

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED
FINANCIAL STATEMENTS AND AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

AUDITOR'S REPORT

To the Board of Directors and Shareholders of Focus Development and Construction Public Company Limited

I have audited the accompanying financial statements of Focus Development and Construction Public Company Limited which comprise the statement of financial position as at December 31, 2012, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Focus Development and Construction Public Company Limited as at December 31, 2012, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Udom Thanuratpong
Certified Public Accountant
Registration Number 8501

ANS Audit Co., Ltd.
Bangkok, February 22, 2013

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012 AND 2011

| | | Baht | |
|------------------------------|------|--------------------|--------------------|
| | Note | 2012 | 2011 |
| ASSETS | 3 | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 30,588,904 | 12,418,047 |
| Trade and other receivables | 6 | 128,642,545 | 107,601,676 |
| Work in progress | 17 | 7,872,593 | 5,849,545 |
| Unbilled receivables | 17 | 145,650,227 | 66,694,759 |
| Cost of property development | 7 | 225,329,603 | 136,214,928 |
| Other current assets | | 28,616,458 | 23,397,623 |
| Total Current Assets | | 566,700,330 | 352,176,578 |
| NON-CURRENT ASSETS | | | |
| Restricted bank deposits | 8 | 20,722,853 | 25,071,503 |
| Building and equipment | 9 | 23,112,103 | 23,501,896 |
| Intangible asset | | 300,517 | - |
| Other non-current assets | 10 | 89,259,735 | 64,074,381 |
| Total Non-current Assets | | 133,395,208 | 112,647,780 |
| TOTAL ASSETS | | 700,095,538 | 464,824,358 |

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012 AND 2011

| | Note | Baht | |
|--|------|--------------------|--------------------|
| | | 2012 | 2011 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | 3 | | |
| CURRENT LIABILITIES | | | |
| Bank overdrafts and short-term loans from financial institutions | 11 | 114,907,945 | 24,919,604 |
| Trade and other payables | 12 | 179,843,177 | 76,438,357 |
| Current portion of debts | 15 | 629,228 | 57,142,926 |
| Estimated cost | | 52,641,507 | 35,718,312 |
| Retention payables | | 28,078,128 | 15,062,325 |
| Advances received | 4 | 81,203,992 | 136,486,039 |
| Other current liabilities | | 11,944,141 | 8,250,692 |
| Total Current Liabilities | | 469,248,118 | 354,018,255 |
| NON-CURRENT LIABILITIES | | | |
| Long-term loans from financial institutions | 13 | 52,300,000 | - |
| Long-term liabilities under finance lease | 14 | 1,205,479 | 471,770 |
| Employee benefit obligations | 16 | 4,499,250 | 3,783,732 |
| Total Non-current Liabilities | | 58,004,729 | 4,255,502 |
| Total Liabilities | | 527,252,847 | 358,273,757 |

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012 AND 2011

| | Note | Baht | |
|---|--------|--------------------|--------------------|
| | | 2012 | 2011 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | | | |
| Authorized share capital: | | | |
| 400,000,000 ordinary shares, Baht 1 par value | | 400,000,000 | 400,000,000 |
| Issued and paid-up share capital: | | | |
| 125,579,000 ordinary shares in 2012 and | | | |
| 125,000,000 ordinary shares in 2011, Baht 1 per share | 18, 19 | 125,579,000 | 125,000,000 |
| Premium on ordinary shares | 18, 20 | 54,131,155 | 52,973,155 |
| Deficit | 2 | (6,867,464) | (71,422,554) |
| Total Shareholders' Equity | | 172,842,691 | 106,550,601 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 700,095,538 | 464,824,358 |

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

| | Note | Baht | |
|---|--------|----------------------|----------------------|
| | | 2012 | 2011 |
| | 3 | | |
| Revenue from sales and services | | | |
| Revenues from construction | 17 | 894,486,945 | 548,146,921 |
| Revenue from sales | 4 | 207,098,765 | 49,408,465 |
| Total | | 1,101,585,710 | 597,555,386 |
| Cost of sales and services | | | |
| Cost of construction | 17, 21 | (841,647,496) | (508,306,507) |
| Cost of sales | 21 | (140,401,637) | (33,541,252) |
| Total | | (982,049,133) | (541,847,759) |
| Gross profit | | 119,536,577 | 55,707,627 |
| Other income | | 4,394,519 | 5,362,638 |
| Administrative expenses | 4, 21 | (54,105,776) | (46,899,165) |
| Finance cost | 22 | (4,261,828) | (1,724,738) |
| Profit before income tax expense | | 65,563,492 | 12,446,362 |
| Income tax expense | 23 | (1,008,402) | - |
| Profit for the year | | 64,555,090 | 12,446,362 |
| Other comprehensive income : | | | |
| Gain on remeasuring available-for-sale investments | | - | 13,202,014 |
| Other comprehensive income | | - | 13,202,014 |
| Total comprehensive income | | 64,555,090 | 25,648,376 |
| Earnings per share | | | |
| Basic earnings per share | 3 | 0.52 | 0.10 |
| Weighted average number of ordinary shares (Shares) | 3 | 125,107,574 | 125,000,000 |

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

| | | Baht | | | | |
|--|--------|-------------------------------------|-------------------------------|--------------|---|-------------|
| | | | | | Other components of shareholders' equity | |
| | | | | | Other comprehensive income (loss) | |
| | | | | | Available-for-sale investments | Total |
| | Note | Issued and paid-up share capital | Premium on ordinary shares | Deficit | | |
| Beginning balance as at January 1, 2011 | | 125,000,000 | 52,973,155 | (80,866,530) | (13,202,014) | 83,904,611 |
| Effects of changes in accounting policies | 2 | - | - | (3,002,386) | - | (3,002,386) |
| Adjusted balance | | 125,000,000 | 52,973,155 | (83,868,916) | (13,202,014) | 80,902,225 |
| Changes in shareholders' equity | | | | | | |
| Total comprehensive income | | - | - | 12,446,362 | 13,202,014 | 25,648,376 |
| Balance as at December 31, 2011 | | 125,000,000 | 52,973,155 | (71,422,554) | - | 106,550,601 |
| Changes in shareholders' equity | | | | | | |
| Issued ordinary shares from exercise of warrants | 18, 19 | 579,000 | 1,158,000 | - | - | 1,737,000 |
| Total comprehensive income | | - | - | 64,555,090 | - | 64,555,090 |
| Balance as at December 31, 2012 | | 125,579,000 | 54,131,155 | (6,867,464) | - | 172,842,691 |

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

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

| | Baht | |
|--|--------------|--------------|
| | 2012 | 2011 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before income tax expense | 65,563,492 | 12,446,362 |
| Adjustments to reconcile profit before income tax expense to net cash provided by (used in) operating activities | | |
| Depreciation and amortization | 11,427,669 | 9,824,730 |
| Provision incurred from the employee benefit liabilities | 715,518 | 781,346 |
| Reversal of estimate cost overrun | - | (741,515) |
| Doubtful debt (reversal) | 20,239 | (168,917) |
| Gain on disposal of investments | - | (2,004,495) |
| (Gain) loss on disposal of assets | (1,572,775) | 349,263 |
| Interest income | (772,661) | (1,375,139) |
| Interest expenses | 3,761,828 | 1,724,738 |
| Profit from operating activities before change in operating assets and liabilities | 79,143,310 | 20,836,373 |
| Change in operating assets (increase) decrease | | |
| Trade and other receivables | (21,197,413) | (73,982,703) |
| Work in progress | (2,023,048) | 1,737,707 |
| Unbilled receivables | (78,955,468) | (34,582,355) |
| Cost of property development | (89,114,675) | (52,750,506) |
| Other current assets | (5,218,835) | (11,429,554) |
| Restricted bank deposits | 4,348,650 | (1,197,945) |
| Other non-current assets | (7,303,468) | (10,534,951) |
| Change in operating liabilities increase (decrease) | | |
| Trade and other payables | 103,755,631 | 47,345,397 |
| Estimated cost | 16,923,195 | 9,046,397 |
| Retention payables | 13,015,804 | 8,259,496 |
| Advances received | (55,282,048) | 57,023,676 |
| Other current liabilities | 3,693,449 | 5,094,846 |
| Cash generated from operations | (38,214,916) | (35,134,122) |

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

| | Baht | |
|---|---------------------|---------------------|
| | 2012 | 2011 |
| Interest received | 929,205 | 1,251,468 |
| Withholding tax refund | 5,473,252 | - |
| Income tax paid | (24,383,779) | (13,669,309) |
| Net cash used in operating activities | (56,196,238) | (47,551,963) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Disposal of investments | - | 33,041,132 |
| Purchase of equipment | (9,740,484) | (11,282,510) |
| Purchase of intangible assets | (329,200) | - |
| Disposal of equipment | 1,775,701 | - |
| Net cash provided by (used in) investing activities | (8,293,983) | 21,758,622 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase (decrease) in bank overdrafts | (8,601,042) | 8,601,042 |
| Increase in short-term loans from financial institutions | 98,589,383 | 12,820,863 |
| Proceed from long-term loans from financial institutions | 78,800,000 | 53,000,000 |
| Repayment of long-term loans from financial institutions | (83,307,000) | (37,232,554) |
| Repayment of liabilities under finance lease | (444,624) | (171,738) |
| Proceed from issued ordinary shares from exercise of warrants | 1,737,000 | - |
| Interest paid | (4,112,639) | (4,472,874) |
| Net cash provided by financing activities | 82,661,078 | 32,544,739 |
| Net increase in cash and cash equivalents | 18,170,857 | 6,751,398 |
| Cash and cash equivalents at beginning of year | 12,418,047 | 5,666,649 |
| Cash and cash equivalents at end of year | 30,588,904 | 12,418,047 |

Non-Cash items:

In year 2012

- 1.) Cost of property development increased during the year partially due to depreciation in the amount of Baht 0.05 million.
- 2.) The Company purchased vehicles in the amount of Baht 1.93 million by cash payment in the amount of Baht 0.46 million and by entering into a finance lease agreement for the remaining.

In year 2011

- 1.) Cost of property development increased during the year partially due to interest expenses from loans in the amount of Baht 3.12 million and depreciation in the amount of Baht 0.53 million.
- 2.) The Company purchased vehicles in the amount of Baht 0.64 million by cash payment in the amount of Baht 0.16 million and by entering into a finance lease agreement for the remaining.

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

1. GENERAL INFORMATION

Focus Development and Construction Public Company Limited, “the Company” was incorporated in Thailand under the Civil and Commercial Code on March 30, 1989, and engages as a construction contractor and a real estate business. On November 4, 2002, the Company was incorporated as a juristic company under the Public Limited Company Act. On October 5, 2004, the Company was listed in the Market for Alternative Investments (mai) on the Stock Exchange of Thailand.

The registered office of the Company is located at 25, 9th Floor, Alma Link Building, Soi Chidlom, Ploenchit Road, Lumpini, Patumwan, Bangkok.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act B.E. 2543.

The accompanying financial statements have been prepared in the Thai language and expressed in Thai Baht. Such financial statements have been prepared for domestic reporting purposes. For the convenience of the readers not conversant with the Thai language, an English version of the financial statements has been provided by translating from the Thai version of the financial statements.

The preparation of the financial statements in accordance with Thai Financial Reporting Standards (“TFRS”) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, and in the period of the revision and future periods, if the revision affects both current and future periods.

The changes in accounting policies as at January 1, 2011

In the year 2011, the Company has adopted new and revised TFRS which such transition affected the financial statements reflected from the adoption of TAS No. 19 “Employee Benefits”.

New and revised Thai Financial Reporting Standards not yet effective

The Company has not yet adopted the new and revised Thai Financial Reporting Standards as follows:

- a) Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), Thai Interpretation (TI) and guidelines which are effective for the financial statements for the period beginning on or after January 1, 2013 as follows:

| TAS/TFRS/TI/FAP's Announcement | Topic |
|--------------------------------|---|
| TAS 12 | Income Taxes |
| TAS 20 (revised 2009) | Accounting for Government Grants and Disclosures of Government Assistance |
| TAS 21 (revised 2009) | The Effects of Changes in Foreign Exchange Rate |
| TFRS 8 | Operating Segments |
| TI 10 | Government Assistance – No Specific Relation to Operating Activities |
| TI 21 | Income Taxes – Recovery of Revalued Non-Depreciable Assets |
| TI 25 | Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders |
| No. 34/2555 | Accounting Treatment Guidance for Transfers of Financial Assets |

The management of the Company has assessed the effects of these TAS, TFRS, TI and guideline, and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied except as follows:

TAS 12 – Income taxes

The main change introduced by TAS 12 is the requirement to account for deferred tax assets and liabilities in the Company's financial statements. Deferred tax assets and liabilities are the amounts of income taxes recoverable and payable, respectively, in future periods in respect of temporary differences between the carrying amount of the liability or asset in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carry forward of unused tax losses. Currently, the Company does not recognise deferred tax in the financial statements.

The Company will adopt TAS 12 with effective from January 1, 2013. The effects of the change will be recognised retrospectively in the financial statements and the statement of financial position as at December 31, 2012 and January 1, 2012 and the statement of comprehensive income for the year ended December 31, 2012 will be adjusted accordingly. The management estimates that the impact on the financial statements as at January 1, 2012 and for the year ended December 31, 2012 will be as follows:

| | Baht | |
|---|-------------------|-----------------|
| | December 31, 2012 | January 1, 2012 |
| The statements of financial position | | |
| Increase in deferred tax assets | 5,114,006 | 17,389,137 |
| Decrease in deficit | (5,114,006) | (17,389,137) |
| Increase in shareholders' equity | 5,114,006 | 17,389,137 |
| | | Baht |
| | | 2012 |
| The statement of comprehensive income for the year ended December 31, 2012 | | |
| Decrease in total comprehensive income for the year | | (12,275,131) |
| Decrease in basic earnings per share (Baht per share) | | (0.10) |

- b) Thai Financial Reporting Interpretations (TFRI) and TI which are effective for the financial statements for the period beginning on or after January 1, 2014 as follows:

| TFRI/TI | Topic |
|---------|---|
| TFRI 4 | Determining whether an Arrangement contains a Lease |
| TFRI 12 | Service Concession Arrangements |
| TFRI 13 | Customer Loyalty Programmes |
| TI 29 | Service Concession Arrangements: Disclosures |

The management of the Company is assessing the impacts of these interpretations on the financial statements for the year in which they are initially applied.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The measurement bases used in preparing the financial statements

Other than those disclosed in other outlines in the summary of significant accounting policies and other notes to the financial statements, the financial statements are prepared on the historical cost basis.

Revenues

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

Revenues from sale property

Sales of residential condominium units are recognised as revenue when the construction works are completed and the significant risks and rewards of ownerships have been transferred to the buyer.

Revenues from construction

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the statement of comprehensive income in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in the statement of comprehensive income.

The completed part of construction, which has not yet been delivered for acceptance or for billing, is recorded as unbilled receivables.

Work in progress

Work in progress is stated at cost less allowance for impairment losses (if any).

Rental income

Rental income under operating leases is recognized in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income. Contingent rentals are recognized as income in the accounting period in which they are earned.

Other income and interest income are recognized as it accrues.

Expenses

Expenses are recognized in the statement of comprehensive income as it accrues.

Operating leases

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

Finance costs

Interest expenses and similar costs are charged to the statement of comprehensive income in the period in which they are incurred, except to the extent that they are capitalized 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. The interest component of finance lease payments is recognized in the statement of comprehensive income using the effective interest rate method.

Employee benefits

Short-term benefits

The Company recognized salaries, wages, bonus and social security contribution as expenses when incurred.

Post-employment benefits – defined benefit plan

The employee benefits liabilities for severance payment as the labor law is recognised as a charge to results of operations over the employee's service period. It is calculated by estimating the amount of future benefit earned by employees in return for service provided to the Company in the current and future periods, with such benefit being discounted to determine the present value. The reference point for setting the discount rate is the yield rate of government bonds as at the reporting date. The calculation is performed by actuarial technique using the Projected Unit Credit Method.

When the employee benefits are improved, the portion of the increased benefit relating to past service by employees is recognized in the statement of comprehensive income on a straight-line basis over the average period until the benefits become vested.

When the actuarial assumptions are changed, the Company recognizes all actuarial gains (losses) in the profit or loss in the period in which they arise.

Cash and cash equivalents

Cash and cash equivalents are cash on hand, call deposits and short-term investments with high liquidity net of restricted bank deposits.

Trade and other receivables

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

Trade and other receivables are stated at the net realizable value. The Company recorded allowance for doubtful accounts that is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debtor aging.

In determined an allowance for doubtful accounts, the management needs to make judgment for estimated losses for each outstanding debtor. The allowances for doubtful accounts are determined through a combination of analysis of debt aging, collection experience, and taking into account change in the current economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for receivable losses and adjustments to the allowances may therefore be required in the future.

Investments

Marketable equity securities held for trading are stated at fair value, with any resultant gain or loss recognized in the statement of comprehensive income.

Long-term investments in marketable equity securities represent available-for-sale securities and are stated at fair value. Gain and loss on valuation of securities is included in the shareholders' equity.

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

The moving average method is used to determine the cost of each security at the time of sale.

Cost of property development

Cost of property development is stated at cost net of allowance for impairment of asset (if any) and presented netted after written-off to cost of sales. Project cost consists of acquisition cost of land, development expenses, materials, wages and direct expenses of the project including interest expense occurring from borrowing to finance the project development before the project is completed.

Cost of property development is stated at the lower of cost or net realizable value.

In determining the cost of residential condominium units sold, the anticipated total development costs (taking into account actual costs incurred to date) are attributed to residential condominium units sold on the basis of the salable area.

Selling expenses directly associated with projects, such as specific business tax and transfer fee are recognized when sale incurred.

Building and equipment

Building and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

Depreciation

Depreciation is computed by the straight–line method based on the estimated useful lives of assets as follows:

| | Years |
|----------------------------------|-------|
| Construction | 5 |
| Machinery | 5 |
| Technician’s tools and equipment | 5 |
| Furniture and office equipment | 5 |
| Vehicles and equipment | 5 |

Depreciation is included in determining income and no depreciation is provided to construction in progress.

Repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits will be more than one period. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are included in operating profit.

The direct expenses concerned with the assets include interest paid from the borrowing for the acquisitions of the above assets before completion of the assets are recognized as cost of the assets.

Intangible asset

Intangible asset is stated at cost less accumulated amortization and allowance for decline in value (if any), which is computed by the straight–line method based on the useful lives of asset 5 years.

Impairment of assets

The Company will consider the impairment of assets when there are incidents or changes in the environment which indicate that the book value of the assets is higher than the recoverable amount (the higher of net selling price of the particular assets or its value in use). The impairment review, will consider the impairment of an individual asset or a "cash generating unit".

In the case that the book value of the asset is higher than its recoverable amount, the Company will recognize the loss from impairment of the asset in the statement of comprehensive income. The Company then will reverse the loss from impairment of assets previously recognized when there are indications that impairment will discontinue or will diminish by such recording in other income. The loss from the revision, however, must not exceed the book value of the assets (net of depreciation and amortization) as if the Company has never before recognized loss from impairment of assets in the previous year.

Finance lease

Leases which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period. The property, plant or equipment acquired under finance leasing contract is depreciated over the shorter of the useful life of the asset or the lease term.

Provisions

A provision is recognized in the statement of financial position 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. Significant judgements and estimates are as follows:

Commercial disputes and litigation

The Company has contingent liabilities as a result of commercial disputes and litigation. The Company's management has used judgment to assess of the results of the commercial disputes and litigation and believes that no loss will be occurred. Therefore no provision is recorded as at the statement of financial position date. However, actual results could differ from the estimates.

Estimated construction project costs

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

Provision for losses on construction projects

Management applies judgement in estimating the loss they expect to be realised on each construction project, based on estimates of anticipated costs that take into account the progress of the project and actual costs incurred to date, together with fluctuations in costs of construction materials, labour and the current situation.

Provision for penalty from delay delivery

The Company has provision incurred from delay delivery. The management applied judgement in estimating the penalty based on contract rate and the period of delay project work. The Company has recorded provision for penalty from delay delivery in the financial statements. However, actual results could differ from the estimates.

Income tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of the reporting period.

Basic earnings per share

Basic earnings per share for the years ended December 31, 2012 and 2011 is calculated by dividing net profit for the years by the weighted average number of ordinary shares outstanding during the years as follows:

For the years ended December 31, 2012 and 2011.

| | 2012 | 2011 |
|--|-------------|-------------|
| Net profit for the years (Baht) | 64,555,090 | 12,446,362 |
| Weighted average number of ordinary shares (shares) | | |
| Issued ordinary shares at the beginning of the years | 125,000,000 | 125,000,000 |
| Effect of shares issued during the years | 107,574 | - |
| Weighted average number of ordinary shares (shares) | 125,107,574 | 125,000,000 |
| Basic earnings per share (Baht) | 0.52 | 0.10 |

Diluted earnings per share

Diluted earnings per share for the years ended December 31, 2012 and 2011 is calculated by dividing the net profit of ordinary shareholders by the sum of the weighted average number of ordinary shares outstanding during the years plus the weighted average number of shares to be issued for the exercise of all dilutive potential ordinary shares into ordinary shares, without any consideration. The calculation assumes that the holders will exercise dilutive potential ordinary shares into ordinary shares when the exercise price is lower than fair value of ordinary shares. However, the average fair value of the Company's ordinary shares for the years ended December 31, 2012 and 2011 is lower than the exercise price. Therefore, the Company does not include the result of equivalent ordinary shares for calculating diluted earnings per share.

The basic earnings per share and the diluted earnings per share are as follows:

| | For the years ended December 31, 2012 and 2011 | | | | | |
|--|--|------------|---|-------------|--------------------|------|
| | Baht | | Shares | | Baht per share | |
| | Net profit | | Weighted average number of ordinary shares | | Earnings per share | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Earnings per share | | | | | | |
| Basic earnings per shares | 64,555,090 | 12,446,362 | 125,107,574 | 125,000,000 | 0.52 | 0.10 |
| Effect of dilutive potential ordinary shares | - | - | - | - | - | - |
| Diluted earnings per share | 64,555,090 | 12,446,362 | 125,107,574 | 125,000,000 | 0.52 | 0.10 |

4. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Company had transactions with related parties. These parties were related through common shareholders and/or directorships. The significant transactions with related parties as included in the financial statements are determined at the prices in line occurring in the normal course of business based on the market price in general or the price as stipulated in the agreement if no market price exists.

The significant balances of assets, liabilities, and other transactions that occurred with those parties are shown as follows:

The significant related party transactions for the years ended December 31, 2012 and 2011 were as follows:

| | Baht | |
|----------------------------------|-----------|------------|
| | 2012 | 2011 |
| Directors' remuneration | | |
| Director | 647,500 | 615,000 |
| Sale of investment | | |
| Perasia (Thailand) Limited | - | 4,480,986 |
| Revenue from sale | | |
| Knight Assets (Thailand) Limited | 6,141,475 | - |
| Director | 6,699,000 | 10,017,835 |
| Related person | - | 11,448,050 |

The significant balances with related parties as at December 31, 2012 and 2011 were as follows:

| | Baht | |
|---------------------------------------|---------|-----------|
| | 2012 | 2011 |
| Deposits and unearned revenues | | |
| Knight Assets (Thailand) Limited | - | 1,304,000 |
| Director | - | 1,507,000 |
| Perasia (Thailand) Limited | 120,000 | - |

Key management personnel compensation

Key management personnel compensation for the year ended December 31, 2012 and 2011 consisted of:

| | Baht | |
|--|------------------|------------------|
| | 2012 | 2011 |
| Short-term benefits | 8,456,100 | 7,748,780 |
| Post-employment benefits | 424,902 | 342,992 |
| Total key management personnnel compensation | <u>8,881,002</u> | <u>8,091,772</u> |

The Company opened a presale condominium Focus Ploenchit which has a transaction with 1 related person as at December 31, 2012 with the sale amount and price condition as follows:

| In Thousands Baht | | |
|-------------------|------------------|---|
| Value of contract | Advance received | Price Condition |
| 13,752 | 120 | Same price and condition as general customers |

Nature of relationship

| Name | Country | Relation | Type of relation |
|----------------------------------|----------|-----------------|------------------|
| Knight Assets (Thailand) Limited | Thailand | Related company | Co-director |
| Perasia (Thailand) Limited | Thailand | Related company | Co-director |

Bases of measurement for inter company revenues and expenses

| | Pricing Policies |
|-------------------------|--|
| Directors' remuneration | As determined at the rate approved by the directors and the shareholders |
| Sale of investment | Cost plus return from agreement |
| Revenue from sales | Same price and condition as general customers |

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2012 and 2011 consisted of:

| | Baht | |
|--------------------------|-------------------|-------------------|
| | 2012 | 2011 |
| Cash | 1,504,449 | 625,201 |
| Saving deposit accounts | 28,908,393 | 11,698,924 |
| Current deposit accounts | 20,000 | 19,000 |
| Fixed deposit | 156,062 | 74,922 |
| Total | <u>30,588,904</u> | <u>12,418,047</u> |

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

6. TRADE AND OTHER RECEIVABLES

Trade and other receivables as at December 31, 2012 and 2011 consisted of:

| | Baht | |
|-----------------------------|--------------------|--------------------|
| | 2012 | 2011 |
| Trade accounts receivable | 128,359,073 | 107,375,660 |
| Others | 283,472 | 226,016 |
| Trade and other receivables | <u>128,642,545</u> | <u>107,601,676</u> |

As at December 31, 2012 and 2011, the Company had outstanding balances of trade accounts receivable aged by number of months as follows:

| | Baht | |
|--------------------------------|--------------------|--------------------|
| | 2012 | 2011 |
| Less than or equal to 3 months | 108,887,193 | 107,375,660 |
| More than 3 to 6 months | 19,471,880 | - |
| Total | <u>128,359,073</u> | <u>107,375,660</u> |

7. COST OF PROPERTY DEVELOPMENT

Costs of property development as at December 31, 2012 and 2011 were as follows:

| | Baht | |
|---|---------------|--------------|
| | 2012 | 2011 |
| Condominium Project - Focus Ploenchit | | |
| Land | 206,189,053 | - |
| Cost of property development | 2,884,860 | - |
| Condominium Project - Focus on Saladaeng | | |
| Land | 65,701,164 | 65,701,164 |
| Cost of property development | 105,962,794 | 94,849,246 |
| Borrowing cost capitalised | 3,123,664 | 3,123,664 |
| Total | 383,861,535 | 163,674,074 |
| Less Recognition cost of sale | (158,531,932) | (27,459,146) |
| Net | 225,329,603 | 136,214,928 |

The Company's land of Focus on Saladaeng project including existing construction and to be constructed in the future was mortgaged to secure bank overdraft in the amount of Baht 5 million, long-term loan in the amount of Baht 116.50 million and letter of guarantee facilities in the amount of Baht 10 million. Presently, the Company had cancelled security for all credit facilities and released the mortgage to the land of Focus on Saladaeng project. (see Notes 11 and 13).

The Company's land of Focus Ploenchit project including existing construction and to be constructed in the future was mortgaged to secure bank overdraft in the amount of Baht 5 million, long-term loan in the amount of Baht 335 million and letter of guarantee facilities in the amount of Baht 25 million (see Notes 11 and 13).

As at December 31, 2012, the amounts of the sale according to the sale's contracts were as follows:

| Project | The amount of the sale according in agreement to buy and sale | | Total sale of project |
|--------------------|---|---------------------------|-----------------------|
| | Amount | Percentage per total sale | |
| Focus on Saladaeng | 268.17 | 93.80 | 285.89 |
| Focus Ploenchit | 9.05 | 1.13 | 800.35 |

(Unit: In Million Baht)

8. RESTRICTED BANK DEPOSITS

Restricted bank deposits with obligation as at December 31, 2012 in the amount of Baht 20.72 million (In year 2011: Baht 25.07 million), were pledged as collateral for credit lines from financial institution as follow (see Note 11 and 13):

- 1) Bank overdraft facilities in the amount of Baht 3 million.
- 2) Projects' facilities of promissory note in the amount of Baht 249.00 million (In year 2011: Baht 185.00 million).
- 3) Letter of guarantee facilities in the amount of Baht 661.53 million (In year 2011: Baht 405.54 million).

9. BUILDING AND EQUIPMENT

Building and equipment as at December 31, 2012 and 2011 consisted of:

| | Baht | | | | | Total |
|---------------------------------|--------------|-------------|-------------------------------------|-----------------------------------|---------------------------|-------------|
| | Construction | Machinery | Technician's tools and equipment | Furniture and office equipment | Vehicles and equipment | |
| Cost | | | | | | |
| As at January 1, 2011 | 751,087 | 42,692,128 | 19,056,146 | 8,803,194 | 6,337,257 | 77,639,812 |
| Purchases/transfer in | - | 3,620,000 | 4,180,245 | 2,018,078 | 1,807,663 | 11,625,986 |
| Disposals/transfer out | - | - | (1,814,579) | (614,136) | - | (2,428,715) |
| Sale | - | - | - | - | - | - |
| As at December 31, 2011 | 751,087 | 46,312,128 | 21,421,812 | 10,207,136 | 8,144,920 | 86,837,083 |
| Purchases/transfer in | - | 2,130,000 | 5,083,502 | 1,937,317 | 2,062,000 | 11,212,819 |
| Disposals/transfer out | - | - | (260,210) | (220,398) | - | (480,608) |
| Sale | - | (4,672,897) | - | - | - | (4,672,897) |
| As at December 31, 2012 | 751,087 | 43,769,231 | 26,245,104 | 11,924,055 | 10,206,920 | 92,896,397 |
| Accumulated depreciation | | | | | | |
| As at January 1, 2011 | 751,086 | 32,329,752 | 11,556,387 | 5,786,281 | 5,166,403 | 55,589,909 |
| Depreciation | - | 4,708,812 | 3,285,947 | 1,320,287 | 509,684 | 9,824,730 |
| Disposals/transfer out | - | - | (1,499,490) | (579,962) | - | (2,079,452) |
| Sale | - | - | - | - | - | - |
| As at December 31, 2011 | 751,086 | 37,038,564 | 13,342,844 | 6,526,606 | 5,676,087 | 63,335,187 |
| Depreciation | - | 5,072,930 | 3,854,876 | 1,564,674 | 906,506 | 11,398,986 |
| Disposals/transfer out | - | - | (149,894) | (127,092) | - | (276,986) |
| Sale | - | (4,672,893) | - | - | - | (4,672,893) |
| As at December 31, 2012 | 751,086 | 37,438,601 | 17,047,826 | 7,964,188 | 6,582,593 | 69,784,294 |

| | Baht | | | | | |
|-----------------------------|--------------|-----------|-------------------------------------|-----------------------------------|---------------------------|------------|
| | Construction | Machinery | Technician's tools and equipment | Furniture and office equipment | Vehicles and equipment | Total |
| <u>Net book value</u> | | | | | | |
| Owned assets | 1 | 9,273,564 | 8,078,969 | 3,680,529 | 1,435,946 | 22,469,009 |
| Assets under finance leases | - | - | - | - | 1,032,887 | 1,032,887 |
| As at December 31, 2011 | 1 | 9,273,564 | 8,078,969 | 3,680,529 | 2,468,833 | 23,501,896 |
| Owned assets | 1 | 6,330,630 | 9,197,278 | 3,959,867 | 1,096,746 | 20,584,522 |
| Assets under finance leases | - | - | - | - | 2,527,581 | 2,527,581 |
| As at December 31, 2012 | 1 | 6,330,630 | 9,197,278 | 3,959,867 | 3,624,327 | 23,112,103 |

| | Baht | |
|--|-------------------|------------------|
| | 2012 | 2011 |
| Depreciation for the years ended December 31 | | |
| was included in | | |
| Cost of property development | 48,477 | 533,934 |
| Cost of construction | 5,838,961 | 3,677,946 |
| Administrative expenses | 5,511,548 | 5,612,850 |
| Total | <u>11,398,986</u> | <u>9,824,730</u> |

As at December 31

the carrying amount before accumulated depreciation

| | | |
|--|-------------------|-------------------|
| which have been depreciated and still in use | <u>33,123,670</u> | <u>32,747,423</u> |
|--|-------------------|-------------------|

As at December 31, 2012

| | Lessor | Period | Service rate per month | |
|-------------------------------------|-------------|---------|------------------------|------|
| | | | (In Million Baht) | Note |
| Office rental and service agreement | Third party | 3 years | 0.35 | - |

10. OTHER NON-CURRENT ASSETS

Other non-current assets as at December 31, 2012 and 2011 consisted of:

| | Baht | |
|-----------------------------------|---------------------|---------------------|
| | 2012 | 2011 |
| Other receivables | 6,914,453 | 6,297,987 |
| Deposit | 13,539,187 | 12,355,369 |
| Retention receivables | 51,326,988 | 45,823,805 |
| Withholding tax | 37,044,687 | 19,142,561 |
| Total | <u>108,825,315</u> | <u>83,619,722</u> |
| Less Allowance for doubtful debts | <u>(19,565,580)</u> | <u>(19,545,341)</u> |
| Net | <u>89,259,735</u> | <u>64,074,381</u> |

Retention receivables are warranty monies deducted retention by the customers at the rate of 5% - 10% of the contract amount. Retention for the not completed construction project will be returned to the Company after the Company completed the work and upon expiry of the warranty period as stated in the contract.

Movement of allowance for doubtful debts for the years ended December 31, 2012 and 2011 were as follows:

| | Baht | |
|--------------------------------------|------------|------------|
| | 2012 | 2011 |
| Beginning balance | 19,545,341 | 19,714,258 |
| Add Doubtful debts (reversal) | 20,239 | (168,917) |
| Ending balance | 19,565,580 | 19,545,341 |

11. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term loans from financial institutions as at December 31, 2012 and 2011 consisted of:

| | Baht | |
|------------------------------------|-------------|------------|
| | 2012 | 2011 |
| Bank overdrafts | - | 8,601,042 |
| Promissory notes | 100,000,000 | - |
| Promissory notes - against payment | 14,907,945 | 16,318,562 |
| Total | 114,907,945 | 24,919,604 |

The Company has credit facilities with financial institutions consisted of:

| Type | Facilities (Million Baht) | | Referred interest rate (% per annum) | |
|---------------------|---------------------------|----------|--------------------------------------|--------------------|
| | 2012 | 2011 | 2012 | 2011 |
| Bank overdrafts | 23.00 | 23.00 | MOR, Fixed deposit | MOR, Fixed deposit |
| Letter of guarantee | 991.68 | 844.00 | - | - |
| Promissory notes | 283.00 | 205.00 | MLR, MOR | MLR, MOR |
| Total | 1,297.68 | 1,072.00 | | |

As at December 31, 2012 the Company has collateral as follows:

| Type | Facilities (Million Baht) | Collateral |
|---------------------|------------------------------|---|
| Bank overdrafts | 3.00 | Company's fixed deposit (see Note 8). |
| | 15.00 | Personal guarantee by a third party. |
| | 5.00 | Mortgaged by Focus Ploenchit project (see Note 7). |
| Letter of guarantee | 756.80 | Company's fixed deposit (see Note 8) and/or transferred account receivable rights received from some projects. |
| | 25.00 | Mortgaged by Focus Ploenchit project (see Note 7). |
| | 209.88 | No collateral. |
| Promissory notes | 249.00 | Company's fixed deposit (see Note 8) and/or transferred account receivable rights received from some projects. |
| | 20.00 | Transferred deposit rights received as collateral in according to condition of agreement when the credit facilities are withdrawal. |
| | 14.00 | No collateral. |

A third party are guarantee without charging for compensation from collateral and guarantee.

12. TRADE AND OTHER PAYABLES

Trade and other payables as at December 31, 2012 and 2011 consist of:

| | Baht | |
|------------------|-------------|------------|
| | 2012 | 2011 |
| Accounts payable | 163,528,528 | 63,430,134 |
| Accrued expenses | 16,314,649 | 13,008,223 |
| Total | 179,843,177 | 76,438,357 |

13. LOANS FROM FINANCIAL INSTITUTIONS

Loans from financial institutions as at December 31, 2012 and 2011 consisted of:

| | Baht | |
|---|------------|--------------|
| | 2012 | 2011 |
| Loans from financial institutions | 52,300,000 | 56,807,000 |
| Less Current portion | - | (56,807,000) |
| Long-term loans from financial institutions | 52,300,000 | - |

The details of loans from financial institutions:

| Lenders | Facilities (Million Baht) | | Period | Referred | Repayment |
|---------|---------------------------|---------------|-------------------------|--------------------|--|
| | 2012 | 2011 | | interest rate | |
| Bank | - | 116.50 | Dec. 2010 - Aug. 2012 | MLR-0.50 per annum | Payment of principal at 70 percent from sale contract when transfer right of residential condominium unit and interest paid on a monthly basis |
| Bank | - | 3.00 | May. 2011 - July. 2012 | MLR | Monthly principal repayment of Baht 0.20 million and monthly interest repayment. |
| Bank | 335.00 | - | June. 2012 - June. 2015 | MLR-1.25 | Payment of principal at 70 percent from sale contract when transfer right of residential condominium unit and interest paid on a monthly basis |
| Total | <u>335.00</u> | <u>119.50</u> | | | |

Movements of loans from financial institutions for the years ended December 31, 2012 and 2011 were as follows:

| | Baht | |
|-------------------|-------------------|-------------------|
| | 2012 | 2011 |
| Beginning balance | 56,807,000 | 41,039,554 |
| Increase | 78,800,000 | 53,000,000 |
| Decrease | (83,307,000) | (37,232,554) |
| Ending balance | <u>52,300,000</u> | <u>56,807,000</u> |

Credit facilities for loan from financial institution in the amount of Baht 116.50 million, which the Company mortgaged land together with construction on Focus on Saladaeng project (see Note 7). Presently, the Company had fully repaid the debt and released the mortgage to the land of Focus on Saladaeng project.

Credit facilities for loan from financial institution in the amount of Baht 335.00 million, which the Company mortgaged land together with construction at Focus Ploenchit project (see Note 7).

Credit facilities for loan from financial institution in the amount of Baht 3 million, which the Company pledged Company's fixed deposit (see Note 8). Presently, the Company had fully repaid the debt.

14. LIABILITIES UNDER FINANCE LEASE

Liabilities under finance lease as at December 31, 2012 and 2011 consisted of:

| Baht | | | |
|--------------------------|------------------|----------------|------------------------|
| 2012 | | | |
| Present value of minimum | | | |
| Year | lease payments | Interest | Minimum lease payments |
| 1 | 629,228 | 68,544 | 697,772 |
| 2 - 5 | 1,205,479 | 72,589 | 1,278,068 |
| | <u>1,834,707</u> | <u>141,133</u> | <u>1,975,840</u> |

| Baht | | | |
|--------------------------|----------------|---------------|------------------------|
| 2011 | | | |
| Present value of minimum | | | |
| Year | lease payments | Interest | Minimum lease payments |
| 1 | 335,926 | 34,878 | 370,804 |
| 2 - 5 | 471,770 | 26,454 | 498,224 |
| | <u>807,696</u> | <u>61,332</u> | <u>869,028</u> |

The Company entered into the finance lease agreements for vehicles and office equipment. The payment is on monthly basis in the amount of Baht 0.07 million per month within 48 installments. The current portion of liabilities under the finance lease agreements in the amount of Baht 0.63 million (In year 2011: Baht 0.34 million) was presented under current liabilities (see Note15).

15. CURRENT PORTION OF LIABILITIES

Current portion of liabilities as at December 31, 2012 and 2011 consisted of:

| | | Baht | |
|---------------------------------|------|----------------|-------------------|
| | Note | 2012 | 2011 |
| Loan from financial institution | 13 | - | 56,807,000 |
| Liabilities under finance lease | 14 | 629,228 | 335,926 |
| Total | | <u>629,228</u> | <u>57,142,926</u> |

16. EMPLOYEE BENEFITS

Movement of the present value of employee benefit obligations for the years ended December 31, 2012 and 2011 as follows:

| | Baht | |
|---|------------------|------------------|
| | 2012 | 2011 |
| Post-employment benefit plan | | |
| Present value of employee benefit obligations as at January 1 | 3,783,732 | 3,002,386 |
| Employee benefit expenses in the statements of comprehensive income : | | |
| Current service cost | 823,034 | 661,254 |
| Interest cost | 151,348 | 120,092 |
| Actuarial gain recognised | (258,864) | - |
| Present value of employee benefit obligations as at December 31 | <u>4,499,250</u> | <u>3,783,732</u> |

Employee benefits obligations in the statements of financial position as at December 31, 2012 and 2011 consisted of:

| | Baht | |
|--|------------------|------------------|
| | 2012 | 2011 |
| Post-employment benefit plan | | |
| Present value of obligation | <u>4,499,250</u> | <u>3,783,732</u> |
| Employee benefits obligations - recognised in statements of financial position | <u>4,499,250</u> | <u>3,783,732</u> |

The Company made defined benefit plan in accordance with severance payment as the labor law which entitled retired employee within work service period in various rates, such as more than 10 years to receive severance payment not less than 300 days or 10 months of the last month salary.

The principal actuarial assumptions (expressed as weighted averages) are as follows:

| | |
|-------------------------|--|
| Discount rate | 4.00% |
| Future salary increases | 5.00% |
| Turnover rate | 22.28% |
| Disability rate | 5.00% of Thai Mortality Ordinary Table |
| Retirement age | 60 years |
| Mortality rate | Thai Mortality Ordinary Table 1997 |

17. CONSTRUCTION CONTRACTS

As at December 31, 2012 and 2011 construction contracts were as follows:

| | Baht | |
|---|---------------|-------------|
| | 2012 | 2011 |
| Revenue from construction recognized as revenue in the year ** | 894,486,945 | 548,146,921 |
| Cost of construction incurred and recognized profit (less recognized loss) up to the end of the year * | 1,669,238,848 | 848,234,501 |
| Advances received | 76,336,368 | 88,444,398 |
| Gross amount due from customers for contract work presented as an asset | 157,009,251 | 72,544,305 |
| Gross amount due to customers for contract work presented as a liability | - | - |
| Retentions | 38,019,250 | 32,516,067 |

Note: The amount presented above is not included value added tax.

* Accumulated amount of project recognized up to the end of the year.

** Amount of project recognized during the year.

18. SHARE CAPITAL

In the fourth quarter of 2012, the holders of warrants had exercised their 579,000 warrants to be ordinary shares at exercise price of Baht 3 per share which caused the Company having share premium in the amount of Baht 1.16 million (see Notes 19 and 20). The Company registered the change in paid-up share capital from Baht 125.00 million to Baht 125.58 million with the Ministry of Commerce on November 7, 2012.

19. WARRANTS

On June 16, 2009, the Company issued the warrants as follows:

- 1) Issuance and sales of warrants of 62,499,638 units to the Company's existing shareholders at a ratio 2 ordinary shares per 1 unit of warrant. The offering price was Baht 0 per unit. Term of warrants is not exceeding 5 years from the date of issuing of warrants. Exercise price is fixed at Baht 3 per share and exercise ratio of 1 unit of warrant to purchase ordinary shares of 1 share. The warrant holders are able to exercise the warrants on the last business day of January, April, July, and October throughout the term of the warrants. The first exercise date was on July 31, 2009, and the last exercise date shall be at the end of term of warrants, which is on June 15, 2014.
- 2) Issuance and sales of warrants of 12,500,000 units to the Company's directors and employees in accordance with the Employee Stock Option Program (ESOP). The offering price was Baht 0 per unit. Term of warrants is not exceeding 5 years from the date of issuing of warrants at the exercise price is fixed at Baht 3 per share and exercise

ratio of 1 unit of warrant to purchase ordinary shares of 1 share. The warrant holders are able to exercise the warrants on the last business day of January, April, July, and October throughout the term of the warrants. The first exercise date was on July 31, 2010, and the last exercise date shall be at the end of term of warrants, which is on June 15, 2014 (see Note 28).

In October 2012, the holders of warrants had exercised their 579,000 warrants to be ordinary shares. As at December 31, 2012 the outstanding warrants were 11,921,000 units.

20. SHARE PREMIUM

Section 51 of the Public Limited Companies Act B.E. 2535 requires companies to set aside share subscriptions 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.

21. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2012 and 2011 were as follows:

| | Baht | |
|--------------------------------|-------------|-------------|
| | 2012 | 2011 |
| Salary, wage and other welfare | 143,775,856 | 171,266,802 |
| Rental and service expense | 7,747,041 | 5,659,172 |
| Depreciation and amortization | 11,427,669 | 9,824,730 |

22. FINANCE COSTS

Finance costs for the years ended December 31, 2012 and 2011 consisted of:

| | Baht | |
|----------------------|-----------|-------------|
| | 2012 | 2011 |
| Interest expenses | 3,761,828 | 4,848,402 |
| Bank charge | 500,000 | - |
| Interest capitalised | - | (3,123,664) |
| Total | 4,261,828 | 1,724,738 |

23. INCOME TAX

Income tax for the year ended December 31, 2012 were calculated at a rate specified by the Revenue Department on accounting profit (loss) after adjusting certain conditions and any adjustment to tax payable in respect of previous periods according to the Revenue Code. The Company recorded the corporation income tax as expense within the financial period and recorded the accrued portion as liabilities in the statements of financial position.

For the year ended December 31, 2011, the Company had no income tax liabilities because the Company had taxable loss.

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated December 14, 2011 grants a reduction in the corporate income tax rate from 30% to 23% on net profit for the accounting period beginning on or after January 1, 2012, and will be reduced to 20% on net profit for the two consecutive accounting periods beginning on or after January 1, 2013 onwards.

24. COMMITMENTS AND CONTINGENT LIABILITIES

As at December 31, 2012 the Company had commitments and contingent liabilities as follows:

24.1 Letters of guarantee issued by banks of Baht 421.65 million (see Note 11).

24.2 Commitments for payment under agreement as follows:

24.2.1 Payment under office rental and service agreement (see Note 9) as follows:

| <u>Period</u> | <u>Rental and service expense (In Thousands Baht)</u> |
|---------------|---|
| 1 year | 4,186 |
| 2 - 3 years | 2,965 |

24.2.2 Payment under construction contract in the amount of Baht 208.57 million.

24.2.3 Payment under property development project in the amount of Baht 21.72 million.

24.2.4 Payment under compensation for sale as specific rate in the contract.

24.2.5 Payment under service agreement per month in the amount of Baht 0.27 million.

25. SEGMENT INFORMATION

The Company operate a construction contractor and development of real estate business. The Company operate in a single geographic area-Thailand for the years ended December 31, 2012 and 2011 were classified as follows:

| | Baht | | | | | |
|--|---------------|---------------|----------------------|--------------|---------------|---------------|
| | Construction | | Property development | | Total | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Revenues | 894,486,945 | 548,146,921 | 207,098,765 | 49,408,465 | 1,101,585,710 | 597,555,386 |
| Cost | (841,647,496) | (508,306,507) | (140,401,637) | (33,541,252) | (982,049,133) | (541,847,759) |
| Gross profit | 52,839,449 | 39,840,414 | 66,697,128 | 15,867,213 | 119,536,577 | 55,707,627 |
| Other income | | | | | 4,394,519 | 5,362,638 |
| Administrative expenses | | | | | (54,105,776) | (46,899,165) |
| Finance cost | | | | | (4,261,828) | (1,724,738) |
| Profit before income tax expense | | | | | 65,563,492 | 12,446,362 |
| Income tax expense | | | | | (1,008,402) | - |
| Profit for the year | | | | | 64,555,090 | 12,446,362 |
| Other comprehensive income : | | | | | | |
| Gain on remeasuring available-for-sale investments | | | | | - | 13,202,014 |
| Other comprehensive income | | | | | - | 13,202,014 |
| Total comprehensive income | | | | | 64,555,090 | 25,648,376 |

| | Baht | | | | | |
|-----------------------------------|--------------|-------------|----------------------|-------------|-------------|-------------|
| | Construction | | Property development | | Total | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Assets | | | | | | |
| Trade and other receivables | 128,642,545 | 107,601,676 | - | - | 128,642,545 | 107,601,676 |
| Work in progress | 7,872,593 | 5,894,545 | - | - | 7,872,593 | 5,894,545 |
| Unbill receivables | 145,650,227 | 66,694,759 | - | - | 145,650,227 | 66,694,759 |
| Cost of property development | - | - | 225,329,603 | 136,214,928 | 225,329,603 | 136,214,928 |
| Building and equipment | 23,112,103 | 22,980,099 | - | 521,797 | 23,112,103 | 23,501,896 |
| Total assets | 474,765,935 | 328,087,633 | 225,329,603 | 136,736,725 | 700,095,538 | 464,824,358 |
| Liabilities | | | | | | |
| Trade and other payables | 178,595,543 | 71,733,691 | 1,247,634 | 4,704,666 | 179,843,177 | 76,438,357 |
| Estimated cost | 47,726,086 | 31,557,396 | 4,915,421 | 4,160,916 | 52,641,507 | 35,718,312 |
| Advance received | 76,336,369 | 88,444,398 | 4,867,623 | 48,041,641 | 81,203,992 | 136,486,039 |
| Loans from financial institutions | 15,537,173 | 26,655,530 | 152,300,000 | 55,407,000 | 167,837,173 | 82,062,530 |
| Total liabilities | 363,922,169 | 245,959,534 | 163,330,678 | 112,314,223 | 527,252,847 | 358,273,757 |

26. DISCLOSURES OF FINANCIAL INSTRUMENTS

The Company does not speculate or engage in the trading of any derivative financial instruments.

Capital management

The Board of Directors' 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.

Credit risk

Credit risk is the risk arising from failure of customers or counter parties to meet their contractual obligations. Credit risk occurs when the party fails to fulfill the contractual agreement, which may eventually cause financial losses. The Company has determined a risk protection policy through analysis of the customer and counter parties's financial status, and also defines the policy for credit approval and debt collection period.

Credit of the Company is the credit for construction services and trade provided to the customers that is the general customary trading practice.

Interest rate risk

Interest rate risk is the uncertainty in value of financial assets and liabilities or net interest income as a result of the fluctuation of the market interest rate.

Most of the interest rates of financial assets and liabilities of the Company are floating rates, which are based on market rates such as the interest rate for the outstanding clients of a commercial bank, savings interest rate or other benchmark floating rates.

Fair value

Fair value is the value which the Company expects to receive from disposing of financial assets, or the value that the Company expects to pay for redemption of financial debt by using the market value or the appraisal value of the general financial market methodology.

The fair value of financial assets and liabilities is close to the carrying value in the financial statements (Approximate Carrying Value).

27. LITIGATION

On February 28, 2012, the Company was sued by another company, for repayment of goods in the amount of Baht 1.40 million. On August 30, 2012, the Court ordered the Company to pay in the amount of Baht 0.18 million to the debtor with interest at the rate of 7.5% per annum from the filing date. The Company submitted an appeal to the Appeal Court. At present, the case is in the process of the Appeal Court's consideration.

28. EVENT AFTER THE REPORTING PERIOD

In January 2013, the holders of warrants had exercised their 192,000 warrants to be ordinary shares. The Company registered the changes in paid-up share capital with the Ministry of Commerce on February 6, 2013.

29. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on February 22, 2013.