

The Company determined the remuneration policy for directors clearly with transparency and it was approved at every Shareholders' Meeting. Remuneration policy was determined by comparison with other companies in the same industry. Remuneration for directors is comprised of monthly salary, meeting allowance, and bonus.

Remuneration for the Management

The Company determined remuneration policy for the Management according to the Company's policy which is composed of monthly salary, bonus, and provident fund. The remuneration is linked to the Company's operation result of every year as well as their individual performance. For the year 2009, the total remuneration for 26 members of the Management team totaled 34.41 Million Baht.

4.4 Board of Directors' Meetings

On average, the Company convenes the Board of Directors' meeting at least once a month and might possible convene special meeting when needed. In every meeting, there is definite agenda and time is allocated adequately and appropriately allowing all the attending directors time to freely debate, express opinion, and propose additional agenda for the meeting to review.

Furthermore, in every Board Meeting, the Company follows the Public Company Limited Act regarding how to convene Board of Directors' Meetings properly. That is to send out invitation letter to the meeting with related document, 7 days in advance for the directors to study beforehand. For each meeting, a minute of meeting and all relating document are systematically recorded and filed the already approved minute of meeting as well as relating document for further review. In addition, any director who has stake in certain resolution cannot be present in the meeting when reviewing the agenda which he or she is at issue.

In 2009, the Board of Directors convened the total of 13 meetings and each director's participation in the meetings can be summarized as follows:

| No. | Name | Number of Meetings Attended (Times) |
|-----|--|-------------------------------------|
| 1 | Gen. Akaradeja Sasiprapha | 13 |
| 2 | Gen. Chainarong Noonpakdee | 12 |
| 3 | Pol. Gen. Somchai Vanichsenee | 13 |
| 4 | Mr. Pongpun Buranasiri | 13 |
| 5 | Mr. Nipit Arunvongse Na Ayudhya | 13 |
| 6 | Mrs. Suwalai Chandhawanich | 11 |
| 7 | Khunying Supanapa Attanand | 13 |
| 8 | Mrs. Leena Charernsri | 12 |
| 9 | Lt. Gen. Seekrin Singhaphan | 13 |
| 10 | Mrs. Chuanpis Chaimueanwong | 11 |
| 11 | Ms. Varangkhan Thephussadin Na Ayudhya | 10 |
| 12 | Gen. Sommai Wichawana | 13 |
| 13 | Mr. Seksith Charoensethasilpa | 12 |
| 14 | Mrs. Nuanpan Lamsam | 5 |
| 15 | Acm. Dr. Nopphorn Chandhawanich | 1 |

Note: Mrs. Nuanpan Lamsam was appointed on 21st April 2009.
Acm. Dr. Nopphorn Chandhawanich was appointed on 1st December 2009.

4.5 Appointment of Committee

The Board of Directors appointed 2 groups of committees. They are Audit Committee and Remuneration Committee. Furthermore, the Board of Directors also appointed the Board of Executive Directors. They are knowledgeable and skillful. Their job is to work on behalf of the Board of Directors in important operation. The Board of Directors clearly defined responsibilities of both of the committees as follows:

- **The Audit Committee which comprised of**

1. Mrs. Leena Charernsri *Chairman of the Audit Committee*
2. Khunying Supanapa Attanand *Audit Committee*
3. Lt. Gen. Seekrin Singhaphan *Audit Committee*

Roles and Responsibilities of Audit Committee

1. Review to ascertain that the Company has reported all financial information accurately, disclose of information adequately and in line with the Accounting Standards. In this review the Committee cooperates with the external auditor and the management who are responsible with preparing both quarter and annual financial statements.

2. Review to ensure that the Company has proper and effective internal auditing systems. It cooperates with the external auditor and the internal auditor (if available) in this review.
3. Review the Company's operation as to ensure its compliance with the Securities and Exchange Act, the Stock Exchange of Thailand's rules and regulations, as well as relating regulations and laws.
4. Consider nomination and appointment of the Company's external auditor and determine its annual fee by considering the trustworthy, sufficiency of resources, and assigned work load, as well as experience of the personnel who are assigned to perform auditing function for the Company.
5. Review the Company's disclosure of information and give opinion on related transactions or conflicting of interest transactions to ensure integrity and completeness.
6. Operate as assigned the Board of Directors where the Audit Committee must agree on such as review the financial and risk management policies of the Company, review if the Management has followed business ethics, review with the Management important reports that must be present to public according to the abiding laws such as report and analysis of the Management.
7. Prepare the report of good governance and activities of the Audit Committee and disclose in the Annual Report of the Company and must be signed by the Chairman of the Audit Committee.
8. The Audit Committee has authority to call for and order the Management, head of department or relevant employees to attend a meeting, or submit necessary and important document including acquiring appropriate independent opinion from advisors or experts when deem necessary.

- **The Remuneration Committee which comprised of**

- | | |
|-------------------------------|---|
| 1. Mr. Pongpun Buranasiri | <i>Chairman of the Remuneration Committee</i> |
| 2. Gen. Sommai Wichawana | <i>Remuneration Committee</i> |
| 3. Mrs. Suwalai Chandhawanich | <i>Remuneration Committee</i> |

Roles and Responsibilities of the Remuneration Committee

1. Propose compensation guidelines and procedures for directors of the Company as well as other personnel whom the Board of Director appointed. Remuneration of each non-executive director must be in line with the industry norm, relevant experience, relating to work, and expected benefits that the Company will receive from each director.
2. Propose Remuneration policy or Management Incentive for the Management that must be in line with the Company's performance and individual performance. If it deems appropriate, the Committee shall hire external advisor to provide recommendation on this.
3. Consider budget for incremental remuneration and an adjustment of compensation, benefits, and annual bonus for top management before submitting for approval from the Board of Directors.
4. The Board of Directors must report remuneration issues in the Company's Annual Report of at least the following items:
 - Remuneration Policy for directors and top management including principle, reasons, and objective
 - Disclose the total directors' remuneration

- List of the members of the Remuneration Committee
- The Executive Board of Directors comprised of
 1. Gen. Chainarong Noonpakdee Chairman of the Executive Board
 2. Mr. Seksith Charoensethasilpa Vice Chairman of the Executive Board
 3. Lt. Gen. Phornthep Thepphayasuwan Executive Director
 4. Lt. Gen. Sukda Plodmeechai Executive Director
 5. Mr. Huttajit Noonpukdee Executive Director
 6. Gen. Yanyong Wongwit Executive Director

Roles and Responsibilities of the Executive Board of Directors

1. Authorized to oversee the management of the Company accordingly as assigned by the Board of Directors.
2. Examine carefully investment projects of the Company before submission to the Board of Directors for approval.
3. Examine carefully problem relating to policy, regulation, rule, or issuance of long-term liability of the Company to propose to the Board of Directors.
4. In case of the Chief Executive Officer/Manager of the Company has any important or urgent issue which cannot wait for the Board of Directors to give approval and that important or urgent issue might cause any gain or loss to the Company and must not be the approval for investment outside the Company's plan, the Executive Board has authority to approve the operation first and has responsibility to later report to the Board of Directors immediately.
5. Authorized to approve origination of liability and payment of the Company as follows:
 - 5.1 Payment according to the project or of the investment budget or normal operating expenses which already determined in the annual budget that the Board of Directors previously approved.
 - 5.2 In case that operating expense is more than the budget of not more than 10%, the Executive Board can first give approval and later give ratification to the Board of Directors.
 - 5.3 Approve the sale of land in the Company's projects according to what previously approved by the Board of Directors.
 - 5.3.1 Authorized to approve the payment of commission fee to agent in the rate that approved by the Board of Directors.
 - 5.3.2 Authorized to approve the payment for renovating, maintaining, and developing of the land that is being sold. Report operating performance of any important project to the Board of Directors.

However, the authority of the Executive Board does not include an approval of any transaction that might have conflict of interests, or any individual might have any conflict with the Executive Board, or when Executive Board have stake in it, or benefits in any form that is in conflict with the Company or its subsidiaries according the regulations of the Stock Exchange of Thailand. This specific kind of approval must be proposed to the Board of Directors' meeting and/or Shareholders' meeting to give approval according to the Company's regulation or abiding law.

5. Disclosure of Information and Transparency

The Company emphasizes importance in disclosing Company's information including financial and operating information to be done correctly, completely, transparently, and timely through various communication channels including those of the Stock Exchange of Thailand and Securities and Exchange Commission in both Thai and English as well as via the Company's website. Furthermore, the Company has the Investor Relations department that acts as liaison in communicating with investors, shareholders, analysts, and other organizations both public and private with equality and fairness.

6. Control and Management of Risk

The Company has a policy to promote the internal control in both management and operation levels by creating an organization structure that clearly separates functions in order to help the Management to operate effectively. In addition, the Board of Directors ensures that the Company sets out clear and measurable business target as an operation guideline for employees. Furthermore, the Company also evaluates both internal and external risk by appointing the internal audit department to perform an assessment of internal control systems and to perform risk management. Then it shall report the assessment results to the Audit Committee on a quarterly basis. In case, there is significant information for the Company, it shall report to the Board of Directors to examine for solution.

7. Business Moral and Ethic

The Board of Directors is responsible in overseeing the Management to prepare business ethical standards. The standards cover taking care of stakeholders groups such as customers, management, employees, business partners, shareholders, investors, and the community where the Company operates in. The approval of related transactions, important sale transactions, and connecting transactions must be considered approval by the Audit Committee, the Board of Directors, and in the Shareholders' Meeting according to the rules and regulations of the Stock Exchange of Thailand and Securities and Exchange Commission. Additionally, the Board of Directors is responsible for overseeing subordinates to act according to the determined ethical standards as well as to act as a role model for the Company. This is done to achieve that the Company's operation is carried out on the ground of moral principles of honesty, sincerity, and transparency.

Management Discussion and Analysis

In 2009, Nava Nakorn Public Company Limited's performance was as follows. The total revenue decreased by 23.21% from Baht 736.23 million in 2008 to Baht 565.28 million in 2009. The total revenue can be divided into service revenue of Baht 451.76 million; revenue from land sales in Pathumthani, Free Zone, and Korat projects amounted to of Baht 56.04 million; rental income of Baht 16.24 million; income from selling long-term investments in Sumisho Global Logistics (Thailand) Co.,Ltd. of Baht 26.54 million; and other income of Baht 10.51 million. In terms of net profit, there was a decrease from Baht 77.56 million in 2008 to Baht 22.38 million, a 71.14% reduction. However, the Company incurred direct costs of Baht 304.74 million, a Baht 25.79 million reduction (these direct costs are sales and administrative expenses excluding loss from depreciation expenses in 2009 of Baht 51.11 million).

In terms of the proportion of revenue structure, in 2009 the Company earned less service revenue and rental income than in 2008. They decreased from Baht 506.60 million in 2008 to Baht 468.87 million in 2009. This type of revenue accounts for 82.95% of the total revenue. Revenue from land sales decreased from Baht 186.00 million in 2008 to Baht 56.04 million in 2009. The revenue from land sales for 2009 accounts for 9.91% of the total revenue.

The significant reduction in land sales revenue resulted from the financial crisis and the world economic slowdown. These rendered a severe negative effect on the manufacturing industry. Coupled with domestic political unrest, most investors held back and slowed down their investment decisions. Consequently, it has direct impact on the real estate business.

Consequently, in 2010, the Company shall revise its sales and marketing strategies making them more attractive. Especially, the sales efforts will target new customer groups from the industries that are still growing and have opportunities for future business expansions such as the food industry, pharmaceutical and medical equipment industry, and industries related to agriculture.

In terms of the Company's investments, in 2009, the construction of an expansion of the wastewater treatment project was completed and now running machine operation testing. This expansion will add more treatment capacity and therefore will later increase revenue. For the Nava Privacy project in the section of the fresh market is already up and running. In addition, the dormitories are also under construction. The Company successfully presold some of the dormitories. They will be for both rental and sale.



Additionally, the Company plans to expand the capacity to produce industrial water of 30,000 cubic meters more per day in order to accommodate the rapid increase in the demand. This industrial water has been regularly contributing excellent revenue and profit generating capacity for the Company. Another important project, which is under feasibility study, is the electronic power plant project of the 220 MW size with steam. This power plant will provide electric power to various plants in Nava Nakorn. The Company, jointly with Ratchaburi Electricity Generating Holding Pcl. and PTT Pcl. are undertaking feasibility studies in the investment of the project. When complete, this project will render a core revenue stream for the Company in the future. It can be seen that most of the Company's investments are investments that will generate recurring long-term revenue. Furthermore, these projects will make the Estate a complete industrial estate in the future.

In terms of the Company's financial position in 2009, the Company's total assets were Baht 3,552.88 million. This was an increase of Baht 152.81 million or 4.49%. The rise was from an increase of Baht 95.57 million from the development of real estate property for sale project and from an increase of Baht 132.72 million from property and plant, and equipment from last year. This was the result of the progress of the development of the shopping project and the development of residential buildings in the Nava Privacy project, as well as the construction of the expansion of the wastewater treatment project in Nava Nakorn Pathumthani. In 2009, long-term investments reduced to Baht 16.32 million from the sale of long-term investment in Sumisho Global Logistics (Thailand) Co., Ltd.

In terms of liabilities, the Company's total liabilities were Baht 1,513.07 million in 2009, an increase of Baht 175.51 million from 2008. In this year, the Company's liquidity decreased as the current ratio decreased from 4.60 in 2008 to 3.73 in 2009. The Company's operating margin decreased from 13.73% in 2008 to 5.46% in 2009. The Net Profit Margin also decreased from 10.53% in 2008 to 3.96% in 2009. In 2009, the Book Value per Share decreased minimally from Baht 1.83 in 2008 to Baht 1.81 in 2009.

The Management is fully aware of the difficulty and challenges that the Company must face in 2010. We will, by all means, manage to maximize the benefits and profits for the shareholders.

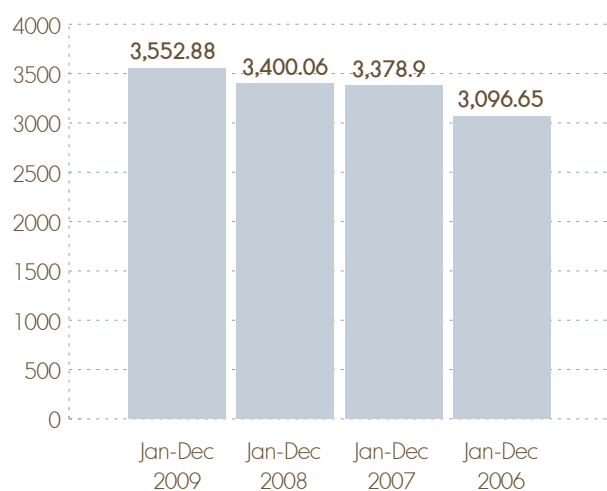
Financial Report

in Baht Million

| | Jan - Dec 2009 | Jan - Dec 2008 | Jan - Dec 2007 | Jan - Dec 2006 |
|----------------------------|-------------------|-------------------|-------------------|-------------------|
| Financial Report | | | | |
| Revenues from Sales | 56.04 | 186.00 | 643.36 | 652.17 |
| Revenues from Service | 450.77 | 490.37 | 479.42 | 417.47 |
| Rental Income | 17.11 | 16.24 | 14.00 | 9.35 |
| Total Revenues | 565.28 | 736.23 | 1,148.15 | 1,095.99 |
| Gross Profit | 219.18 | 362.30 | 664.93 | 566.53 |
| Net Earnings (Loss) | 22.38 | 77.56 | 330.24 | 240.91 |
| Total Assets | 3,552.88 | 3,400.06 | 3,378.90 | 3,069.65 |
| Total Liabilities | 1,513.07 | 1,337.56 | 1,337.63 | 1,221.91 |
| Total Shareholders' Equity | 2,039.81 | 2,062.50 | 2,041.28 | 1,847.74 |

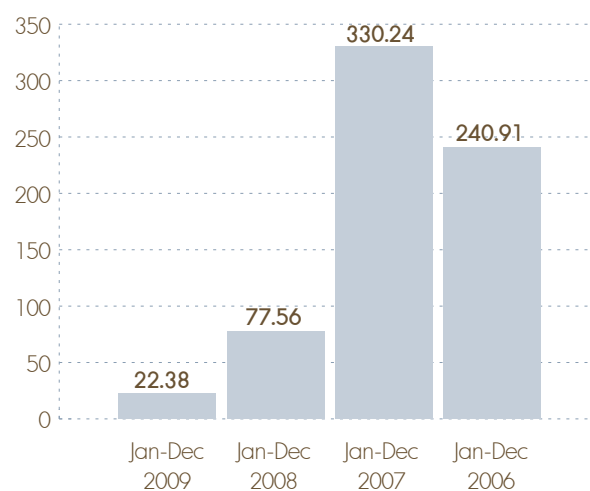
Total Assets

in Baht Million



Net Earnings (Loss)

in Baht Million

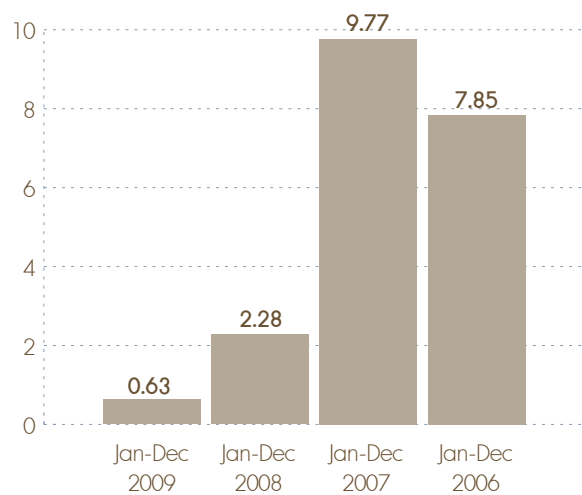


in Baht Million

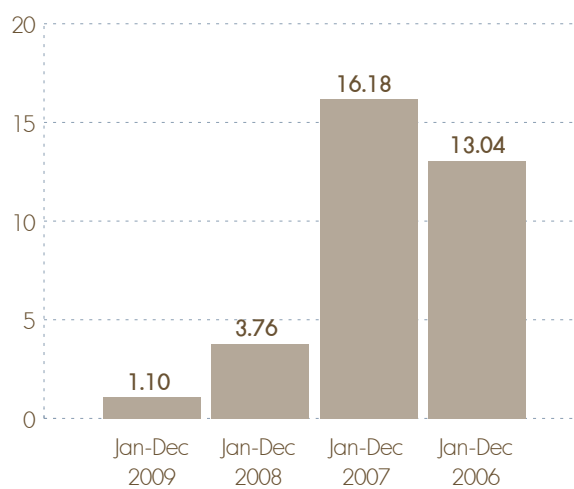
| | Jan - Dec 2009 | Jan - Dec 2008 | Jan - Dec 2007 | Jan - Dec 2006 |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| Financial Ratio | | | | |
| Return on Asset | 0.63% | 2.28% | 9.77% | 7.85% |
| Return on Equity | 1.10% | 3.76% | 16.18% | 13.04% |
| Debt Equity Ratio | 0.74 | 0.65 | 0.66 | 0.66 |
| Earnings (Loss) per share (Baht) | 0.02 | 0.07 | 0.31 | 0.25 |
| Par Value (Baht) | 1.00 | 1.00 | 1.00 | 1.00 |
| Book Value per share (Baht) | 1.81 | 1.83 | 1.81 | 1.91 |

Return on Asset

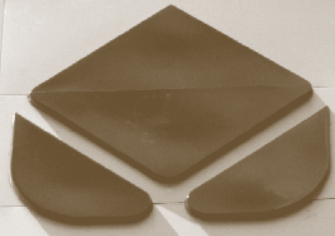
(%)

**Return on Equity**

(%)



นวกอร์

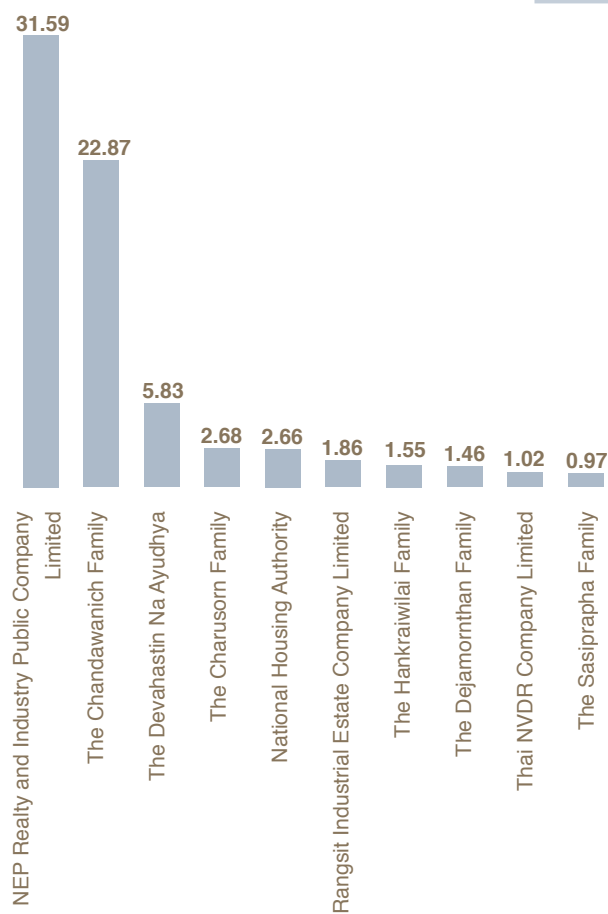


NAVA NAKORN
INTELLIGENT INDUSTRIAL ESTATE

Shareholders

The Company's Top Ten Shareholders as of the latest closing of registrar on December 31st, 2009 as follows
(registered and paid-up capital of Baht 1,126,821,820)

| No. | Name | Holding | |
|--------------|--|--------------------|--------------|
| | | Number of Shares | % |
| 1 | NEP Realty and Industry Public Company Limited | 355,950,000 | 31.59 |
| 2 | The Chandawanich Family | 257,702,920 | 22.87 |
| 3 | The Devahastin Na Ayudhya | 65,721,400 | 5.83 |
| 4 | The Charusorn Family | 30,200,000 | 2.68 |
| 5 | National Housing Authority | 30,000,000 | 2.66 |
| 6 | Rangsit Industrial Estate Company Limited | 21,000,000 | 1.86 |
| 7 | The HankraiwilWai Family | 17,500,000 | 1.55 |
| 8 | The Dejamornthan Family | 16,466,500 | 1.46 |
| 9 | Thai NVDR Company Limited | 11,476,100 | 1.02 |
| 10 | The Sasiprapha Family | 10,900,000 | 0.97 |
| Total | | 816,916,920 | 72.50 |



Risk Factors

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. The Company began with the first industrial estate on Phaholyothin Road, in Klongnueng sub-district, Klongluang district in Pathumthani province. This first industrial estate is located close to Bangkok providing convenient transportation and endowed with abundant skilled labors. As a result, there is continual increasing demand for these industrial tracts. Therefore, the Company land bank has been shrinking gradually. Furthermore, the area around the estate has been prospering and becoming a large city with a population of about 250,000.

Currently, the Company faces the risk associated with scarcer land to develop for sale in variety of terms such as higher price, limitation of location since it needs to be adjacent to the existing project, limitation stemming from the City Plan. Furthermore, the Company must consider forthcoming surrounding environment in the Estate area and vicinity. Therefore, there is risk in finding new land to develop for sale in the Pathumthani Estate. Furthermore, the Company must consider other types of real estate development in line with the appreciation of the land values, governmental policies and environment to maximize benefits in terms of profitability. In addition, it must provide convenient facilities to accommodate demand in the area to further complete the project. For the new Estate in Nakhonratchasima province, at present there is still adequate land area available for sale. Moreover, the surrounding lands are agricultural area making it feasible if the Company wants to expand the Estate area when there is a policy to expand in the future. In this year, the Company has sold part of the Estate land to outside parties who intend to establish service apartments on the purchased land to accommodate customers' desires in the future.

Currently, the Company has land available in the Pathumthani Estate of around 512 rais which can be divided into 367 rais in the industrial zone and 145 rais of the residential zone. In the Nakhonratchasima Estate, there are about 290 rais of total land available for sale in Phase 1. However, the Company has continually expanded the estates area. Furthermore, the Company has pursued many real estate development possibilities as well as performed relevant feasibility studies of potential projects in order to find ways to diversify the key business and to increase additional revenue to the Company.

b) Pathumthani Province's New City Plan

The Pathumthani government declared the new City Plan for Takloang-Klongluang-Rangsit for Pathumthani province to become effective on 28th December 2009. This new City Plan determines that the areas in the Company's Estate are Purple Area allowing the use of area mostly for industrial, warehousing, facilities and utilities, and infrastructures purposes. At the same, the new City Plan prescribes that the area to the North of the Estate in the distance of 200 meter away from the Chaingrak Noi Canal covering about 50 rais is defined as a Green Area, allowing the use of this land for mostly agricultural, governmental offices, facilities and utilities, and infrastructures purposes. As a result, there is a limitation on the use of the specified land for commercial use. Even though, the new City Plan is already declared effective, if the local or provincial City Planning Authorities consider that the existing situation and environment have changed, both agencies can propose to the City Planning Committee to alter the regulations and the details of the City Plan.



2. Financial Risks: Cost of Funds

The Company requires large investments in developing land and facilities, and it 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 slower than the schedule. This is a risk to the Company. However, the Company has a policy of strict discipline in financial management that always adheres to the principle of maintaining a Debt/Equity Ratio of 0.7.

3. Risk Associated with the World Economic Crisis

The year 2009 is said to be the year where many nations faced with severe economic crisis. Some nations suffered greatly when they were bombarded with various types of disasters including domestic politics, natural disasters, and economic crisis; hard to withstand. The Human Poverty Index of early 2009 skyrocketed to the point where “no light at the end of the tunnel.” However, there are still some luck for human kind as governments of each nation realized the difficulty of their population. Thus governments assisted in stimulating economy and successfully pulled the nations out of the crises just in time last year. This gave rise to population morale and feeling.

Just finally overcome the economic crisis with struggle, it is expected that the global economy after the storms of crisis will begin to strengthen in 2010. Furthermore, it is likely that the economies of the Asian nations will emerge as the leading locomotive of growth in the global economy.

Even though all parties forecasted that the economy in 2010 can expand, there is no one guaranteeing that it would be continual expansion. That is safe to say that the economy is still volatile where governments around the world should not be relaxed. Therefore, the Company must be cautious and careful in its operation and be strictly careful and have discipline in their expenditures. To bring about perseverance and stability, the Company expands customer bases, increases new mode of revenue generation, creates new services and projects such as market and commercial businesses.

Company Profile

Nava Nakorn Public Company Limited was established on the 26th of March 1971 with registered and paid-up capital of 10 million Baht. Nava Nakorn Public Company Limited was established to operate in the business of industrial estate development with complete infrastructure and facilities. Nava Nakorn began with land area of about 5,000 rais on Phaholyothin Road by 46th kilometer in Klongnueng Sub-district, Klongluang District, Pathumthani Province. With continued expansion, the total current area of Nava Nakorn Industrial Estate Pathumthani is 6,485 rais; the Estate can be classified by the nature of use as follows:

- **Industrial Zone** means areas developed for industrial activities, sold to those who operate industrial functions. It can be divided into general industrial zone comprising of 3,894 rais and “free zone” comprising of 137 rais. At present, there are more than 200 companies putting their investment in the estate. Most of them are electronics, auto parts, food, and jewelry industries as well as interconnecting industries and logistics.
- **Commercial and Residential Zones** means areas that are developed for commercial uses such as shopping mall, hospital, commercial banks, postal offices, and small general shops; and for residential purposes such as dormitories, flats, condominiums, and residential houses. The total area is about 1,200 rais.
- **Green and Infrastructure Systems Zones** means areas dedicated for infrastructures and greenery including electrical systems, water systems, industrial water processing systems, wastewater systems, waste disposal systems, telephone systems, roadways, drainages, health centers, hospital, sport fields, parks, lakes, and playgrounds. At present, the total area covers about 1,000 rais.

In 2002, the Company expanded operation into new area at Soong Nern District, Nakornratchasima Province under the name of “**Nava Nakorn Industrial Estate (Nakornratchasima)**” with the approximate project area of 1,903 rais. Land developed for sale accounted for 1,379 rais or 72% of the total land area and can be classified by its nature of use as follows:

- Industrial Zone about 1,263 rais or 66% of the total land area
- Commercial Zone about 116 rais or 6% of the total land area
- Green and Infrastructure Zones about 524 rais or 28% of the total land area

The Nava Nakorn Industrial Estate Nakornratchasima had been declared as an Industrial Estate by the Ministry of Industry’s Notice. Furthermore, the Nava Nakorn Industrial Estate Nakornratchasima entitles the highest privileges from the Board of Investment, BOI Zone 3.

Since the Company has been continually expanding, the Company also has raised more capital and has gradually changed shareholder structure. Initially, the total registered and paid-up capital was at 10 million Baht; in 1974, the registered and paid-up capital was raised to 100 million Baht; and in 1975, the Company raised more capital again with the registered and paid-up capital at 222.37 million Baht. The money raised was used in investing in infrastructure development and acquiring more land.

On 31st October 2002, the Company registered to become a Public Company. In May 2004, the Company offered a total of 20,000,000 common shares to the public and this raised the registered and paid-up capital to 927,110,000 Baht. On 14th of May 2004, the Company was listed on the Stock Exchange of Thailand.



Later in 2005, the Company offered additional common stocks to existing directors and employees (ESOP) and this raised the Company's registered and paid-up capital further to 968,394,000 Baht. On 25th of April 2005, the Company received approval of the resolution to issue 48,419,700 units of free warrants with maturity of 5 years to existing shareholders at a ratio of 2 existing common shares for 1 unit of warrant (a fraction of a share shall be deleted). The warrants can be converted into new common share at a 1:1 ratio (except if there is a revision to the existing right) at an exercise price of 10.00 Baht per share. In addition, there is also another approved resolution to increase an additional 48,419,700 shares to accommodate future exercise of the warrants. Consequently, the Company's total registered and paid-up capital was raised to 1,452,591,000 Baht.

On 14th of June 2006, the Company split the par value from 10 Baht to 1 Baht per share. Therefore, the exercise price of the existing warrants (NNCL-W1) was changed from 10 Baht to 1 Baht per share per 1 common stock. The first exercisable date was on 29th of December of 2006. The warrant holders could exercise their warrants for common shares of the Company at the ratio of 1 unit of warrant for 1 unit of common stock at the exercise price of 1.00 Baht per share. There were the total of 21,450,300 Baht of warrants exercised on the first exercisable date and thus the registered and paid-up capital was raised from 968,394,000 Baht to 989,844,300 Baht.

At present, the company has registered and paid up capital amounted to 1,126,821,820.00 Baht. During 2009, none of the warrant holders exercised their rights to buy the Company's common stock. Therefore, the number of remaining un-exercised warrants is 325,769,120 units with the last exercisable date is 30th September 2010.

Nature of Business

Nava Nakorn Public Company Limited operates Industrial Estate Property Development with the main purpose of developing industrial land for sale, while supplying other relevant facilities and infrastructure to the clients. The nature of business can be classified as follows:

- Development of Industrial Land for Sale
- Servicing of facilities and infrastructure

Development of Industrial Land for Sale

Currently, Nava Nakorn Public Company Limited operates Industrial Estates in two prime locations. The first one developed is Nava Nakorn Industrial Estate Pathumthani that is located on Phaholyothin Road at the 46th Kilometer in Pathumthani Province. Nava Nakorn Industrial Estate Pathumthani is the first and most complete and fully integrated estate in Thailand. The other location is Nava Nakorn Industrial Estate Nakornratchasima, which is located on Mitr-Phab Road at 231st Kilometer in Soong Nern District, Nakornratchasima Province (the second biggest city in Thailand) and the details of both Estates are as follows:

1. Nava Nakorn Industrial Estate Pathumthani

It is located on Phaholyothin Road at the 46th Kilometer, Klongnueng Sub-district, Klongluang District, Pathumthani Province with the total area of 6,485 rais and in the BOI Zone 1 highest privileges. The Estate is developed into the following zones:

- **General Industrial Zone:**

The general industrial zone covers approximately 3,894 rais. The Company has continually developed and expanded the area for sale. In this Zone, it can be divided into 1-4 Zones. At present, there are approximately 320 rais available for sale in this zone.

- **Commercial and Residential Zones:**

The Company allocated certain areas to develop into the Commercial as well as Residential Zones on the approximate area of 1,200 rais. The development is done plot by plot, according the suitability of each plot. At present, there are about 269 rais available for sale in these zones.

- **Free Zone**

The Company has designated an area about 137 rais 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, there are approximately 29 rais available for sale in this zone.

2. Nava Nakorn Industrial Estate Nakornratchasima

It is located on Mittraphap Road at 231st Kilometer in Na-Klang Sub-district, Moo 1, Na Klang Sub-district, Soong Nern District, and Nakornratchasima Province. It has a total area of 1,903 rais. The Estate is situated in the highest privilege BOI Zone 3 and the detail of the area usage can be seen below:

Nava Nakorn Industrial Estate Nakornratchasima is the development comprising of industrial and commercial zones with the total land area of 1,903 rais. The development includes construction of infrastructure and utilities systems in the Estate within the determined timeline. There are three phases of development according to customers' desires and development plan of the project. Areas designation according to the master plan:

Land Area Usage According to the Master Plan of Nava Nakorn Industrial Estate

| Description of Usage | Phase 1 (Rais) | Phase 2 (Rais) | Phase 3 (Rais) | Total (Rais) | Percent |
|--|-----------------|--------------------|--------------------|---------------------|----------------|
| 1. Revenue Generating Area | 535-2-34 | 454-1-22.5 | 375-3-94.1 | 1,365-3-50.6 | 71.75% |
| 1.1 Industrial Zone Area | 375-1-0 | 454-1-22.5 | 375-3-94.1 | 1,205-2-16.6 | 63.33% |
| 1.2 Industrial Zone Area that already sold | 153-1-55 | | | 153-1-55 | 8.06% |
| 1.3 Commercial and Residential Zones Area | 6-3-79 | | | 6-3-79 | 0.36% |
| 2. Facilities Systems Area | 191-0-50 | 182-3-34.67 | 123-2-14.83 | 497-1-99.50 | 26.13% |
| 2.1 Raw Water Reservoir | | 60-3-47.4 | | 60-3-47.4 | 3.20% |
| 2.2 Road and Soil Embankment | 139-2-0 | 99-0-5.57 | 76-0-97.43 | 314-3-3 | 16.53% |
| 2.3 Central Wastewater Treatment Plant | 24-3-71 | | 42-0-2 | 66-3-73 | 3.52% |
| 2.4 Water Processing Plant | | 13-0-97.1 | | 13-0-97.1 | 0.70% |
| 2.5 Office Building | 3-0-68 | | | 3-0-68 | 0.17% |
| 2.6 Electrical Sub-station | 10-0-3 | | | 10-0-3 | 0.53% |
| 2.7 Reservoir and Water Pump Station | 13-2-8 | 9-2-84.6 | 5-1-15.4 | 28-2-8 | 1.50% |
| 3. Green Zone Area | 28-2-83 | 4-2-21.1 | 7-0-1.6 | 40-1-5.7 | 2.12% |
| 3.1 Greenery Area-Park | 28-2-83 | 1-3-41 | 7-0-1.6 | 37-2-25.6 | 1.97% |
| 3.2 Greenery area around raw water reservoir | | 2-2-80.1 | | | 0.14% |
| Total Project Area | 755-1-67 | 641-2-78.27 | 506-2-10.53 | 1,903-2-55.8 | 100.00% |

At present, **Nava Nakorn Industrial Estate Nakornratchasima has complete readiness in term of basic infrastructure and utilities.** Approximately 755 rais of land area in Phase 1 has been developed. In 2009, Plot number 9 and 10 were sold, totaling 13-2-27 rais. That is the total of about 153-1-55 rais of Phase 1 was sold. The total of Phase 1 land area of 153-1-55 rais was sold. In summary, there are 375-1-0 rais of Phase 1 land area still available land for sale.

Servicing of Facilities and Infrastructure

The Company is the sole service provider of facilities and infrastructures to the clients in the Estates. Of the total annual revenue, about 67 percent comes from these servicing. The service can be classified into 5 types as follows:

1. Industrial Water Usage Fees

The Company supplies industrial water to various factories inside the Nava Nakorn Industrial Estate Pathumthani. The Company collects usage fees every month according to the monthly volume usage at a fixed rate. The total revenue the company earned from industrial water usage fee is about 52% of the total service revenue.

2. Water Usage Fees

The Company obtains supply of water from the Provincial Authority Waterworks to sell to clients in residential and commercial areas in the Nava Nakorn Industrial Estates Pathumthani. The Company collects water usage fees according to the monthly volume usage at a progressive rate. The total revenue the company earned from water usage fee is about 14% of the total service revenue.

3. Wastewater Treatment Fees

The Company collects wastewater treatment fee only from the clients in the Industrial Zone as well as the dormitory operators and residential community. The volume of total monthly water consumption is used as a base in the calculation of wastewater usage. 80 percent of monthly water consumption is counted as wastewater each month. The wastewater treatment fee per unit is a fixed rate. The wastewater treatment rates are as follows:

| Type of Operator | Wastewater Treatment Rates (Baht/ cubic m.) |
|----------------------------------|--|
| 1. Industrial Factories | 6-40 (Depend on the dirtiness of the wastewater) |
| 2. Dormitory Operators | 6 |
| 3. Residential Housing Community | 3 |

However, the Company has set the standard for wastewater quality that operators may release from their factories. The Company will test the wastewater quality of each factory and if any operator-released wastewater has quality testing below the standard, the Company will charge a higher rate for treatment of the wastewater. The rate, also a fixed rate, is approximately 2-6 times higher than the standard wastewater treatment rate. In 2009, there are 35 factories out of 239 factories that released wastewater with standard lower than the predetermined standard. The Company designated the Wastewater Treatment and Environment Department to test and follow up in working to correct treatment for those factories not meeting the standard. In the case where this is the first time that the operator released wastewater at a lower quality, the Company will send out a notification informing the operator to bring up the wastewater quality within 15 days. Then the Company will re-test for the second time to see if the released wastewater quality is still below the predetermined standard. At this time, the Company will collect fees, which were determined earlier and can act to stop the wastewater treatment service for this operator. The revenue from wastewater treatment service accounted for about 16 percent of the total service revenue.

4. Community Service Fees

The Company collects community service fees from both Industrial and Residential Zones. Community service fees in the Industrial Zone are based on the area of land used, multiplied by the community service rate per month, which is a fixed rate. With regard to the Residential Zone, the Company separates residents into different categories such as shopping malls, commercial buildings, houses, flats, and dormitories.

The Company collects monthly community service fees from each group depending on their fixed rates. In addition, the Company also collects public utilities installment fees in the Project, including service fees for installation of mobile phone relay bases, ATMs, and public telephones. Community service fees account for approximately 10 percent of the total service revenue.



5. Waste Collection Fees

The Company collects waste collection fees only in the Industrial Zone. The volume of waste collected is then multiplied by service fee per drum (200 liters) which is a fixed rate.

For the Residential Zone, the Company currently collects service fee for waste collection service from dormitories at the rate of Baht 100 per 200 liters drum. The waste collection service fee is accounted for about 5 percent of the Company's total service revenue.

Overall Business Operations of the Company, Subsidiaries, Associated Companies, and Related Companies

Nava Nakorn Public Company Limited ("the Company") operates real estate development business concentrating on development of industrial estate projects. The Company is a subsidiary of NEP Realty and Industry Public Company Limited ("Major Company"), which manufactures and distributes packaging products made from jute and plastic. At present, NEP Realty and Industry Public Company Limited holds 355,950,000 of the Company's common stocks or about 31.59 percent of the Company's registered and paid-up capital.

Currently, the Company does not hold any investment in associated companies or subsidiaries. The Company has investments in related companies, which operate businesses related to the Company's major business supporting the service provided to residents and operators in the Company's industrial estate zones. Details of their operations are as follows:

Nava Nakorn International Guard Company Limited

Established in October 2001, Nava Nakorn International Guard Company Limited operates a security business in Nava Nakorn Industrial Estate Pathumthani. At present, it has registered and paid-up capital of 6.3 million Baht. And at the end of 2002, the Company held 15.08 percent of the total registered and paid-up capital.

Sumisho Global Logistics (Thailand) Company Limited (formerly Nava Nakorn Distribution Center Company Limited)

It was established in 1989 to operate warehousing services serving companies in the Nava Nakorn Industrial Estates. At present, the registered and paid-up capital is at 180.00 million Baht and the Company holds 1.71 of the total registered and paid-up capital.

Nava Nakorn Industrial Estate Pathumthani

Nava Nakorn Industrial Estate Pathumthani is the first industrial estate in Thailand located in strategic location on Phaholyothin Road (Highway No. 1). Besides being situated in a convenient location, Nava Nakorn Industrial Estate Pathumthani is the gate to Northern and Northeastern Thailand where labor is abundant.

Nava Nakorn Industrial Estate Pathumthani is only 46 kilometers away from Bangkok and only 20 kilometers away from Don Maung Airport connected by Ut-Tra-Pi-Mook Elevated Highway (Don Maung Toll Way). It only takes 45 minutes to drive from Bangkok and only 5 kilometers away from Outer-ring Road. Therefore, it is convenient in terms of commuting and moving products to various locations. It is only 80 kilometers away from Laem Chan-Bang Deep Seaport. At present, there are more than 200, both domestic and international, companies that have such confidence in us that they located their factories in Nava Nakorn Industrial Estate. Here, there are complete utilities services provided such as industrial water, electrical, telecommunication, wastewater, and security systems, as well as other systems offering convenience to those operators in the Estate. In 2008, the Retail Shopping Complex project and “the Nava Privacy,” residential project, were established in order to accommodate community expansion in the Estate and vicinity areas. This project adequately accommodates residents. In addition, there are commercial buildings completed with restaurants and other services, providing future convenience to the investors.



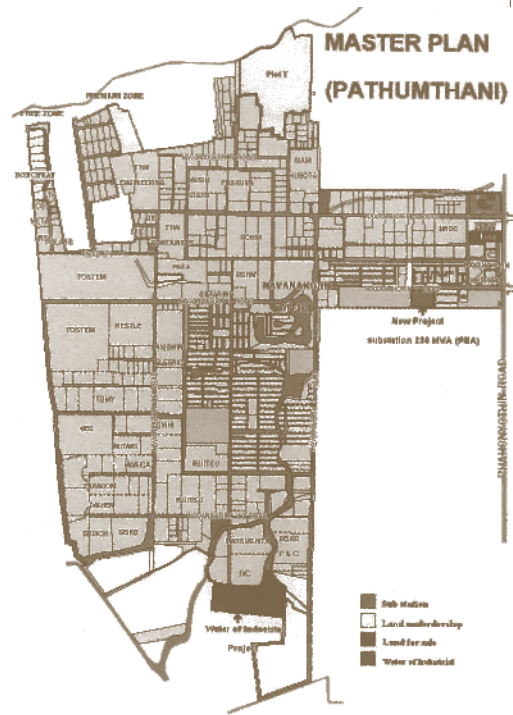
Besides, Nava Nakorn Industrial Estate Pathumthani is an industrial zone, which is entitled to the special privileges of the BOI Zone 1 from the Board of Investment (BOI). It is the closest Industrial Estate to both Bangkok and Don Maung Airport. Furthermore, in the Pathumthani Estate there is a “Free Zone”, which is suitable for those who need to import raw materials for later export. With complete readiness, therefore, Nava Nakorn Industrial Estate is the center of various types of industries such as electronics, auto parts, food production, jewelry production, as well as related industries and warehouses.

Special Privileges from BOI (Zone 1)

1. Corporate income tax exemption for 3 years
2. 50 per cent reduction of import duty on machinery
3. Exemption of import duty on raw or essential materials used in the manufacturing of export products for 1 year.

Special Privileges from the Custom Department

1. Exemption of import duty on machinery and raw or essential material used in manufacturing
2. Exemption of import duty on re-exports
3. Exemption of Value Added Tax (VAT)
4. Exemption on excise tax, alcohol tax, and stamp duties
5. Relief from Quality Control Requirements
6. No Specific duration of the privileges



Total land area : 6,485 rais

Right to land ownership: Freehold

First year of development : 1971

Minimum Land Plot for Sale for Industrial Zone : 4 rais (6,400 square meters)

Minimum Land Plot for Sale for Free Zone : - 2 rais (3,200 square meter)

Community Fee : Industrial Zone - 600 Baht per rai; Free Zone - 1,200 Baht per rai

Infrastructures and Facilities

Roads

Roads can be divided into 11 types according to the width of the roadways. The width of the roadways range from 9-32 meters and the roadways are connected making a network of roads. The main road has six lanes, the secondary road has four lanes, and the smaller road has two lanes. They are either asphalt concrete or steel reinforced concrete.

Industrial Water Systems

The Industrial Water Processing Plant started providing service since June 2007. It is located on 39 rais of land inside Nava Nakorn Industrial Estate Pathumthani. Water from this plant is for industrial purpose and provides only 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.

At present, the water processing plant has a manufacturing capacity of 45,000 cubic m. /day. The capacity will increase to 75,000 cubic m. /day in the future in order to cope with expansion of the existing and any future factories.

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 Nava Nakorn 1 and 5 Roads. Nava Nakorn laid out connecting pipes from the main PWA water pipe to transport water throughout the residential and commercial zones.

Electrical Systems

There are four power substations in Nava Nakorn Industrial Estate totaling 515 MVA. The high voltage distribution feeder circuits systems are designed with complete load distribution as well as to be able to connect to nearby Bang Kean Power Substation and Bang Pa-in Power Substation in case of electromotive force is unstable or power failure.

Substations are in the size of 285 MVA with power distribution and transmission of 115 KV and 22 KV. At present, there is a construction of a substation, which will add 230 MVA more to the existing capacity in the near future.

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.

Telecommunication Systems

The telephone network has more than 5,000 phone numbers. Also, there are cellular telephone relay bases for all systems and ISDN and high-speed monthly leased lines systems.



Wastewater Treatment Systems

Nava Nakorn Industrial Estate Pathumthani received a permit from the Department of Industrial Works, Ministry of Industry, to build the central wastewater treatment plant. It classifies this central wastewater treatment plant as the 101-plant number. The plant is intended to collect wastewater from industrial and commercial zones and to be treated until the quality of the wastewater meets the standards set by Ministry of Industry. At present, the construction of the extension of the wastewater treatment is completed and has been in operation since April 2009. Therefore, it added 40,000 cubic m. per day to the capacity. This is to accommodate various future extension projects of Nava Nakorn Industrial Estate Pathumthani. The wastewater systems used (previous portion) the “Conventional Aeration Activated Sludge” and (extended portion) the “Oxidation Ditch Activated Sludge,” both work around the clock, 24 hours a day. It can handle a maximum capacity of 40,000 cubic meters of wastewater per day. On average, at present, there are currently 24,000 cubic meters of wastewater flowing into our wastewater system or about 60% of the maximum capacity. It can be said that the central wastewater treatment at Nava Nakorn has always been operating effectively. Furthermore, the Company started the constructions of Polishing Pond in order to accommodate 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.

Furthermore, the Company controls the quality of wastewater released from factories in the Estate before emitting the wastewater into the central waste water pipe. The Company requires that the quality of wastewater to be released from factories meet the Company’s standards. In a case where the quality of wastewater to be released into the central wastewater pipe is worse than the Company’s standard, the Company requires that the specific factory treat the wastewater as to preliminary eliminate pollutants and bring it up to the standard set by the Company before the wastewater is released into the central wastewater pipe. However, if any factory releases wastewater with quality that does not meet the Company’s standard; the Company will charge wastewater treatment fees of two to six times the existing fee per volume usage for the released wastewater.

Wastewater Discharge Systems

The wastewater discharge system 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 substations around the Estate. They take wastewater to the Nava Nakorn central wastewater treatment plant.

Flood Prevention Systems

Nava Nakorn Industrial Estate has the following flood prevention systems:

Soil Embankment : With 3 meter base and 2.50 meter high, this soil embankment embraces the Nava Nakorn Industrial Project completely. The soil embankment prevents water flow into the Estate, especially during the rainy season.

Drainage Canal : Inside Nava Nakorn Industrial Estate, there is a man-made canal in the area of 300 rais, which can accommodate 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.

Flood Prevention-Water Pump Stations : It is composed of one flood prevention-water pump station in the North of the Estate with seven 50kw water pumps; two stations in the South of the Estate with the total of ten 50kw water pumps; and one station in the Premium Zone with three 45kw water pumps. There are a total of 20 water pumps. Furthermore, there is additional readiness, in that there is one mobile water pumps with six cylinders engine with eight inches water pipe. The combined capacity is of 855,600 cubic meters per day, enough to drain rainfall out of the project. The Company is carefully looking out to the flooding situation and always well prepared. In addition, the Company always strengthens the soil embankment and acquires additional equipment and pumps as a preparation for future capacity situations. Additionally, the Company also cleaned up the canal inside the Estate so the canal is deep enough to hold larger volumes of water every year. In 2009, Nava Nakorn Industrial Estate Pathumthani had no flooding problems.

General Waste Management Systems

Due to the fact that inside Nava Nakorn Industrial Estate there are residential houses, dormitories, shops, and factories, it 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.

Security Systems

Inside the Estate, there are both 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 150 security guards. The Company always oversees, control, and performs quality check of the security service.

Free Zone (Inside Nava Nakorn Industrial Estate Pathumthani)

Nava Nakorn Public Company Limited's Free Zone encompassed 137 rais inside the Nava Nakorn Industrial Estate Pathumthani, which already received permission from the Custom Department.

The Free Zone is designated for industrial and commercial purposes or other uses in order to create ease for operators in the export and import business. The operation in the Free Zone is considered as operations done outside the Kingdom of Thailand and out of the boundary of the Custom Office of Thailand. That is products or raw materials imported from overseas or from domestic source transported to and/or export out of the Free Zone will receive special legal duties privileges.

Location

Nava Nakorn Industrial Estate Pathumthani

46 km. away from Bangkok

20 km. away from Don Muang International Airport

80 km. away from Laem Cha Bang Deep Sea Port

55 km. away from Port of Klong Toey

64 km. away from Suvarnabhumi International Airport

Special Privileges of Free Zone

1. Import duties exemption on merchandise, raw materials, machinery, and parts from overseas and merchandises or products that transferred from other Free Zones.
2. Value Added Tax (VAT) exemption and exemption on excise tax, alcohol tax, stamp duties for products imported or transferred or produced inside the Free Zone.
3. Value Added Tax (VAT) exemption for products acquired domestically which are brought into the Free Zone.
4. Export duties exemption on re-exports to other countries.
5. Free from governmental standard/quality control or similar regulation for domestic products or raw materials transferred to the Free Zone for production, mixed, assembled, packaging, or other operation for re-export to other countries.
6. Import duties exemption as well as other duties/taxes exemption for damaged material or left over parts and loss from that imported equipment if still within the allowance of the regulation.
7. Redemption on export duties from various legal exemptions.
8. Custom Office inside the Estate to assist with speed and ease in regarding to Custom matters.
9. Complete with infrastructures, facilities, and many amenities.

The Nava Privacy Project

The Company developed the Nava Privacy project as another means of real estate business. The development will provide residential convenience to 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 25,000-27,000 Baht per square meter or an average price of 775,000-850,000 Baht per unit. These units will provide good quality residences, with complete facilities and security for its residents. The customer 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. It is located near their work and thus reducing commuting expenses in these present days of volatile oil price. This group of customers is working in the 5 kilometer radius of the project, especially those who work in the Nava Nakorn Industrial Estate Pathumthani. They are a group with a high demand for residences. Therefore, the Company developed the Nava Privacy project for this target group 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 Development of the Nava Privacy Project

The Nava Privacy project is the property development inside Nava Nakorn Industrial Estate Pathumthani for commercial customers, containing a modern shopping center and residential buildings for rent or for sale. It emphasizes the creation of a social community encompassing both residences and a shopping complex in the same area. It is situated on Thai-thani road inside Nava Nakorn Industrial Estate where it is most populated.

The Company reports that the commercial zone is comprised of 1 shopping complex, complete with various types of services including food courts, meeting and functions room, and two commercial buildings. They are designed as a shopping mall under the name of "Privacy Mall" intended to service the communities and residents in the nearby areas. In addition, it is the point of attraction to draw more people to reside in the project, owing to its convenience, ease of shopping for products and services in their daily life.

The residential zone is comprised of 16, 8-story tall residential buildings with a unit size of 31 square meters, which is both wide and comfortable. The unit size is larger than other projects. Each unit is designed suitably for its use satisfying customers' needs. There are separate areas for each function including areas for bedrooms, relaxing, dining, and kitchen with complete built-in furniture. There are balconies and bathrooms separating wet and dry areas. The target group for this project is those management and employees who work in the Nava Nakorn Industrial Estate Pathumthani as well as those who reside in the nearby area.

Furthermore, “The Nava Privacy” project has more conveniences to offer than its competitors. These include pleasant public parks, ample and safe motorcycle and bicycle parking area with complete facilities systems that meet international quality standards. And there are security services systems by effective security guards, plus key-card systems for entering and exiting the buildings. “The Nava Privacy” project is constructed in compliance with abiding laws such as the Enhancement and Conservation of National Environmental Quality Act (EIA), which requires distance between buildings, 16-meter width of major roads, 12-meter width of roads around the buildings, fire prevention systems-fire extinguishers and appropriate strong fire escapes. Besides the conveniences offered by “The Nava Privacy” project, residents can rest assured of their safety for both their lives and assets.



Sales and Marketing Management

Objective To increase sales volume and profitability

Marketing Strategy

- Use independent sales persons. Independent sales persons are those who are not the Company's employee but do sell the Company's products. They are compensated by commission which is calculated from the sales value. Advantages are that selling expense is not incurred until after there is a sale. Independent sales persons are skilled in property sales which is appropriate for a company that just operates this business or manages several investments in various businesses. However, disadvantages include the fact that independent sales people might not be adequately dedicated in trying to sell the Company's products if they are also selling for many developers at the same time.
- Use of the Company's employee. The sales persons who are the Company's employees are assigned to sell the Company's products. Their compensation might be salary only or commission only or the combination of both. The Company has power in controlling working behavior and also in providing training to resolve weakness or to increase the right selling skills.
- Opening up high-end products. The Marketing Department has put the project in medium- to high- end with modern shopping mall and residential buildings for rent and for sales. It is to emphasize the creation of a social community encompassing residential space and a shopping mall in the same area focusing on complete conveniences and easy affordable prices satisfying customers' desires.
- Increase sales channels. The Company's Marketing Department has an existing good relationship with customers inside Nava Nakorn Industrial Estate. They regularly communicate with these customers. Therefore, it is a channel to factory customers who need to provide housing welfare benefits to their employees.
- Products- New Condominiums and Service Apartments. They are effectively designed compared with old buildings which have not been renovated or re-decorated.
- Services. Make available sources of lending of more than 90 percent of the selling price, facilitating customer loans when contacting banks.

Marketing Plan

In order to achieve the sales target, Marketing and Sales Departments have mapped out a plan to support this effort by using the following tools:

1. Create awareness among population in the Nava Nakorn Industrial Estate and people who live in the vicinity area, telling them that the Company has developed residential units with complete facilities and offering a quality living environment. The effective and appropriate means of awareness creation is to create a “buzz” surrounding the project. What must be done are:

- Prepare facility and utility and create the atmosphere of convenience and safe living.
- Invite customers to visit the show unit.
- Give clear quotation on unit price fully furnished and the construction material used.

2. Sales Promotion. Carry out sales promotion at the time when people have high purchasing power in 4 major festive seasons. These are 1) New Year 2) Chinese New Year 3) Song Kran and 4) early winter

Sales Promotions utilized include

- 1) Special Price Promotion
- 2) Special freebies
- 3) Enter to win major sweepstakes when purchasing a residential unit
3. Advertisement and public relations are done via community radio and other publications.
4. Organize Road shows and PR booths in various shopping mall and House and Condo Show event.
5. Advertisements via the Internet.

The Progress of the Nava Privacy Project One Three-Story Shopping Mall Commercial Building

The construction of the three-story Commercial Center building is already completed. The only remaining work is detailing and corrections as well as alteration decrease-increase from the value of work in the contract. In summary, it is about 89.00 percent progress in work of the building construction. At present, it is installing air conditioning systems on the third floor and performing additional structural work on spiral staircases for the mezzanine floor control room on the third floor.

Two One-Story Commercial Buildings

100% completion of construction.

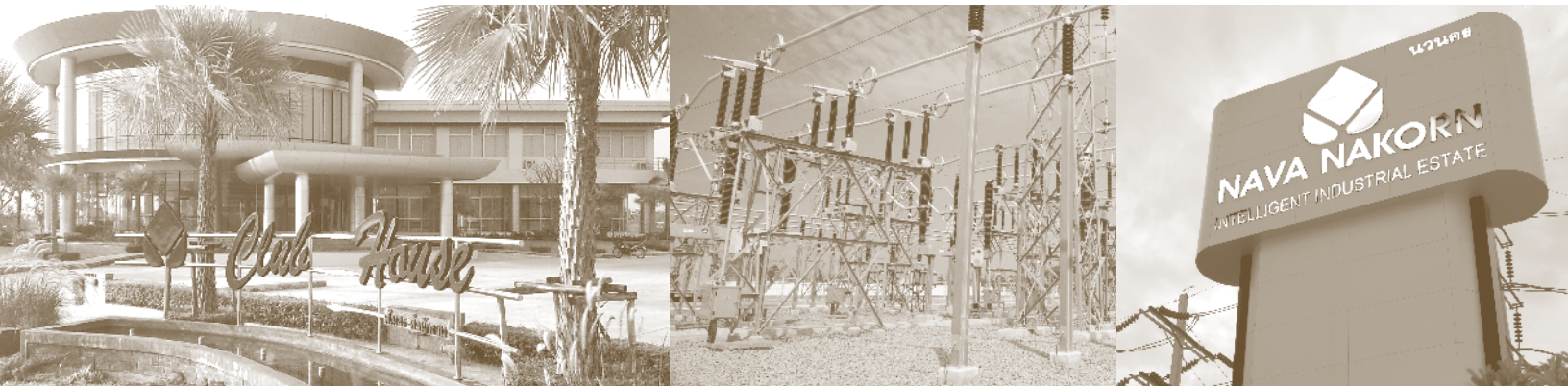
It is expected that Nava Nakorn Plc. can open all three commercial buildings completely under the name “Privacy Mall,” the center of trendy shops and new social meeting point answering every desires, “Desires you can obtain.” The scheduled official opening is on the second quarter of 2010.

Nava Nakorn Industrial Estate Nakhornratchasima Province

The Nava Nakorn Industrial Estate Nakhornratchasima has been declared an Industrial Estate by the Ministry of Industry's Announcement (B.E. 2548) dated 20 June 2005 under the name of Nava Nakorn Industrial Estate (Nakhornratchasima), which is a new industrial estate. Nava Nakorn Industrial Estate is built on the total land area of about 1,903 rai in Na-Klang Sub-District, Soongnern District, Nakhornratchasima province.

Currently, in Nakhornratchasima province, there are approximately 2,000 factories and it is the location of the highest investment in the Northeastern part of Thailand. Most of investments are in electronics, metal parts, machinery, and transportation equipment.

Nakhornratchasima province is in a strategic location in central I-Saan and as a result it has better positioning in term of logistics, land transportation, throughout I-Saan and other parts of Thailand. Furthermore, it has an open gateway to the Eastern Sea Board and it is the Gateway to Indo-China. So it has received much investment from international investors continually. In addition, there is a high degree of readiness in term of basic public utility and infrastructures supporting industrial capacity. Moreover, the area is further favored by such factors like skilled labor that is cheaper than the Bangkok Metropolitan area, as well as a source of raw water from Lum-Ta-Kong Dam, electric substation inside the Nava Nakorn Industrial Estate Nakhornratchasima, and container yard (CY Kut-gik).



Nava Nakorn Industrial Estate Nakhornratchasima has readiness in basic public utilities systems including water, electric, and roads around the Estate area according to the Provincial Development plan. At present, there are various governmental projects that are in favor of the operation. This resulted in Nava Nakorn Industrial Estate Nakhornratchasima is being in close location to the interchange of the ring road project which is partially completed to the distance of 17 kilometers connecting with National Highway 304. This road is already open for public.

The Industrial Estate has an access to Motorway 6 (Bangpa-In to Nakornratchasima). Furthermore, there are construction of roads which supports strategic logistics-route intersection state highway 24, Kud-gik train station, and construction of high speed train. Hence, it has convenient transportation and commuting and this could lead to future savings on transportation generally.

Currently, Nava Nakorn Industrial Estate Nakhornratchasima provides public utilities that meet the ISO 9001-2000 standard from Management System Certification Institute (MSCI) and they are improving the systems to raise it to the ISO 14001- 2004 standard.

Currently, Nava Nakorn Industrial Estate Nakhornratchasima has readiness in term of basic public utilities system. In addition, the Company has developed more than 755 rais in the Phase 1 Project area. In 2009, the plot number 9 and 10, the total land area of 13-2-27 rais, were sold. In total, the Phase 1 project areas that have been sold is 153-1-55 rais and has a remaining salable area of 375-1-0 rais.

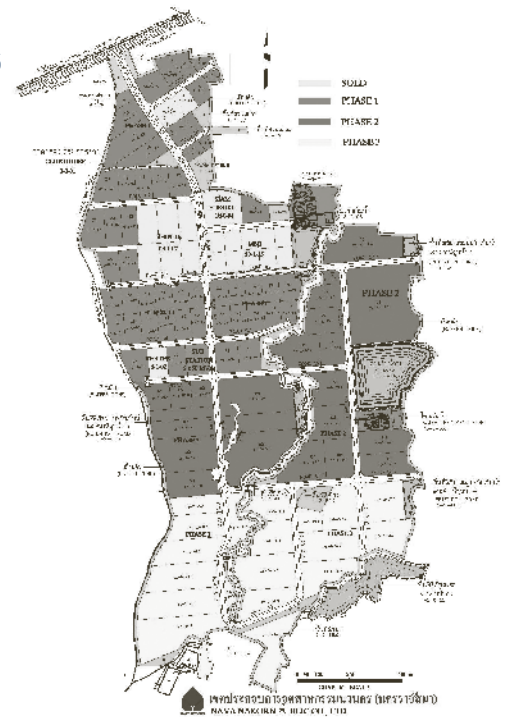
There are 5 Business Operators in Nava Nakorn Industrial Estate Nakhornratchasima in 2009

1. **MMI Precision Assembly(Thailand) Co., Ltd.**- Singaporean national, manufacturing computer parts.
2. **Shin-Ei High Tech Co., Ltd.**- Japanese national, manufacturing die casting and machining of HDD, machine, and automotive parts.
3. **Siam Fukoku Co., Ltd.** - Japanese national, manufacturing auto and motorcycle parts from natural and synthetic rubber.
4. **Vertex International Thailand Co., Ltd.** - Japanese national, manufacturing plastic parts products.
5. **Under the name of Khun Anawat and Khun Sivaporn** - latest operator of the year 2009 for plots 9 and 10, the total area of 13-2-27 rais.

Nava Nakorn Industrial Estate Nakhornratchasima receives maximum special privileges from BOI as follows:

Special Privileges from BOI (Zone 3)

1. Exemption of import duty on machinery
2. Corporate income tax exemption for 8 years
3. Reduction in corporate tax on net profit from the investment 50% from the normal rate for 5 years starting from the date that pass corporate income tax exemption period
4. Exemption of import duty exemption on raw or essential materials used in the manufacturing of export products for 5 years
5. Deduction of two times the actual transportation, electric, and water expenses for up to 10 years
6. Deduction from net profit of 25 % of the project's infrastructure installation or construction costs in the promoted investment



Infrastructures and Facilities

Roads Inside the Estate

The main road is four-lanes with a traffic island and road marks at 40 meters and 30 meters. The secondary road is two-lanes with road marks at 30 meters and 26 meters. These are standard steel reinforced concrete with the width of roadway of 14 and 12 meters with two meters shoulder on each side.

Club House - Office

Club house building office is for providing convenient to operators as well as for the Estate visitors. The area covers more than 2,000 square meters. There are meeting and function rooms, rental office, banks, and shops for satisfying future customer demand.

Industrial Water Processing Systems

The industrial water processing system will have a total capacity of 20,000 cubic meters when all the three phases are completed. At present, it is in phase 1 with the production capacity of 5,000 cubic meters per day. The project also has reservoir with capacity of 1,000,000 cubic meters in order to give more confidence to customers and operators who are interested in the project.

Electrical Systems

Provincial Electricity Authority (PEA) established a substation with 2x50 MVA in an area of ten rai inside the Estate. This substation has the capacity to distribute electricity in the Estate with both 22 KV and 115 KV transmissions. At present, the volume is 4 megawatts.

Telecommunication Systems

There is a telephone network with more than 1,000 lines. In addition, there are fiber optic systems to cater to the overall project. There are leased lines systems which are the most up to date technology at present as well as high speed Internet, and complete cellular telephones relay bases.

Rainfall Drainage and Flood Prevention Systems

There is a 2-2.5 meters height soil embankment as well as rainfall drainage pipe on both sides of the road around the Estate. Also, there are four flood prevention pump stations.

Wastewater Treatment Systems

The "Activated Sludge Extended Aeration" wastewater system is used and it can handle a maximum capacity of 8,000 cubic meters of per day when all three phases of construction are completed. At present, the maximum capacity of wastewater treatment is at 300 cubic meters per day. The capacity can be extended to 2,000 cubic meters per day according to the increasing volume of wastewater.

Waste Disposal Systems

GENCO Company manages both hazardous and non-hazardous wastes. Designated staff of Nava Nakorn Industrial Estate Nakhornratchasima collects and manages community trash. The Estate set aside more than 1,000 cubic meters for a waste transfer station.

Security Systems

There are security guards on duty 24 hours a day. Furthermore, there are CCTV systems in important points around the Estate that can record activities for up to 45 days.



Audit report of Certified Public Accountant

To the shareholders of Nava Nakorn Public Company Limited

I have audited the accompanying balance sheet of Nava Nakorn Public Company Limited as at 31 December 2009 and the related statements of income, changes in equity and cash flows for the year then ended. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of Nava Nakorn Public Company Limited for the year ended 31 December 2008 were audited by another auditor whose report dated 24 February 2009 expressed an unqualified opinion on those statements.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nava Nakorn Public Company Limited as at 31 December 2009 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.



(Vannaporn Jongperadechanon)

Certified Public Accountant

Registration No. 4098

KPMG Phoomchai Audit Ltd.

Bangkok

23 February 2010

Balance sheets

As at 31 December 2009 and 2008

| Assets | Note | 2009 (in Baht) | 2008 (in Baht) |
|---|------|----------------------|----------------------|
| Current assets | | | |
| Cash and cash equivalents | 5 | 10,504,949 | 61,868,653 |
| Trade accounts receivable | 4, 6 | 43,107,913 | 45,370,785 |
| Unbilled service income | | 11,916,557 | 10,833,130 |
| Development costs of real estate projects | 7 | 1,785,584,921 | 1,690,014,512 |
| Short-term loans to related party | 4 | 6,000,000 | - |
| Other current assets | 4 | 26,720,525 | 40,829,707 |
| Total current assets | | 1,883,834,865 | 1,848,916,787 |
| Non-current assets | | | |
| Long-term investments | 8 | 4,274,947 | 20,593,347 |
| Property, plant and equipment | 9 | 1,661,872,116 | 1,529,151,646 |
| Other non-current assets | | 2,900,385 | 1,401,278 |
| Total non-current assets | | 1,669,047,448 | 1,551,146,271 |
| Total assets | | 3,552,882,313 | 3,400,063,058 |

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

Balance sheets

As at 31 December 2009 and 2008

| Liabilities and equity | Note | 2009 (in Baht) | 2008 (in Baht) |
|---|-------|----------------------|----------------------|
| Current liabilities | | | |
| Bank overdrafts | 10 | 24,450,177 | 39,667,775 |
| Short-term borrowings from financial institution | 10 | - | 23,900,000 |
| Trade accounts payable | 4, 11 | 108,162,598 | 24,370,775 |
| Advance rental receipt from customer | 12 | 166,790,323 | 172,790,323 |
| Current portion of long-term borrowings from financial institutions | 10 | 86,000,000 | 16,000,000 |
| Current portion of finance lease liabilities | 10 | 12,543,294 | 13,010,706 |
| Income tax payable | | 3,293,419 | - |
| Other current liabilities | 13 | 103,338,108 | 112,379,063 |
| Total current liabilities | | 504,577,919 | 402,118,642 |
| Non-current liabilities | | | |
| Long-term borrowings from financial institutions | 10 | 994,501,266 | 910,015,682 |
| Finance lease liabilities | 10 | 13,988,077 | 25,427,413 |
| Total non-current liabilities | | 1,008,489,343 | 935,443,095 |
| Total liabilities | | 1,513,067,262 | 1,337,561,737 |
| Equity | | | |
| Share capital | 14 | | |
| Authorised share capital | | 1,452,591,000 | 1,452,591,000 |
| Issued and paid-up share capital | | 1,126,821,820 | 1,126,821,820 |
| Additional paid-in capital | 15 | | |
| Premium on ordinary shares | | 283,563,867 | 283,563,867 |
| Retained earnings | | | |
| Appropriated Legal reserve | 15 | 75,086,806 | 73,967,612 |
| Unappropriated | | 554,342,558 | 578,148,022 |
| Total equity | | 2,039,815,051 | 2,062,501,321 |
| Total liabilities and equity | | 3,552,882,313 | 3,400,063,058 |

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

Statements of income

For the years ended 31 December 2009 and 2008

| | Note | 2009 (in Baht) | 2008 (in Baht) |
|---|------|--------------------|--------------------|
| Revenues | 4 | | |
| Revenue from sale of real estate development projects | 24 | 56,037,400 | 185,997,150 |
| Revenue from rendering of services | 24 | 450,771,184 | 490,365,626 |
| Rental income | 12 | 17,110,303 | 16,236,465 |
| Interest income | | 913,526 | 826,348 |
| Dividend income | 8 | 3,394,370 | 3,830,789 |
| Gain on sale of long-term investments | | 26,540,246 | - |
| Other income | 7 | 10,510,080 | 38,969,128 |
| Total revenues | | 565,277,109 | 736,225,506 |
| Expenses | 4 | | |
| Cost of sale of real estate development projects | 7 | 17,953,503 | 44,358,713 |
| Direct cost of rendering of services | 17 | 286,786,667 | 285,937,435 |
| Selling expenses | 18 | 12,648,674 | 20,080,498 |
| Administrative expenses | 19 | 140,848,277 | 147,491,449 |
| Management benefit expenses | 20 | 35,557,414 | 47,273,712 |
| Impairment losses | 7 | - | 51,110,989 |
| Total expenses | | 493,794,535 | 596,252,796 |
| Profit before finance costs and income tax expense | | 71,482,574 | 139,972,710 |
| Finance costs | 21 | 35,804,878 | 36,451,743 |
| Profit before income tax expense | | 35,677,696 | 103,520,967 |
| Income tax expense | 22 | 13,293,814 | 25,961,025 |
| Profit for the year | | 22,383,882 | 77,559,942 |
| Earnings per share | 23 | | |
| Basic earnings per share | | 0.02 | 0.07 |
| Diluted earnings per share | | 0.02 | 0.06 |

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

Statements of changes in equity

For the years ended 31 December 2009 and 2008

| | Note | Issued and paid-up share capital | Additional paid-in capital Premium on ordinary shares | Retained earnings | | Total equity |
|------------------------------------|------|--|---|-------------------|--------------------|----------------------|
| | | | | Legal reserve | Unappropriated | |
| (in Baht) | | | | | | |
| Balance at 1 January 2008 | | 1,126,821,820 | 283,563,867 | 70,089,615 | 560,804,118 | 2,041,279,420 |
| Profit for the year | | - | - | - | 77,559,942 | 77,559,942 |
| Legal reserve | 15 | - | - | 3,877,997 | (3,877,997) | - |
| Dividends | 25 | - | - | - | (56,338,041) | (56,338,041) |
| Balance at 31 December 2008 | | 1,126,821,820 | 283,563,867 | 73,967,612 | 578,148,022 | 2,062,501,321 |
| Profit for the year | | - | - | - | 22,383,882 | 22,383,882 |
| Legal reserve | 15 | - | - | 1,119,194 | (1,119,194) | - |
| Dividends | 25 | - | - | - | (45,070,152) | (45,070,152) |
| Balance at 31 December 2009 | | 1,126,821,820 | 283,563,867 | 75,086,806 | 554,342,558 | 2,039,815,051 |

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

Statements of cash flows

For the years ended 31 December 2009 and 2008

| | 2009 (in Baht) | 2008 (in Baht) |
|---|--------------------|-------------------|
| Cash flows from operating activities | | |
| Profit for the year | 22,383,882 | 77,559,942 |
| Adjustments for | | |
| Allowance (reversal of allowance) for doubtful accounts | (543,735) | 400,856 |
| Allowance(reversal of allowance) for impairment losses | (2,806,023) | 51,110,989 |
| Provision for legal claims | 69,648 | 1,013,387 |
| Depreciation charges | 114,720,256 | 92,692,816 |
| Rental income | (6,000,000) | (6,000,000) |
| Interest income | (913,526) | (826,348) |
| Dividend income | (3,394,370) | (3,830,789) |
| Finance costs | 35,804,878 | 36,451,743 |
| Gain on disposal of property, plant and equipment | (2,135,501) | (7,388,976) |
| Write-off of property, plant and equipment | 10,412 | 460,058 |
| Gain on sale of long-term investments | (26,540,246) | - |
| Income tax expense | 13,293,814 | 25,961,025 |
| | 143,949,489 | 267,604,703 |
| Changes in operating assets and liabilities | | |
| Trade accounts receivable | 2,806,607 | 2,547,709 |
| Unbilled service income | (1,083,427) | 3,924,683 |
| Development costs of real estate projects | (76,406,480) | (39,035,140) |
| Other current assets | 14,286,717 | (5,639,352) |
| Other non-current assets | (1,499,107) | 510,476 |
| Trade accounts payable | 83,791,823 | (19,410,531) |
| Other current liabilities | (21,984,599) | (95,800,967) |
| Income tax paid | (10,000,395) | (76,197,330) |
| Net cash provided by operating activities | 133,860,628 | 38,504,251 |

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

Statements of cash flows

For the years ended 31 December 2009 and 2008

| | 2009 | 2008 |
|--|----------------------|----------------------|
| | (in Baht) | (in Baht) |
| Cash flows from investing activities | | |
| Interest received | 735,992 | 826,348 |
| Dividends received | 3,394,370 | 3,830,789 |
| Increase in loans to related party | (20,000,000) | - |
| Proceeds from collection on loans to related party | 14,000,000 | - |
| Sale of long-term investments | 42,858,647 | - |
| Sale of property, plant and equipment | 2,135,514 | 16,056,822 |
| Purchase of property, plant and equipment | (223,976,713) | (250,310,558) |
| Net cash used in investing activities | (180,852,190) | (229,596,599) |
| Cash flows from financing activities | | |
| Finance costs paid | (61,026,145) | (63,801,601) |
| Dividends paid | (45,070,152) | (56,338,041) |
| Increase (decrease) in bank overdrafts | (15,217,598) | 39,667,775 |
| Finance lease payments | (13,643,831) | (15,436,667) |
| Proceeds from borrowings | 199,014,835 | 189,808,000 |
| Repayment of borrowings | (68,429,251) | (112,008,819) |
| Net cash used in financing activities | (4,372,142) | (18,109,353) |
| Net decrease in cash and cash equivalents | (51,363,704) | (209,201,701) |
| Cash and cash equivalents at beginning of year | 61,868,653 | 271,070,354 |
| Cash and cash equivalents at end of year | 10,504,949 | 61,868,653 |
| Supplemental disclosures of cash flows information: | | |
| Property, plant and equipment purchased during the year are detailed as follows: | | |
| Increase in property, plant and equipment during the year | 247,451,151 | 324,301,829 |
| Less - payables on purchase of property, plant and equipment | (13,002,703) | (46,149,992) |
| - capitalised interest | (8,734,652) | (5,358,509) |
| - payables on property, plant and equipment purchased by entering into finance lease contracts | (1,737,083) | (22,482,770) |
| Purchase of property, plant and equipment paid by cash | 223,976,713 | 250,310,558 |

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

Notes to the Financial Statements

For the years ended 31 December 2009 and 2008

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
- 1st branch office** : 83 C.B. House Building, Amnuaysongkram Road, Kwang Tanonnakornchaisi, Khet Dusit, Bangkok 10300, Thailand
- 2nd branch office** : 999/1 Moo 1, Tambol Naklang, Amphur Soongnuen, Nakhon Ratchasima, Thailand The Company was listed on the Stock Exchange of Thailand on 18 May 2004.

The Company’s major shareholder during the financial year was NEP Realty and Industry Public Company Limited (incorporated in Thailand), which owned 31.59% of the Company’s share capital as at 31 December 2009 (31 December 2008: 31.59%).

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

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

The financial statements are prepared in accordance with Thai Accounting Standards (“TAS”) and Thai Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) and with generally accepted accounting principles in Thailand.

On 15 May 2009, the FAP has made the announcement No. 12/2009 the re-numbering of TAS to the same numbers as International Accounting Standards (“IAS”) on which the TAS/TFRS are based.

The Company has adopted the following revised TAS/TFRS and accounting guidance which were issued by the FAP during 2008 and 2009 and effective for annual accounting periods beginning on or after 1 January 2009:

- TAS 36 (revised 2007) Impairment of Assets
- TFRS 5 (revised 2007) Non-current Assets Held for Sale and Discontinued Operations (formerly TAS 54)
- Framework for the Preparation and Presentation of Financial Statements (revised 2007) (effective on 26 June 2009)
- Accounting Guidance about Leasehold Right (effective on 26 June 2009)

The adoption of these revised TAS, TFRS and accounting guidance does not have any material impact on the Company’s financial statements.

The FAP has issued during 2009 a number of revised TAS/TFRS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised TAS/TFRS are disclosed in note 30.

The financial statements are presented in Thai Baht, unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TAS and TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from 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 amounts recognised in the financial statements is included in the following notes:

Note 7 Measurement of the recoverable amounts of development costs of real estate projects

Note 26 Valuation of financial instruments

3 Significant accounting policies

(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. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(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) Development costs of real estate projects

Development costs of real estate projects are stated at the lower of cost and net realisable value. Development costs of real estate projects comprise costs of land and direct expenses incurred on projects, including interest expense on borrowings for acquisition of land and the related development costs of real estate projects until the completion of development.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(d) Investments**Investments in equity securities**

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

Disposal of investments

If the Company disposes of part of its holdings of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(e) Property, plant and equipment**Owned assets**

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

Leased assets

Leases in terms of which the Company substantially assumes all the risk and rewards of ownership are classified as finance leases. 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 statement of income.

Operating leases for which the Company acts as a lessor

Where the Company retains the principal risks and rewards of ownership of the asset, the contract is considered an operating lease.

An asset held under an operating lease is presented in the account "Property, plant and equipment" and stated at cost less accumulated depreciation and impairment losses.

Depreciation

Depreciation is charged to the statement of income on a straight line basis over the estimated useful lives of each part of an item of assets. The estimated useful lives are as follows:

| | | |
|--|--------------|-------|
| Buildings | 20 | years |
| Commercial buildings for rent | 5, 10 and 33 | years |
| Water production for industry system | 10 and 25 | years |
| Utilities systems | 5, 10 and 25 | years |
| Machinery and equipment | 5 | years |
| Furniture, fixtures and office equipment | 5 | years |
| Vehicles | 5 | years |

No depreciation is provided on freehold land and assets under construction and installation.

(f) 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 the statement of income.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the assets' value in use and fair value less cost 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.

(g) 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 the statement of income over the period of the borrowings on an effective interest basis.

(h) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(i) Provisions

A provision is recognised in when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, 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, where appropriate, the risks specific to the liability.

(j) Revenues

Revenue excludes value added taxes or other taxes and is arrived at after deduction of trade discounts.

Revenue from sale of real estate development projects

As soon as the outcome of a real estate development project can be estimated reliably, contract revenue and expenses are recognised in the statement of income in proportion to the installment payment, including among other conditions:

- when the sale agreement is effective, or condominium case at least 40% of total spaces has to be reserved to sale agreement;
- non-refundable deposit has been received from customers of at least 20% of the value of each sales agreement; and
- the approved initial development and construction are at a minimum of 10% complete (as measured by construction costs incurred compared to budgeted construction costs).

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 the statement of income on a straight line basis over the term of the lease.

Interest and other income

Interest and other income are recognised in the statement of income on the accrual basis. Dividend income is recognised in the statement of income on the date the Company's right to receive payments is established which in the case of quoted securities is usually the ex-dividend date.

(k) Expenses**Operating leases**

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease payments made. Contingent rentals are charged to the statement of income for the accounting period in which they are incurred.

Finance costs and other expenses

Interest and similar costs are charged to the statement of income for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

(l) Income tax

Current tax is the expected tax payable on the taxable income 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.

4 Related party transactions and balances

Related parties are those parties linked to the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Company are as follows:

| Country of incorporation | Name of entities | Nature of relationships |
|--|------------------|--|
| NEP Realty and Industry Public Company Limited | Thailand | Major shareholder, 31.59% 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 | Common directors, the Company invests 1.71% Shareholding |
| Nava Nakorn Medicare Co., Ltd. | Thailand | Common directors |
| Nava Nakorn Energy and Environ Co., Ltd. | Thailand | Common directors |

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

| Transactions | Pricing policies |
|---|---------------------------|
| Revenue from rendering of services | General market price |
| Interest income / Security service expenses | Contractually agreed rate |
| Sale of investments | Market price |

Significant transactions for the years ended 31 December 2009 and 2008 with related parties were as follows:

| | 2009 (in thousand Baht) | 2008 (in thousand Baht) |
|--|----------------------------|----------------------------|
| Related parties | | |
| Revenue from rendering of services | 2,407 | 2,732 |
| Interest income | 829 | - |
| Dividend income | 3,394 | 3,831 |
| Gain on sale of long-term investments | 26,540 | - |
| Security service expenses | 28,971 | 27,033 |

In March 2009, the Company received dividend income from investments of a related party, Sumisho Global Logistics (Thailand) Co., Ltd. of Baht 17.5 per share, in 193,964 shares, amounting to Baht 3.4 million.

In addition, at the board of directors' meeting of the Company held on 17 April 2009, the Company's directors approved the sale of long-term investments in 163,184 shares of a related party, Sumisho Global Logistics (Thailand) Co., Ltd, to a third party for a consideration of Baht 42.9 million. The Company made a gain of Baht 26.5 million on the sale of these long-term investments.

Balances as at 31 December 2009 and 2008 with related parties were as follows:

| | 2009 | 2008 |
|---|--------------------|--------------------|
| | (in thousand Baht) | (in thousand Baht) |
| Trade accounts receivable | | |
| Related companies | | |
| Nava Nakorn Medicare Co., Ltd. | 95 | 116 |
| Sumisho Global Logistics (Thailand) Co., Ltd. | 89 | 106 |
| Total | 184 | 222 |

Interest rate

| | 2009 | 2008 | 2009 | 2008 |
|-------------------------|---------------|---------------|--------------------|--------------------|
| | (% per annum) | (% per annum) | (in thousand Baht) | (in thousand Baht) |
| Short-term loans | | | | |
| Related party | | | | |
| NEP Realty and Industry | | | | |
| Public Company Limited | 7.50 | - | 6,000 | - |
| Total | - | - | 6,000 | - |



Movements during the year ended 31 December 2009 and 2008 of short-term loans to related party were as follows:

| | 2009 (in thousand Baht) | 2008 (in thousand Baht) |
|---|-----------------------------------|-----------------------------------|
| Related party | | |
| At 1 January | - | - |
| Increase | 20,000 | - |
| Decrease | (14,000) | - |
| At 31 December | 6,000 | - |
| Other Receivables (Included in other current assets) | | |
| Related party | | |
| NEP Realty and Industry Public Company Limited | 463 | 31 |
| Trade account payable | | |
| Related party | | |
| Navanakorn International Guard Co., Ltd. | 2,632 | 2,581 |

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.

5 Cash and cash equivalents

| | 2009 (in thousand Baht) | 2008 (in thousand Baht) |
|---|-----------------------------------|-----------------------------------|
| Cash on hand | 110 | 110 |
| Cash at financial institutions - current accounts | 217 | 411 |
| Cash at financial institutions - savings accounts | 10,178 | 61,348 |
| Total | 10,505 | 61,869 |

Cash and cash equivalents of the Company as at 31 December 2009 and 2008 were denominated entirely in Thai Baht.

6 Trade accounts receivable

| | Note | 2009 (in thousand Baht) | 2008 (in thousand Baht) |
|--|------|----------------------------|----------------------------|
| Related parties | 4 | 184 | 222 |
| Other parties | | 47,621 | 50,390 |
| Total | | 47,805 | 50,612 |
| Less allowance for doubtful accounts | | (4,697) | (5,241) |
| Net | | 43,108 | 45,371 |
| Allowance (reversal of allowance) for doubtful accounts for the year | | (544) | 401 |

Aging analyses for trade accounts receivable are as follows:

| | Note | 2009 (in thousand Baht) | 2008 (in thousand Baht) |
|--------------------|------|----------------------------|----------------------------|
| Related parties | | | |
| Within credit term | 4 | 184 | 222 |
| Total | | 184 | 222 |

| | 2009 (in thousand Baht) | 2008 (in thousand Baht) |
|--------------------------------------|----------------------------|----------------------------|
| Other parties | | |
| Within credit term | 38,405 | 37,981 |
| Overdue: | | |
| Less than 3 months | 4,971 | 7,631 |
| 3 - 6 months | 22 | 420 |
| 6 - 12 months | 137 | 363 |
| Over 12 months | 4,086 | 3,995 |
| Total | 47,621 | 50,390 |
| Less allowance for doubtful accounts | (4,697) | (5,241) |
| Net | 42,924 | 45,149 |
| Grand total | 43,108 | 45,371 |

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

Trade accounts receivable of the Company as at 31 December 2009 and 2008 were denominated entirely in Thai Baht.

7 Development costs of real estate projects

| | 2009 (in thousand Baht) | 2008 (in thousand Baht) |
|---|-----------------------------------|-----------------------------------|
| <i>Developed land available for sales</i> | | |
| <i>Nava Nakorn Industrial Promotion Zone Project (Pathumthanee Province)</i> | | |
| Cost of land | 76,172 | 76,480 |
| Project development costs | 40,670 | 37,556 |
| Capitalised interest | 16,820 | 17,146 |
| Total | 133,662 | 131,182 |
| Less allowance for impairment losses | (359) | (15,742) |
| Net | 133,303 | 115,440 |
| <i>Duty Free Zone Project (Pathumthanee Province)</i> | | |
| Cost of land | 33,597 | 39,017 |
| Project development costs | 42,832 | 49,394 |
| Capitalised interest | 6,247 | 7,255 |
| Total | 82,676 | 95,666 |
| Developed land available for sales, net | 215,979 | 211,106 |
| <i>Land under development</i> | | |
| <i>Premium Zone Project (Pathumthanee Province)</i> | | |
| Cost of land | 577,864 | 577,864 |
| Project development costs | 49,266 | 40,387 |
| Capitalised interest | 82,463 | 71,123 |
| Total | 709,593 | 689,374 |
| Less allowance for impairment losses | (47,946) | (35,369) |
| Net | 661,647 | 654,005 |
| <i>Nava Nakorn Industrial Promotion Zone Project (Nakhon Ratchasima Province)</i> | | |
| Cost of land | 505,234 | 506,323 |
| Project development costs | 205,792 | 204,840 |
| Capitalised interest | 47,355 | 45,790 |
| Total | 758,381 | 756,953 |
| Total land under development | 1,420,028 | 1,410,958 |

| | 2009 (in thousand Baht) | 2008 (in thousand Baht) |
|--|-----------------------------------|-----------------------------------|
| Residential and commercial building under development <i>The Nava Privacy Project (Pathumthanee Province)</i> | | |
| Cost of land | 7,189 | 9,404 |
| Project development costs | 138,700 | 58,044 |
| Capitalised interest | 3,689 | 503 |
| Total residential and commercial building under development | 149,578 | 67,951 |
| Grand total | 1,785,585 | 1,690,015 |

Movements during the years ended 31 December 2009 and 2008 were as follows:

| | 2009 (in thousand Baht) | 2008 (in thousand Baht) |
|--|-----------------------------------|-----------------------------------|
| At 1 January | 1,690,015 | 1,869,891 |
| Project development costs | 258,062 | 83,395 |
| Capitalised interest | 16,358 | 21,699 |
| Sale of developed land available for sales and land under development completely developed during the year | (17,954) | (44,359) |
| Transfer of land and project development costs of water production system and water treatment system to assets in the account "Property, plant and equipment" | - | (189,500) |
| Transfer of project development costs of commercial building of The Nava Privacy Project to assets in the account "Property, plant and equipment" | (163,702) | - |
| Reversal of allowance for impairment losses | 2,806 | - |
| Impairment losses | - | (51,111) |
| At 31 December | 1,785,585 | 1,690,015 |

As at 31 December 2009 the Company provided impairment losses on development costs of real estate projects totaling Baht 47.6 million (2008: Baht 51.1 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.

As at 31 December 2009 the Company mortgaged certain plots of its developed land available for sales, land under development, residential and commercial building under development and public utilities, with the carrying value of Baht 1,774.1 million (2008: Baht 1,341.1 million), as collateral for credit facilities obtained from local financial institutions.

8 Long-term investments

| | Country of incorporation | Type of business | Nature of relationships | Ownership interest | | Paid-up capital | | Investment amount | | Dividend income | |
|---|--------------------------|------------------------------|-------------------------|--------------------|-------|-----------------|-----------------|-------------------|-----------------|-----------------|-------|
| | | | | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | | | | (%) | (%) | (thousand Baht) | (thousand Baht) | (thousand Baht) | (thousand Baht) | | |
| Cost | | | | | | | | | | | |
| Related companies | | | | | | | | | | | |
| Sumisho Global Logistics (Thailand) Co., Ltd. | Thailand | Transportation services | Shareholder | 1.71 | 10.78 | 180,000 | 180,000 | 3,078 | 19,396 | 3,394 | 3,831 |
| Navanakorn International Guard Co., Ltd. | Thailand | Security services | Shareholder | 15.08 | 15.08 | 6,300 | 6,300 | 871 | 871 | - | - |
| Total | | | | | | | | 3,949 | 20,267 | 3,394 | 3,831 |
| Non-related company | | | | | | | | | | | |
| 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) | - | - |
| Net | | | | | | | | 326 | 326 | - | - |
| Total | | | | | | | | 4,275 | 20,593 | 3,394 | 3,831 |

9 Property, plant and equipment

| | Land held under operating lease | Land | Buildings | Commercial building for rent The Nana Privacy Project | Water production for industry Project | Utilities system | Machinery and systems | Furniture, fixtures and office equipment | Vehicles | Assets under Construction and installation | Total |
|----------------------------------|---------------------------------|---------|-----------|---|---------------------------------------|------------------|-----------------------|--|----------|--|-----------|
| (in thousand Bath) | | | | | | | | | | | |
| Cost | | | | | | | | | | | |
| At 1 January 2008 | 32,535 | 94,289 | 33,136 | - | 721,085 | 291,152 | 33,531 | 65,758 | 118,492 | 117,445 | 1,507,423 |
| Additions | - | - | - | - | - | 691 | 1,940 | 3,784 | 35,137 | 282,750 | 324,302 |
| Transfers | - | - | - | - | - | 1,425 | - | - | - | 188,075 | 189,500 |
| Disposals | - | - | - | - | - | (1,345) | (15) | (1,708) | (34,779) | - | (37,847) |
| Write-off | - | - | - | - | (491) | - | - | - | - | - | (491) |
| At 31 December 2008 | 32,535 | 94,289 | 33,136 | - | 720,594 | 291,923 | 35,456 | 67,834 | 118,850 | 588,270 | 1,982,887 |
| Additions | - | 2,215 | - | 61,732 | 514 | 1,516 | 194 | 839 | 1,779 | 178,662 | 247,451 |
| Transfers | - | 33,362 | 39,742 | - | 187,785 | 383,198 | - | 4,861 | - | (648,948) | - |
| Disposals | - | - | - | - | - | - | (1,555) | (587) | (4,582) | - | (6,724) |
| Write-off | - | - | - | - | - | - | - | (863) | - | - | (863) |
| At 31 December 2009 | 32,535 | 129,866 | 72,878 | 61,732 | 908,893 | 676,637 | 34,095 | 72,084 | 116,047 | 117,984 | 2,222,751 |
| Accumulated depreciation | | | | | | | | | | | |
| January 2008 | - | - | (11,465) | - | (24,264) | (222,773) | (19,796) | (42,331) | (69,624) | - | (390,253) |
| Depreciation charge for the year | - | - | (1,461) | - | (41,384) | (23,635) | (4,257) | (7,998) | (13,958) | - | (92,693) |
| Disposals | - | - | - | - | - | 1,345 | 12 | 1,708 | 26,115 | - | 29,180 |
| Write-off | - | - | - | - | 31 | - | - | - | - | - | 31 |
| At 31 December 2008 | - | - | (12,926) | - | (65,617) | (245,063) | (24,041) | (48,621) | (57,467) | - | (453,735) |
| Depreciation charge for the year | - | - | (2,044) | (945) | (50,358) | (32,207) | (4,046) | (7,845) | (17,275) | - | (114,720) |
| Write-off | - | - | - | - | - | - | 1,555 | 587 | 4,582 | - | 6,724 |
| At 31 December 2009 | - | - | (14,970) | (945) | (115,975) | (277,270) | (26,532) | (55,027) | (70,160) | - | (560,879) |

| | Land held under operating lease | Land | Buildings | Commercial building for rent The Nana Privacy Project | Water production for industry Project | Utilities system | Machinery and systems | Furniture, fixtures and office equipment | Vehicles | Assets under Construction and installation | Total |
|---|---------------------------------|---------|-----------|---|---------------------------------------|------------------|-----------------------|--|----------|--|-----------|
| | (in thousand Baht) | | | | | | | | | | |
| Net book value | | | | | | | | | | | |
| Owned assets | 32,535 | 94,289 | 20,210 | - | 654,977 | 46,860 | 11,415 | 19,213 | 4,585 | 588,270 | 1,472,354 |
| Assets under finance leases | - | - | - | - | - | - | - | - | 56,798 | - | 56,798 |
| At 31 December 2008 | 32,535 | 94,289 | 20,210 | - | 654,977 | 46,860 | 11,415 | 19,213 | 61,383 | 588,270 | 1,529,152 |
| Owned assets | 32,535 | 129,866 | 57,908 | 60,787 | 792,918 | 399,367 | 7,563 | 17,057 | 3,417 | 117,984 | 1,619,402 |
| Assets under finance leases | - | - | - | - | - | - | - | - | 42,470 | - | 42,470 |
| At 31 December 2008 | 32,535 | 129,866 | 57,908 | 60,787 | 792,918 | 399,367 | 7,563 | 17,057 | 45,887 | 117,984 | 1,661,872 |
| Finance costs capitalised | | | | | | | | | | | |
| Finance costs capitalised during 2008 | - | - | - | - | - | - | - | - | - | 5,359 | 5,359 |
| Rate of interest capitalised during 2008 (% per annum) | - | - | - | - | - | - | - | - | - | 6.0 - 6.5 | 6.0 - 6.5 |
| Finance costs capitalised during 2009 | - | - | - | 534 | - | 7,040 | - | - | - | 1,161 | 8,735 |
| Rates of interest capitalised during 2009 (% per annum) | - | - | - | 5.3 - 6.0 | - | 5.3 - 6.0 | - | - | - | 5.3 - 6.0 | 5.3 - 6.0 |

As at 31 December 2009 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 794 million (2008: Baht 349.5 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 2009 amounted to Baht 297.8 million (2008: Baht 254.4 million).

10 Interest-bearing liabilities

| | Note | 2009 (in thousand Baht) | 2008 (in thousand Baht) |
|---|------|----------------------------|----------------------------|
| Current | | | |
| Overdrafts | | | |
| (interest rates ranging from minimum overdraft rate (MOR) less 0.5% and 1% per annum) | | | |
| - secured | 7, 9 | 24,450 | 39,668 |
| Short-term borrowings from financial institution | | | |
| (interest rate at minimum loan rate less 1.5%) | | | |
| - secured | 7 | - | 23,900 |
| Current portion of long-term borrowings from financial institutions - secured | | | |
| | 7, 9 | 86,000 | 16,000 |
| Current portion of finance lease liabilities | | | |
| | | 12,543 | 13,011 |
| Total current | | 122,993 | 92,579 |
| Non-current | | | |
| Long-term borrowings from financial institutions | | | |
| - secured | 7, 9 | 994,501 | 910,016 |
| Finance lease liabilities | | | |
| | | 13,988 | 25,427 |
| Total non-current | | 1,008,489 | 935,443 |
| Total | | 1,131,482 | 1,028,022 |

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December 2009 and 2008 were as follows:

| | 2009 (in thousand Baht) | 2008 (in thousand Baht) |
|--------------------------------------|----------------------------|----------------------------|
| Within one year | 110,450 | 79,568 |
| After one year but within five years | 942,501 | 904,988 |
| After five years | 52,000 | 5,028 |
| Total | 1,104,951 | 989,584 |

Long-term borrowings from financial institutions

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

| Borrowing agreements | Approved credit line (in million Baht) | Interest rate per annum (%) | Term of payment |
|---|--|---|--------------------------|
| The first agreement (for financing costs of land and development costs of Nava Nakorn Industrial Promotion Zone project (Nakhon Ratchasima Province)) | 480 | Minimum loan rate less 0.5% | Within 13 April 2013 |
| The second agreement (for construction costs of water production for industry system project (Pathumthanee Province)) | 550 | Minimum loan rate less 1.5% for the first 18 months and minimum loan rate less 1% for the following 78 months | Within 30 June 2014 |
| The third agreement (for financing costs of land and development costs of Premium Zone project (Pathumthanee Province)) | 400 | Minimum loan rate less 0.5% | Within 17 June 2012 |
| The fourth agreement (for construction costs of water production for industry system project (Pathumthanee Province)) | 48 | Minimum loan rate less 1.5% until 21 September 2007 and minimum loan rate less 1% since 22 September 2007 until the maturity date | Within 30 June 2014 |
| The fifth agreement (for construction costs of water treatment system project (Pathumthanee Province)) | 200 | Minimum loan rate less 1% | Within 30 September 2015 |
| The sixth agreement (for development costs of The Nava Privacy project (Pathumthanee Province)) | 450 | Minimum loan rate less 1.25% | Within 18 December 2018 |

The outstanding balances of the above borrowing agreements as at 31 December 2009 and 2008 were as follows:

| | 2009 (in thousand Baht) | 2008 (in thousand Baht) |
|--------------------------------|-----------------------------------|-----------------------------------|
| The first borrowing agreement | 83,163 | 97,171 |
| The second borrowing agreement | 410,482 | 432,982 |
| The third borrowing agreement | 203,302 | 204,824 |
| The fourth borrowing agreement | 36,000 | 40,000 |
| The fifth borrowing agreement | 200,000 | 141,028 |
| The sixth borrowing agreement | 147,554 | 10,011 |
| Total | 1,080,501 | 926,016 |

Movements of long-term borrowings during the years ended 31 December 2009 and 2008 were as follows:

| | 2009 (in thousand Baht) | 2008 (in thousand Baht) |
|-----------------------|-----------------------------------|-----------------------------------|
| At 1 January | 926,016 | 872,117 |
| Increases | 199,015 | 165,908 |
| Decreases | (44,530) | (112,009) |
| At 31 December | 1,080,501 | 926,016 |

The outstanding balance of secured interest-bearing liabilities as at 31 December 2009 and 2008 were secured on the following assets:

| | Note | 2009 (in thousand Baht) | 2008 (in thousand Baht) |
|---|-------------|-----------------------------------|-----------------------------------|
| Certain plots of developed land available for sales | | 103,025 | 196,413 |
| Certain plots of land under development, residential and commercial building under development and public utilities | | 1,671,085 | 1,144,684 |
| Total | 7 | 1,774,110 | 1,341,097 |
| Certain plots of land including the water production for industry system, water treatment system, machinery and equipment and commercial building under construction | 9 | 794,036 | 349,538 |
| Grand total | | 2,568,146 | 1,690,635 |

As at 31 December 2009 the Company had unutilised credit facilities totaling Baht 1,101.1 million (2008: Baht 1,257.1 million).

Finance lease liabilities

Finance lease liabilities as at 31 December 2009 and 2008 were payable as follows:

| | 2009 | | | 2008 | | |
|---|--------------------|--------------|---------------|--------------------|--------------|---------------|
| | Principal | Interest | Payments | Principal | Interest | Payments |
| | (in thousand Baht) | | | (in thousand Baht) | | |
| Within one year | 12,543 | 1,552 | 14,095 | 13,011 | 1,613 | 14,624 |
| After one year but within five years | 13,988 | 1,686 | 15,674 | 25,427 | 3,106 | 28,533 |
| Total | 26,531 | 3,238 | 29,769 | 38,438 | 4,719 | 43,157 |

The Company entered into finance lease contracts with local financial institutions to purchase vehicles with interest rates ranging from 3.0 % to 5.5 % per annum in 2009 (2008: rates ranging from 2.8% to 5% per annum); and repayable by monthly installments ending in various periods (the last installment is ending in December 2012).

Interest-bearing liabilities of the Company as at 31 December 2009 and 2008 were denominated entirely in Thai Baht.

11 Trade accounts payable

| | Note | 2009 | 2008 |
|-----------------|------|--------------------|--------------------|
| | | (in thousand Baht) | (in thousand Baht) |
| Related parties | 4 | 2,632 | 2,581 |
| Other parties | | 105,531 | 21,790 |
| Total | | 108,163 | 24,371 |

Trade accounts payable of the Company as at 31 December 2009 and 2008 were denominated entirely in Thai Baht.

12 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 2009 the Company had the outstanding balance of advance receipt for the land lease of Baht 166.8 million (2008: Baht 172.8 million).

The Company recognises the advance receipt for the land lease as a rental income in the statement of income over the term of the lease agreement. The rental income for the year ended 31 December 2009 was Baht 6 million (2008: Baht 6 million).

13 Other current liabilities

| | 2009 (in thousand Baht) | 2008 (in thousand Baht) |
|--|-----------------------------------|-----------------------------------|
| Accrued operating expenses | 27,433 | 49,131 |
| Retention payable to constructors | 29,366 | 18,227 |
| Accrued bonus | 18,845 | 19,851 |
| Retention payable to customers for utilities | 15,752 | 13,881 |
| Advance receipts from customers | 1,901 | 423 |
| Other | 10,041 | 10,866 |
| Total | 103,338 | 112,379 |

14 Share capital

| | Par value per share (Baht) | 2009 | | 2008 | |
|------------------------------|----------------------------------|---------------------|-----------|---------------------|-----------|
| | | Number of shares | Baht | Number of shares | Baht |
| | | (thousand) | | | |
| Authorised | | | | | |
| At 1 January | | | | | |
| - ordinary shares | 1 | 1,452,591 | 1,452,591 | 1,452,591 | 1,452,591 |
| At 31 December | | | | | |
| - ordinary shares | 1 | 1,452,591 | 1,452,591 | 1,452,591 | 1,452,591 |
| Issued and paid-up | | | | | |
| At 1 January | | | | | |
| - ordinary shares | 1 | 1,126,822 | 1,126,822 | 1,126,822 | 1,126,822 |
| Issue of new ordinary Shares | 1 | - | - | - | - |
| At 31 December | | | | | |
| - ordinary shares | 1 | 1,126,822 | 1,126,822 | 1,126,822 | 1,126,822 |

The warrants have conditions for exercising as follows:

| | | |
|-------------------|---|--|
| Exercising ratio | : | 1 warrant per 1 ordinary share |
| Exercising price | : | Baht 1 per 1 ordinary share |
| Exercising period | : | Year 1 - do not exercise Year 2 to year 5 - all warrants can be exercised |
| Exercising date | : | Every 30 of March, June, September and December |

As at 31 December 2009 the remaining balance of unexercised warrants was 325,769,120 units (2008: 325,769,120 units).

15 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.

The Company appropriated Baht 1.1 million as legal reserve for the year ended 31 December 2009 (2008: 3.9 million).

16 Segment information

Segment information is presented in respect of the Company’s business and geographic segments. The primary format, geographic segments, is based on the Company’s management and internal reporting structure.

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 segment

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

The following are the main geographic segments:

Segment 1 : Pathumthanee Province

Segment 2 : Nakhon Ratchasima Province

Geographic segment revenues and results for the years ended 31 December 2009 and 2008 were as follows

| | Pathumthanee | | Nakhon Ratchasima | | Total | |
|--|--------------------|------------------|-------------------|-----------------|------------------|------------------|
| | Province | | Province | | | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | (in thousand Baht) | | | | | |
| Revenue from sale of real estate development projects | 52,146 | 162,531 | 3,891 | 23,466 | 56,037 | 185,997 |
| Revenue from rendering of services | 445,346 | 484,681 | 5,425 | 5,685 | 450,771 | 490,366 |
| Rental income | 16,937 | 16,026 | 174 | 210 | 17,111 | 16,236 |
| Other income | 2,806 | - | - | - | 2,806 | - |
| Total allocated revenues | 517,235 | 663,238 | 9,490 | 29,361 | 526,725 | 692,599 |
| Unallocated revenues | - | - | - | - | 38,553 | 43,626 |
| Total revenues | 517,235 | 663,238 | 9,490 | 29,361 | 565,278 | 736,225 |
| Cost of sale of real estate development projects | (15,450) | (26,319) | (2,503) | (18,040) | (17,953) | (44,359) |
| Direct cost of rendering of services | (267,836) | (277,873) | (18,951) | (8,064) | (286,787) | (285,937) |
| Selling expenses | (9,098) | (18,633) | (3,551) | (1,447) | (12,649) | (20,080) |
| Administrative expenses | (127,137) | (132,443) | (13,711) | (15,048) | (140,848) | (147,491) |
| Impairment losses | - | (51,111) | - | - | - | (51,111) |
| Total allocated expenses | (419,521) | (506,379) | (38,716) | (42,599) | (458,237) | (548,978) |
| Unallocated management benefit expenses | - | - | - | - | (35,558) | (47,274) |
| Total expenses | (419,521) | (506,379) | (38,716) | (42,599) | (493,795) | (596,252) |
| Prot (loss) before nance costs and income tax expenses | 97,714 | 156,859 | (29,226) | (13,238) | 71,483 | 139,973 |
| Finance costs | (31,275) | (36,284) | (4,530) | (168) | (35,805) | (36,452) |
| Income tax expense | (13,294) | (25,961) | - | - | (13,294) | (25,961) |
| Prot (loss) for the year | 53,145 | 94,614 | (33,756) | (13,406) | 22,384 | 77,560 |

Geographic segment financial positions as at 31 December 2009 and 2008 were as follows:

| | Pathumthanee Province | | Nakhon Ratchasima Province | | Total | |
|---|--------------------------|------------------|-------------------------------|------------------|------------------|------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | (in thousand Baht) | | | | | |
| Trade accounts receivable | 42,557 | 44,976 | 551 | 395 | 43,108 | 45,371 |
| Development costs of real estate projects | 1,027,204 | 933,062 | 758,381 | 756,953 | 1,785,585 | 1,690,015 |
| Property, plant and equipment | 1,316,373 | 1,059,240 | 345,499 | 469,912 | 1,661,872 | 1,529,152 |
| Unallocated assets | - | - | - | - | 62,317 | 135,525 |
| Total assets | 2,386,134 | 2,037,278 | 1,104,431 | 1,227,260 | 3,552,882 | 3,400,063 |
| Short-term borrowings from financial institution | - | 23,900 | - | - | - | 23,900 |
| Advance rental receipt from customer | 166,790 | 172,790 | - | - | 166,790 | 172,790 |
| Income tax payable | 3,293 | - | - | - | 3,293 | - |
| Long-term borrowings from financial institutions | 997,338 | 828,845 | 83,163 | 97,171 | 1,080,501 | 926,016 |
| Unallocated liabilities | - | - | - | - | 262,483 | 214,856 |
| Total liabilities | 1,167,421 | 1,025,535 | 83,163 | 97,171 | 1,513,067 | 1,337,562 |
| Capital expenditure | 229,828 | 256,759 | 17,623 | 67,543 | 247,451 | 324,302 |
| Depreciation charges | 97,249 | 88,948 | 17,471 | 3,745 | 114,720 | 92,693 |

17 Direct cost of rendering of services

| | 2009 (in thousand Baht) | 2008 (in thousand Baht) |
|---|-----------------------------------|-----------------------------------|
| Depreciation charges | 81,733 | 66,853 |
| Management and maintenance fees for water production system | 67,835 | 64,785 |
| Security service expenses | 30,380 | 28,830 |
| Electricity expenses | 23,024 | 19,462 |
| Garbage treatment expenses | 20,502 | 19,359 |
| Water expenses | 18,811 | 49,455 |
| Personnel expenses | 12,889 | 13,126 |
| Repair and maintenance expenses | 8,286 | 9,250 |
| Others | 23,327 | 14,817 |
| Total | 286,787 | 285,937 |

18 Selling expenses

| | 2009 (in thousand Baht) | 2008 (in thousand Baht) |
|---------------------------------------|-----------------------------------|-----------------------------------|
| Personnel expenses | 3,825 | 3,867 |
| Selling expenses for real estate sold | 3,565 | 7,237 |
| Promotional expenses | 3,486 | 6,837 |
| Depreciation expenses | 632 | 450 |
| Traveling expenses | 469 | 462 |
| Others | 672 | 1,227 |
| Total | 12,649 | 20,080 |

19 Administrative expenses

| | 2009 (in thousand Baht) | 2008 (in thousand Baht) |
|---------------------------------|-----------------------------------|-----------------------------------|
| Personnel expenses | 31,067 | 28,782 |
| Depreciation expenses | 32,355 | 25,390 |
| Consulting fee | 11,089 | 10,445 |
| Entertainment expenses | 9,387 | 9,393 |
| Traveling expenses | 7,100 | 11,437 |
| Rental expenses | 3,452 | 3,463 |
| Donation | 3,342 | 5,155 |
| Repair and maintenance expenses | 2,947 | 3,293 |
| Other operation fees | 1,989 | 2,060 |
| Others | 38,120 | 48,073 |
| Total | 140,848 | 147,491 |

20 Employee benefit expenses

| | 2009 (in thousand Baht) | 2008 (in thousand Baht) |
|---------------------------------|-----------------------------------|-----------------------------------|
| Management | | |
| Salaries and wages | 32,972 | 45,610 |
| Contributions to provident fund | 1,464 | 1,417 |
| Others | 1,122 | 247 |
| | 35,558 | 47,274 |
| Other employees | | |
| Salaries and wages | 40,975 | 39,773 |
| Contributions to provident fund | 1,971 | 1,808 |
| Others | 4,835 | 4,194 |
| | 47,781 | 45,775 |
| Total | 83,339 | 93,049 |

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.

21 Finance costs

| | Note | 2009 (in thousand Baht) | 2008 (in thousand Baht) |
|--|------|----------------------------|----------------------------|
| Interest paid and payable to financial institutions | | 60,898 | 63,510 |
| Capitalised as development costs of real estate projects | 7 | (16,358) | (21,699) |
| Capitalised as cost of property, plant and equipment | 9 | (8,735) | (5,359) |
| Interest expense charged to statement of income | | 35,805 | 36,452 |

22 Income tax expense

Royal Decree No. 387 B.E. 2544 dated 5 September 2001 grants companies listed on the Stock Exchange of Thailand after 6 September 2001 a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the 5 consecutive accounting periods beginning on or after the enactment. Listed companies that received income tax reduction under this Royal Decree are also eligible to continue the period of tax reduction under Royal Decree No. 475 but not beyond the 2010 accounting period ending on or after 31 December 2010. The Company was listed on the Stock Exchange of Thailand on 18 May 2004, which was the day after the Royal Decree came into force and the Company has successfully complied with the rules, procedures and conditions identified therein. The Company has, accordingly, calculated income tax on its taxable profit for the years ended 31 December 2009 and 2008 at the 25% corporate income tax rate.

23 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2009 and 2008 were based on the profit for the years attributable to equity holders of the Company and the number of ordinary shares outstanding during the years as follows:

| | 2009 (in thousand Baht) | 2008 (in thousand Baht) |
|--|----------------------------|----------------------------|
| Profit attributable to equity holders of the Company (statement of income) | 22,384 | 77,560 |
| Number of ordinary shares outstanding at 1 January | 1,126,822 | 1,126,822 |
| Effect of ordinary shares issued during the year | - | - |
| Weighted average number of ordinary shares outstanding during the year (basic) | 1,126,822 | 1,126,822 |
| Earnings per share (basic) (in Baht) | 0.02 | 0.07 |

Diluted earnings per share

The calculations of diluted earnings per share for the years ended 31 December 2009 and 2008 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares (diluted) outstanding during the years as follows:

| | 2009 (in thousand Baht) | 2008 (in thousand Baht) |
|--|-----------------------------------|-----------------------------------|
| Profit attributable to equity holders of the Company (statement of income) | 22,384 | 77,560 |
| Weighted average number of ordinary shares outstanding during the year (basic) | 1,126,822 | 1,126,822 |
| Effect of conversion of warrants | 77,090 | 149,678 |
| Weighted average number of ordinary shares outstanding during the year (diluted) | 1,203,912 | 1,276,500 |
| Earnings per share (diluted) (in Baht) | 0.02 | 0.06 |

24 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
- (f) 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 2009 and 2008 were as follows:

| | 2009 | 2008 |
|---|--------------------|--------------------|
| | (in thousand Baht) | (in thousand Baht) |
| Revenue from sale of real estate development projects | | |
| - Promoted business | 3,891 | 23,466 |
| - Non-promoted business | 52,146 | 162,531 |
| Total | 56,037 | 185,997 |
| Revenue from rendering of services | | |
| - Promoted business | 252,008 | 269,128 |
| - Non-promoted business | 198,763 | 221,238 |
| Total | 450,771 | 490,366 |
| Grand total 506,808 | 676,363 | |

25 Dividends

At the annual general meeting of the shareholders of the Company held on 21 April 2009, the Company's shareholders approved the appropriation of dividends of Baht 0.04 per share, for 1,126,821,820 ordinary shares, amounting to Baht 45.07 million, from the profit for the year ended 31 December 2008. The dividends were paid to the Company's shareholders in May 2009.

At the annual general meeting of the shareholders of the Company held on 25 April 2008, the Company's shareholders approved the appropriation of dividends of Baht 0.05 per share, for 1,126,821,820 ordinary shares, amounting to Baht 56.34 million, from the profit for the year ended 31 December 2007. The dividends were paid to the Company's shareholders in May 2008.

26 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.

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.

27 Court case

On 16 October 2007 a former employee of the Company (the plaintiff) filed a labour case against the Company to be the 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 can not presently be determined. The Company, however, provided an additional provision for this claim of Baht 0.07 million in the statement of income for the year ended 31 December 2009 (2008: 1 million).

28 Commitments with non-related parties

(a) Capital commitments

| | 2009 (in million Baht) | 2008 (in million Baht) |
|--|----------------------------------|----------------------------------|
| 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) | 411.8 | 658.2 |
| Authorised but not contracted for (construction costs of water production for industry system) | 340.3 | 343.7 |
| Total | 752.1 | 1,001.9 |

(b) Non-cancellable operating lease commitments

| | 2009 (in million Baht) | 2008 (in million Baht) |
|--------------------------------------|----------------------------------|----------------------------------|
| Within one year | 3.0 | 3.6 |
| After one year but within five years | 1.2 | 3.7 |
| After five years | 6.0 | 6.3 |
| Total | 10.2 | 13.6 |

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 2010 and 2036 respectively.

(c) In 2007, 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 shall be in effect for a period of 5 years and shall be renewable for additional periods of 5 years in accordance with the terms stipulated in the agreement.

(d) As at 31 December 2009 the Company had commitments under service agreements with local companies totaling Baht 37.7 million (2008: Baht 11.5 million).

29 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:

| | 2009 (in million Baht) | 2008 (in million Baht) |
|--------------------------------------|---------------------------|---------------------------|
| Within one year | 4.8 | 4.7 |
| After one year but within five years | 21.3 | 20.4 |
| After five years | 188.3 | 194.0 |
| Total | 214.4 | 219.1 |

30 Thai Accounting Standards (TAS) not yet adopted

The Company has not adopted the following new and revised TAS that have been issued as of the reporting date but are not yet effective. The new and revised TAS are anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated.

| TAS | Topic | Year effective |
|-----------------------|---|----------------|
| TAS 20 | Accounting for Government Grants and Disclosures of Government Assistance | 2012 |
| TAS 24 (revised 2007) | Related Party Disclosures (formerly TAS 47) | 2011 |
| TAS 40 | Investment Property | 2011 |

Management is presently considering the potential impact of adopting and initial application of these new and revised TAS on the Company's financial statements.

31 Capital Management

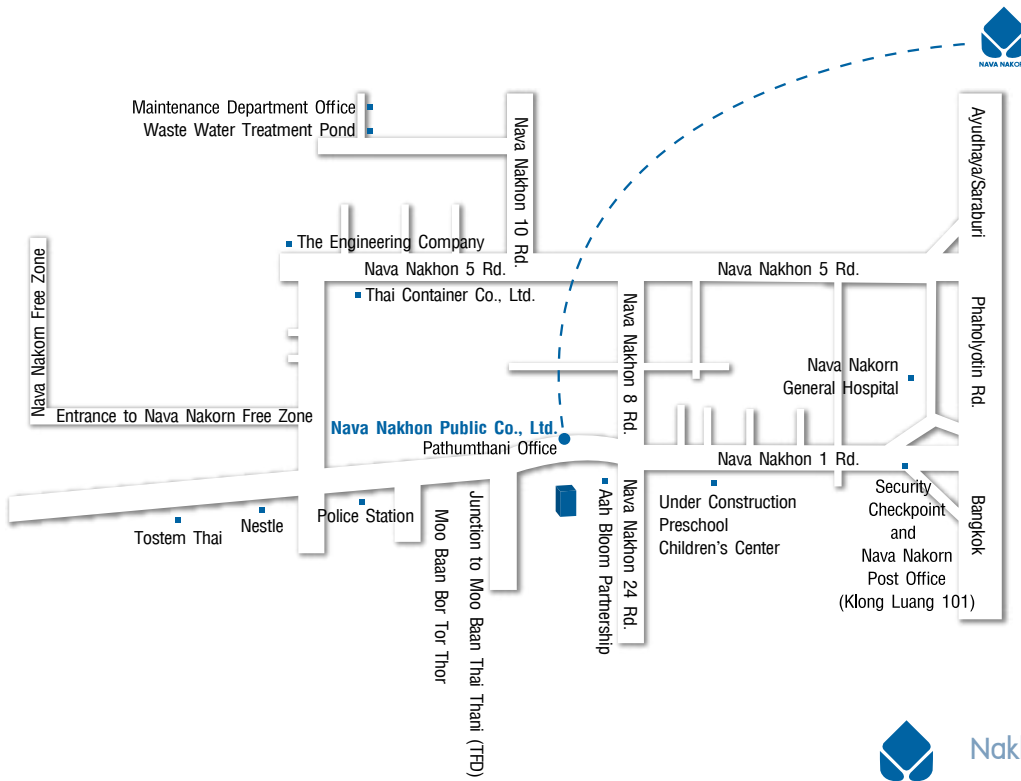
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital which the Company defines as result from operating activities divided by total shareholders' equity and also monitors the level of dividends to ordinary shareholders.

32 Reclassification of accounts

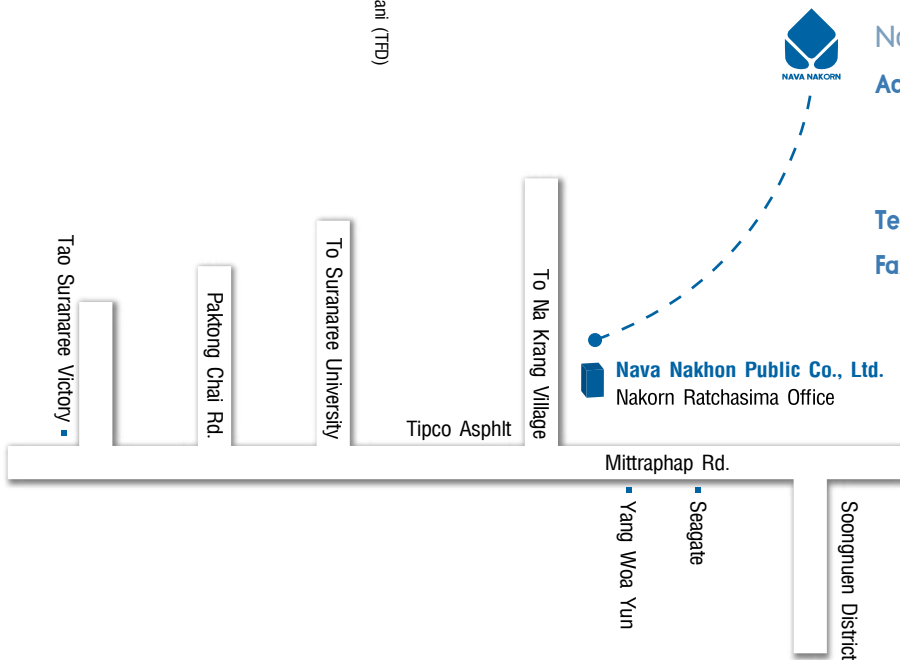
Certain accounts in the 2008 financial statements have been reclassified to conform to the presentation in the 2009 financial statements as follows:

| | 2008 | | |
|-------------------------------------|-------------------------|------------------|------------------------|
| | Before reclassification | Reclassification | After reclassification |
| | (million Baht) | | |
| Statements of income | | | |
| Selling expenses | - | 20,080 | 20,080 |
| Administrative expenses | - | 147,491 | 147,491 |
| Management benefit expenses | - | 47,274 | 47,274 |
| Finance costs | - | 36,452 | 36,452 |
| Selling and administrative expenses | 199,224 | (199,224) | - |
| Directors' remuneration | 16,850 | (16,850) | - |
| Interest expense | 35,223 | (35,223) | - |
| | | - | |

The reclassification have been made in order to comply with The Department of Business Development's Pronouncement Re: Determination of items in the financial statements dated 30 January 200



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