

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED
FINANCIAL STATEMENTS AND AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2013

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, 2013, 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, 2013, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

PVA PV Audit Co., Ltd.

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Emphasis of Matters

I draw attention to Note 2 to the financial statements, during the year 2013, the Company has adopted Thai Accounting Standard No. 12, "Income taxes" for the preparation and presentation of these financial statements which have been restated for the effects of the adoption of this Thai Accounting Standard.

My opinion on financial information is not qualified in respect of this matter.

PrawitViwanthananut

Certified Public Accountant

Registration Number 4917

PV Audit Co., Ltd.

Bangkok, February 27, 2014

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013

	Note	Baht		
		December 31, 2013	December 31, 2012	January 1, 2012
			"Restated"	"Restated"
ASSETS	3			
CURRENT ASSETS				
Cash and cash equivalents	5	5,743,203	40,948,904	12,418,047
Trade and other receivables	6	90,985,532	128,642,545	107,601,676
Work in progress		4,414,668	7,872,593	5,849,545
Unbilled receivables	17	109,473,703	145,650,227	66,694,759
Cost of property development	7	247,033,160	225,329,603	136,214,928
Other current assets		11,590,793	28,616,458	23,397,623
Total Current Assets		469,241,059	577,060,330	352,176,578
NON-CURRENT ASSETS				
Restricted bank deposits	8	24,467,053	20,722,853	25,071,503
Building and equipment	9	29,243,608	23,112,103	23,501,896
Intangible asset		682,588	300,517	-
Deferred tax assets	2, 10	10,057,126	5,114,267	19,972,806
Other non-current assets	11	115,550,412	78,909,735	64,074,381
Total Non-current Assets		180,000,787	128,159,475	132,620,586
TOTAL ASSETS		649,241,846	705,219,805	484,797,164

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013

	Note	Baht		
		December 31, 2013	December 31, 2012	January 1, 2012
			"Restated"	"Restated"
LIABILITIES AND SHAREHOLDERS' EQUITY	3			
CURRENT LIABILITIES				
Bank overdrafts and short-term loans from financial institutions	12	9,580,519	114,907,945	24,919,604
Trade and other payables	13	117,106,281	179,853,177	76,438,357
Current portion of liabilities	15	2,994,606	629,228	57,142,926
Estimated cost		78,473,700	52,641,507	35,718,312
Retention payables		46,215,544	28,078,128	15,062,325
Advances received	4	63,251,998	81,203,992	136,486,039
Other current liabilities		8,860,668	11,944,141	8,250,692
Total Current Liabilities		326,483,316	469,258,118	354,018,255
NON-CURRENT LIABILITIES				
Long-term loans from financial institutions	14	152,300,000	52,300,000	-
Long-term liabilities under finance lease	15	4,435,087	1,205,479	471,770
Employee benefit obligations	16	5,357,235	4,499,250	3,783,732
Total Non-current Liabilities		162,092,322	58,004,729	4,255,502
Total Liabilities		488,575,638	527,262,847	358,273,757

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013

	Note	Baht		
		December 31, 2013	December 31, 2012	January 1, 2012
			"Restated"	"Restated"
SHAREHOLDERS' EQUITY				
Share capital				
Authorized share capital:				
400,000,000 ordinary shares, Baht 1 par value		400,000,000	400,000,000	400,000,000
Issued and paid-up share capital:				
126,720,000 ordinary shares in 2013,				
125,579,000 ordinary shares in 2012,				
(January 1, 2012 : 125,000,000 ordinary shares),				
fully paid-up	18, 19	126,720,000	125,579,000	125,000,000
Premium on ordinary shares	18, 20	56,413,155	54,131,155	52,973,155
Deficit	2	(22,466,947)	(1,753,197)	(51,449,748)
Total Shareholders' Equity		160,666,208	177,956,958	126,523,407
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		649,241,846	705,219,805	484,797,164

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	Baht	
		2013	2012
	3		"Restated"
Revenue from sales and services			
Revenues from construction	17	1,077,854,611	894,486,945
Revenue from sales	4	22,905,405	207,098,765
Total		1,100,760,016	1,101,585,710
Cost of sales and services			
Cost of construction	17, 21	(1,053,290,463)	(841,647,495)
Cost of sales	21	(13,190,536)	(140,401,637)
Total		(1,066,480,999)	(982,049,132)
Gross profit		34,279,017	119,536,578
Other income		8,076,124	4,394,519
Administrative expenses	4, 21	(66,527,684)	(54,105,777)
Finance cost	22	(1,484,066)	(4,261,828)
Profit (loss) before income tax		(25,656,609)	65,563,492
Tax income (tax expense)	2, 23	4,942,859	(15,866,941)
Profit (loss) for the year		(20,713,750)	49,696,551
Other comprehensive income (loss)		-	-
Total comprehensive income (loss)		(20,713,750)	49,696,551
Earnings (loss) per share			
Basic earnings (loss) per share	3	(0.16)	0.40
Weighted average number of ordinary shares (Shares)	3	126,403,112	125,107,574

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013

Baht				
Note	Issued and paid-up share capital	Premium on ordinary shares	Deficit "Restated"	Total
Beginning balance as at January 1, 2012 - previously reported	125,000,000	52,973,155	(71,422,554)	106,550,601
Effects of changes in accounting policies	-	-	19,972,806	19,972,806
Adjusted balance	125,000,000	52,973,155	(51,449,748)	126,523,407
Changes in shareholders' equity				
Increase in ordinary shares	579,000	1,158,000	-	1,737,000
Total comprehensive income	-	-	49,696,551	49,696,551
Balance as at December 31, 2012	125,579,000	54,131,155	(1,753,197)	177,956,958
Changes in shareholders' equity				
Increase in ordinary shares	1,141,000	2,282,000	-	3,423,000
Total comprehensive loss	-	-	(20,713,750)	(20,713,750)
Balance as at December 31, 2013	126,720,000	56,413,155	(22,466,947)	160,666,208

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

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Baht	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	(25,656,609)	65,563,492
Adjustments to reconcile profit (loss) before income tax to net cash provided by (used in) operating activities		
Depreciation and amortization	10,848,402	11,427,669
Provision incurred from the employee benefit liabilities	857,985	715,518
Estimate cost overrun	16,917	-
Doubtful debt	-	20,239
(Gain) loss on disposal of assets	1,176,841	(1,572,775)
Interest income	(768,822)	(772,661)
Interest expenses	1,484,066	3,761,828
Profit (loss) from operating activities before change in operating assets and liabilities	(12,041,220)	79,143,310
Change in operating assets (increase) decrease		
Trade and other receivables	37,670,403	(21,197,413)
Work in progress	3,457,925	(2,023,048)
Unbilled receivables	36,176,524	(78,955,468)
Cost of property development	(21,703,557)	(89,114,675)
Other current assets	17,025,665	(5,218,835)
Restricted bank deposits	(3,744,200)	4,348,650
Other non-current assets	(16,647,630)	3,056,532
Change in operating liabilities increase (decrease)		
Trade and other payables	(62,792,592)	103,755,631
Estimated cost	25,832,193	16,923,195
Retention payables	18,137,416	13,015,804
Advances received	(17,951,994)	(55,282,048)
Other current liabilities	(3,100,390)	3,693,449
Cash generated (paid) from operations	318,543	(27,854,916)

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Baht	
	2013	2012
Interest received	755,433	929,205
Withholding tax refund	-	5,473,252
Income tax paid	(19,993,047)	(24,383,779)
Net cash used in operating activities	(18,919,071)	(45,836,238)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(11,288,359)	(9,740,484)
Purchase of intangible assets	(492,050)	(329,200)
Disposal of equipment	467,290	1,775,701
Net cash used in investing activities	(11,313,119)	(8,293,983)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in bank overdrafts	2,600,297	(8,601,042)
Increase (decrease) in short-term loans from financial institutions	(107,927,723)	98,589,383
Proceed from long-term loans from financial institutions	100,000,000	78,800,000
Repayment of long-term loans from financial institutions	-	(83,307,000)
Repayment of liabilities under finance lease	(1,630,715)	(444,624)
Proceed from issued ordinary shares	3,423,000	1,737,000
Interest paid	(1,438,370)	(4,112,639)
Net cash provided by (used in) financing activities	(4,973,511)	82,661,078
Net increase (decrease) in cash and cash equivalents	(35,205,701)	28,530,857
Cash and cash equivalents at beginning of year	40,948,904	12,418,047
Cash and cash equivalents at end of year	5,743,203	40,948,904

Non-Cash items:

In year 2013

- 1.) Cost of property development increased during the year due to interest expenses from loans and depreciation capitalised in the amount of Baht 8.34 million.
- 2.) The Company purchased machinery and vehicles in the amount of Baht 9.42 million by cash payment in the amount of Baht 1.84 million and by entering into a finance lease agreement for the remaining.

In year 2012

- 1.) Cost of property development increased during the year due to depreciation capitalised 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.

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

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 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.

Transition to new and revised TFRS

In the year 2013, the Company has adopted new and revised TFRS which are effective for the financial statements for the period beginning on or after January 1, 2013 as follows:

TAS/TFRS/TFI/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
TFI 10	Government Assistance – No Specific Relation to Operating Activities
TFI 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
TFI 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 TAS, TFRS, TFI and FAP's Announcement do not have any significant impacts on the financial statements, except TAS as follows:

Thai Accounting Standard (TAS) No. 12 – Income Taxes

This TAS 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 assets or liabilities in the statement of financial position and the amount attributed to those assets or liabilities for tax purposes; and the carry forward of unused tax losses.

The Company adopted this TAS with effective from January 1, 2013 onward. The effects of the change were recognized retrospectively in the financial statements and the statements 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 were adjusted accordingly. The management estimates that the impact on the financial statements as follows:

	Baht		
	December 31, 2013	December 31, 2012	January 1, 2012
The statements of financial position			
Increase in deferred tax assets	10,057,126	5,114,267	19,972,806
Decrease in deficit	(10,057,126)	(5,114,267)	(19,972,806)

	Baht	
	2013	2012
The statement of comprehensive income		
for the years ended December 31,		
Increase (decrease) in tax income (tax expense)	4,942,859	(14,858,539)
Increase (decrease) in profit (loss) for the years	4,942,859	(14,858,539)
Increase (decrease) in basic earnings (loss) per share	0.04	(0.12)
Increase (decrease) in diluted earnings (loss) per share	0.04	(0.12)

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

TAS/TFRS/TFRI/TI	Topic
TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rate
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Venture
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

TAS/TFRS/TFRI/TI	Topic
TFRS 2 (revised 2012)	Share – Based Payments
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments
TFRI 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRI 4	Determining whether an Arrangement contains a Lease
TFRI 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRI 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRI 10	Interim Financial Reporting and Impairment
TFRI 12	Service Concession Arrangements
TFRI 13	Customer Loyalty Programmes
TFRI 17	Distributions of Non-cash Assets to Owners
TFRI 18	Transfers of Assets from Customers
TI 15	Operating Leases-Incentives
TI 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TI 29	Service Concession Arrangements: Disclosures
TI 32	Intangible Assets-Web Site Costs

- b) Thai Financial Reporting Standard (TFRS) which is effective for the financial statements for the period beginning on or after January 1, 2016 as follows:

TFRS	Topic
TFRS 4	Insurance Contracts

The management of the Company is assessing the impacts of these TAS, TFRS, TFRI and TI 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 of 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 Company has established a provident fund that is a defined contribution plan. The assets of which are held in a separate trust fund. The provident fund is funded by the contribution from employees and the Company. Contributions to the provident fund are charged to the statement of comprehensive income in the period to which they relate.

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, cash at bank and short-term investments with high liquidity net of deposits at bank on obligation and bank deposits with a maturity date over 3 months.

Trade and other receivables

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

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.

Cost of property development

Cost of property development are stated at the lower of cost or net realisable value. Cost of property development is netted of cost of sales. Project costs consisting of acquisition cost of land, development expenses, design fees and construction costs, utilities and direct expenses of the project including interest expense of borrowing for the acquisition of project development before the project is completed.

The details of cost calculation

Land	-	Cost of land and development using the average method, calculating based on salable area for each project.
Construction	-	Construction cost consists of the cost of construction, public utility costs, calculating based on salable area. The costs of construction of condominiums and borrowing cost capitalised to the project are allocated based on the actual cost incurred.

Net realisable value represents the estimated normal selling price less estimated costs to sell.

Direct selling expenses such as specific business tax and transfer fee are recognized when sale incures.

The Company recognises loss on diminution in value of projects and loss on impairment (if any) in profit or loss.

In determining the cost of sales of property development, the anticipated total development costs (taking into account actual costs incurred to date) are attributed based on the basis of the salable area.

Cost of project sold estimates these costs based on their business experience and revisit the estimations on a periodical basis or when the actual costs incurred significantly vary from the estimated costs.

Capitalization of interest cost

Interest cost on borrowing, for use in construction of the projects, was capitalized as part of the cost of those assets until the projects was completed or when the construction was suspended. The capitalization of interest shall be resumed when the project is re-activated.

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 and equipment	5
Furniture and office equipment	5
Vehicles	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

Income tax expense for the year comprises current and deferred tax.

Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in shareholders' equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of reporting period date.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of reporting period date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Basic earnings (loss) per share

Basic earnings (loss) per share for the years ended December 31, 2013 and 2012 is calculated by dividing profit (loss) for the years by the weighted average number of ordinary shares outstanding during the years as follows:

For the years ended December 31, 2013 and 2012.

	2013	2012
Profit (loss) for the years (Baht)	(20,713,750)	49,696,551
Weighted average number of ordinary shares (shares)		
Issued ordinary shares at the beginning of the years	125,579,000	125,000,000
Effect of shares issued during the years	824,112	107,574
Weighted average number of ordinary shares (shares)	126,403,112	125,107,574
Basic earnings (loss) per share (Baht)	(0.16)	0.40

Diluted earnings (loss)per share

Diluted earnings (loss)per share for the years ended December 31, 2013 and 2012 is calculated by dividing the profit (loss)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 forthe years ended December 31, 2013 and 2012 is lower than the exercise price. Therefore,the Company does not include the result of equivalent ordinary shares for calculating diluted earnings (loss)per share.

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

	For the years ended December 31, 2013 and 2012					
	Baht		Shares		Baht per share	
	Profit (loss)		Weighted average number of ordinary shares		Earnings (loss) per share	
	2013	2012	2013	2012	2013	2012
Earnings (loss) per share						
Basic earnings (loss) per shares	(20,713,750)	49,696,551	126,403,112	125,107,574	(0.16)	0.40
Effect of dilutive potential ordinary shares	-	-	-	-	-	-
Diluted earnings (loss) per share	(20,713,750)	49,696,551	126,403,112	125,107,574	(0.16)	0.40

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, 2013 and 2012 were as follows:

	Baht	
	2013	2012
Directors' remuneration		
Directors	540,500	647,500
Revenue from sale		
Knight Assets (Thailand) Limited	-	6,141,475
Director	-	6,699,000

The significant balances with related parties as at December 31, 2013 and 2012 were as follows:

	Baht	
	2013	2012
Deposits and unearned revenues		
Director	1,363,860	-
Perasia (Thailand) Limited	1,028,157	120,000

Key management personnel compensation

Key management personnel compensation for the year ended December 31, 2013 and 2012 consisted of:

	Baht	
	2013	2012
Short-term benefits	9,243,412	8,456,100
Post-employment benefits	1,044,996	424,902
Total key management personnel compensation	<u>10,288,408</u>	<u>8,881,002</u>

The Company opened a presale condominium FocusPloentchit which has a transaction with 2 related persons as at December 31, 2013 with the sale amount and price condition as follows:

In Thousands Baht		
Value of contract	Advance received	Price Condition
21,519	2,392	Same price and condition as normal business

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
Revenue from sales	Same price and condition as normal business

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2013 and 2012 consisted of:

	Baht	
	2013	2012
Cash on hand	1,250,408	1,504,449
Cash at bank	4,492,795	39,444,455
Total	5,743,203	40,948,904

6. TRADE AND OTHER RECEIVABLES

Trade and other receivables as at December 31, 2013 and 2012 consisted of:

	Baht	
	2013	2012
Trade accounts receivable	90,205,147	128,359,073
Others	780,385	283,472
Total	90,985,532	128,642,545

As at December 31, 2013 and 2012, the Company had outstanding balances of trade accounts receivable aged by number of months as follows:

	Baht	
	2013	2012
Less than or equal to 3 months	81,389,492	108,887,193
More than 3 to 6 months	-	19,471,880
More than 6 to 9 months	8,815,655	-
Total	90,205,147	128,359,073

7. COST OF PROPERTY DEVELOPMENT

Costs of property development as at December 31, 2013 and 2012 were as follows:

	Baht		
	Focus on Saladaeng	Focus Ploenchit	Total
Cost			
As at January 1, 2012	136,214,928	-	136,214,928
Purchase/transfer in	38,572,694	209,073,913	247,646,607
Cost of sales	(158,531,932)	-	(158,531,932)
As at December 31, 2012	16,255,690	209,073,913	225,329,603
Purchase/transfer in	58,940	33,464,006	33,522,946
Cost of sales	(11,819,389)	-	(11,819,389)
As at December 31, 2013	4,495,241	242,537,919	247,033,160
Net book value as at December 31, 2012	16,255,690	209,073,913	225,329,603
Net book value as at December 31, 2013	4,495,241	242,537,919	247,033,160

The Company's land which included existing building and to be constructed in the future of project Focus Ploenchit were 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 12 and 14).

8. RESTRICTED BANK DEPOSITS

Restricted bank deposits with obligation as at December 31, 2013 in the amount of Baht 24.47 million (In year 2012: Baht 20.72 million), were pledged as collateral for credit lines from financial institutions as follows (see Notes 12 and 14):

- 1) Bank overdraft facilities in the amount of Baht 3 million.
- 2) Projects' facilities of promissory note in the amount of Baht 155.00 million (In year 2012: Baht 249.00 million).
- 3) Letter of guarantee facilities in the amount of Baht 588.07 million (In year 2012: Baht 661.53 million).

9. BUILDING AND EQUIPMENT

Building and equipment as at December 31, 2013 and 2012 consisted of:

	Baht				Total
	Construction	Machinery and equipment	Furniture and office equipment	Vehicles	
Cost					
As at January 1, 2012	751,087	67,733,940	10,207,136	8,144,920	86,837,083
Purchases/transfer in	-	7,213,502	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	70,014,335	11,924,055	10,206,920	92,896,397
Purchases/transfer in	-	14,721,071	2,640,178	1,153,000	18,514,249
Disposals/transfer out	-	(2,037,105)	(136,197)	-	(2,173,302)
Sale	-	(5,747,406)	-	-	(5,747,406)
As at December 31, 2013	751,087	76,950,895	14,428,036	11,359,920	103,489,938
Accumulated depreciation					
As at January 1, 2012	751,086	50,381,408	6,526,606	5,676,087	63,335,187
Depreciation	-	8,927,806	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	54,486,427	7,964,188	6,582,593	69,784,294
Depreciation	-	7,745,358	1,766,378	1,226,685	10,738,421
Disposals/transfer out	-	(412,776)	(116,205)	-	(528,981)
Sale	-	(5,747,402)	-	-	(5,747,402)
As at December 31, 2013	751,086	56,071,607	9,614,361	7,809,278	74,246,332
Net book value					
Owned assets	1	15,527,908	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	15,527,908	3,959,867	3,624,327	23,112,103
Owned assets	1	13,383,894	4,813,674	1,390,474	19,588,043
Assets under finance leases	-	7,495,397	-	2,160,168	9,655,565
As at December 31, 2013	1	20,879,291	4,813,674	3,550,642	29,243,608

	Baht	
	2013	2012
Depreciation for the years ended December 31 was included in		
Cost of property development	35,067	48,477
Cost of construction	6,406,591	5,838,961
Administrative expenses	4,296,763	5,511,548
Total	<u>10,738,421</u>	<u>11,398,986</u>

As at December 31
the carrying amount before accumulated depreciation
which have been depreciated and still in use

<u>55,675,118</u>	<u>33,123,670</u>
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As at December 31, 2013				
Service rate per month				
Lessor	Period	(In Million Baht)	Note	
Office rental and service agreement	Third party	3 years	0.35	-

10. DEFERRED TAX

Deferred tax as at December 31, 2013 and 2012 consisted of:

	Baht	
	2013	2012
Deferred tax assets	<u>10,057,126</u>	<u>5,114,267</u>

Movements in deferred tax assets during the years were as follows:

	Baht		
	At January 1, 2013	Profit (loss)	At December 31, 2013
Deferred tax assets			
Allowance for doubtful accounts	3,927,116	-	3,927,116
Provision	899,850	174,980	1,074,830
Unearned revenue	287,301	(287,301)	-
Tax loss carry forward	-	5,055,180	5,055,180
Total	<u>5,114,267</u>	<u>4,942,859</u>	<u>10,057,126</u>

	Baht		
	At January 1, 2012	Profit (loss)	At December 31, 2012
Deferred tax assets			
Allowance for doubtful accounts	4,495,428	(568,312)	3,927,116
Provision	870,258	29,592	899,850
Unearned revenue	3,461,833	(3,174,532)	287,301
Tax loss carry forward	11,145,287	(11,145,287)	-
Total	19,972,806	(14,858,539)	5,114,267

11. OTHER NON-CURRENT ASSETS

Other non-current assets as at December 31, 2013 and 2012 consisted of:

	Baht	
	2013	2012
Deposit	4,342,478	3,189,187
Retention receivables	67,430,459	51,326,988
Withholding tax	57,037,734	37,044,687
Other assets	6,305,321	6,914,453
Total	135,115,992	98,475,315
Less Allowance for doubtful debts	(19,565,580)	(19,565,580)
Net	115,550,412	78,909,735

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, 2013 and 2012 were as follows:

	Baht	
	2013	2012
Beginning balance	19,565,580	19,545,341
Add Doubtful debts	-	20,239
Ending balance	19,565,580	19,565,580

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

Bank overdrafts and short-term loans from financial institutions as at December 31, 2013 and 2012 consisted of:

	Baht	
	2013	2012
Bank overdrafts	2,600,297	-
Promissory notes	-	100,000,000
Promissory notes - against payment	6,980,222	14,907,945
Total	<u>9,580,519</u>	<u>114,907,945</u>

The Company has credit facilities with financial institutions consisted of:

Type	Facilities (Million Baht)		Referred interest rate (% per annum)	
	2013	2012	2013	2012
Bank overdrafts	23.00	23.00	MOR, Fixed deposit	MOR, Fixed deposit
Letter of guarantee	798.84	991.68	-	-
Promissory notes	155.00	283.00	MLR, MOR	MLR, MOR
Total	<u>976.84</u>	<u>1,297.68</u>		

As at December 31, 2013 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	638.67	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).
	135.17	No collateral.
Promissory notes	155.00	Company's fixed deposit (see Note 8) and/or transferred account receivable rights received from some projects.

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

13. TRADE AND OTHER PAYABLES

Trade and other payables as at December 31, 2013 and 2012 consist of:

	Baht	
	2013	2012
Accounts payable	103,393,093	163,538,528
Accrued expenses	13,713,188	16,314,649
Total	<u>117,106,281</u>	<u>179,853,177</u>

14. LOANS FROM FINANCIAL INSTITUTIONS

Loans from financial institutions as at December 31, 2013 and 2012 consisted of:

	Baht	
	2013	2012
Loans from financial institutions	152,300,000	52,300,000
Less Current portion	-	-
Long-term loans from financial institutions	<u>152,300,000</u>	<u>52,300,000</u>

The details of loans from financial institutions:

Lenders	Facilities (Million Baht)	Period	Interest rate per annum	Repayment
Bank	<u>335.00</u>	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

Movements of loans from financial institutions for the years ended December 31, 2013 and 2012 were as follows:

	Baht	
	2013	2012
Beginning balance	52,300,000	56,807,000
Increase	100,000,000	78,800,000
Decrease	-	(83,307,000)
Ending balance	<u>152,300,000</u>	<u>52,300,000</u>

The Company mortgaged land together with construction at Focus Ploenchit project as collateral for loans.(see Note 7).

15. LIABILITIES UNDER FINANCE LEASE

Liabilities under finance lease as at December 31, 2013 and 2012 consisted of:

Year	Baht		
	2013		
	Present value	Deferred interest	Minimum lease payment
1	2,994,606	374,828	3,369,434
2 - 5	4,435,087	213,374	4,648,461
Total	7,429,693	588,202	8,017,895

Year	Baht		
	2012		
	Present value	Deferred interest	Minimum lease payment
1	629,228	68,544	697,772
2 - 5	1,205,479	72,589	1,278,068
Total	1,834,707	141,133	1,975,840

The Company entered into the finance lease agreements for machineries and vehicles. The payment is on monthly basis in the amount of Baht 0.28 million per month. The current portion of liabilities under the finance lease agreements in the amount of Baht 2.99million (In year 2012: Baht 0.63 million) was presented under current liabilities.

16. EMPLOYEE BENEFITS

Movement of the present value of employee benefit obligations for the years ended December 31, 2013 and 2012 as follows:

	Baht	
	2013	2012
Post-employment benefit plan		
Present value of employee benefit obligations as at January 1	4,499,250	3,783,732
Employee benefit expenses in the statements of comprehensive income :		
Current service cost	1,366,048	823,034
Interest cost	144,828	151,348
Actuarial gain recognised	(564,739)	(258,864)
Benefits paid during the year	(88,152)	-
Present value of employee benefit obligations as at December 31	5,357,235	4,499,250

Employee benefits obligations in the statements of financial position as at December 31, 2013 and 2012 consisted of:

	Baht	
	2013	2012
Post-employment benefit plan		
Present value of obligation	5,357,235	4,499,250
Employee benefits obligations - recognised in statements of financial position	5,357,235	4,499,250

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:

	2013	2012
Discount rate	3.681%	4.00%
Future salary increases	5.00%	5.00%
Turnover rate	22.90%	22.28%
Disability rate	5.00% of Thai Mortality Ordinary Table	5.00% of Thai Mortality Ordinary Table
Retirement age	60 years	60 years
Mortality rate	Thai Mortality Ordinary Table 2008	Thai Mortality Ordinary Table 1997

17. CONSTRUCTION CONTRACTS

As at December 31, 2013 and 2012 construction contracts were as follows:

	Baht	
	2013	2012
Revenue from construction recognized as revenue in the year **	1,077,854,611	894,486,945
Cost of construction incurred and recognized profit		
(less recognized loss) up to the end of the year *	2,657,467,029	1,669,238,848
Advances received	43,609,674	76,336,368
Gross amount due from customers for contract work presented as an asset	113,905,289	157,009,251
Gross amount due to customers for contract work presented as a liability	-	-
Retentions	54,122,721	38,019,250

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

The Company issued 192,000 ordinary shares offering to exercise warrants of directors and employees of 192,000 warrants at par value of Baht 3 each and the Company registered the change of paid-up share capital with the Ministry of Commerce on February 6, 2013 from Baht 125.58 million to Baht 125.77 million.

The Company issued 949,000 ordinary shares offering to exercise warrants of directors and employees of 949,000 warrants at par value of Baht 3 each and the Company registered the change of paid-up share capital with the Ministry of Commerce on May 8, 2013 from Baht 125.77 million to Baht 126.72 million.

The Company issued 579,000 ordinary shares offering to exercise warrants of directors and employees of 579,000 warrants at par value of Baht 3 each and the Company registered the change of paid-up share capital with the Ministry of Commerce on November 7, 2012 from Baht 125.00 million to Baht 125.58 million.

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.

Warrants are exercisable to ordinary shares, which is scheduled on the last business day of January, April, July, and October of each year. The outstanding warrants which are not yet exercised as follows:

<u>Year</u>	<u>The warrants which are not yet exercised</u>
2012	74,420,638
2013	73,279,638

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, 2013 and 2012 were as follows:

	Baht	
	2013	2012
Salary and employee benefits	189,544,545	143,775,856
Rental and service expense	8,279,533	7,747,041
Depreciation and amortization	10,848,402	11,427,669

22. FINANCE COSTS

Finance costs for the years ended December 31, 2013 and 2012 consisted of:

	Baht	
	2013	2012
Interest expenses	9,790,320	3,761,828
Bank charge	-	500,000
Total	9,790,320	4,261,828
Interest capitalised	(8,306,254)	-
Net	1,484,066	4,261,828

23. INCOME TAX

Corporate income tax for the years ended December 31, 2013 and 2012 was calculated at a rate specified by the Revenue Department on net earnings after adjusting certain conditions according to the Revenue Code. The Company recorded the corporation income tax as expense for the years and recorded the accrued portion as liabilities in the statements of financial position.

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.

Income tax expense for the years ended December 31, 2013 and 2012 consisted of:

	Baht	
	2013	2012
Current tax expense		
Current years	-	(1,008,402)
Deferred tax expense		
Movements in temporary differences	4,942,859	(12,253,390)
Decrease in tax rate	-	(2,605,149)
Tax income (tax expense)	<u>4,942,859</u>	<u>(15,866,941)</u>

Reconciliation of effective tax rate

	2013		2012	
	Tax rate		Tax rate	
	(%)	Baht	(%)	Baht
Profit (loss) before income tax		(25,656,609)		65,563,492
Income tax using the corporate tax rate	20	5,131,322	(23)	(15,079,603)
Revenues considered for tax purposes		-		(330,097)
Expenses not deductible for tax purposes		(595,744)		(255,120)
Revenues granted income tax exemption		404,779		3,539,046
Addition expenses deductible for tax purposes		114,823		-
Deficit for tax purposes		-		11,117,372
Loss for the year		<u>(5,055,180)</u>		<u>-</u>
Current tax	-	-	(2)	(1,008,402)
Movement in temporary differences		4,942,859		(12,253,390)
Decrease in tax rate		-		(2,605,149)
Tax income (tax expense)	<u>19</u>	<u>4,942,859</u>	<u>(24)</u>	<u>(15,866,941)</u>

24. COMMITMENTS AND CONTINGENT LIABILITIES

As at December 31, 2013 the Company had commitments and contingent liabilities as follows:

24.1 Letters of guarantee issued by banks of Baht 385.70 million (see Note 12).

24.2 Commitments for payment under agreement as follows:

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

Period	Rental and service expense (In Thousands Baht)
1 year	2,616

24.2.2 Payment under construction contract in the amount of Baht 74.87 million.

24.2.3 Payment under property development project in the amount of Baht 18.97 million.

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

24.2.5 Payment under service agreement in the amount of Baht 0.38 million per month.

24.3 The Company was sued, for repayment of goods in the amount of Baht 1.40 million. The Court ordered the Company to pay in the amount of Baht 0.18 million with interest. The Appeal Court affirmed the Civil Court's order. At present, the case is in the process of the Supreme Court.

25. SEGMENT INFORMATION

Operating segment information is reported in a manner consistent maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the directors of the Company.

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, 2013 and 2012 were classified as follows:

	Baht					
	Construction		Property development		Total	
	2013	2012	2013	2012	2013	2012
Revenues	1,077,854,611	894,486,945	22,905,405	207,098,765	1,100,760,016	1,101,585,710
Cost	(1,053,290,463)	(841,647,496)	(13,190,536)	(140,401,637)	(1,066,480,999)	(982,049,133)
Gross profit	24,564,148	52,839,449	9,714,869	66,697,128	34,279,017	119,536,577
Other income					8,076,124	4,394,519
Administrative expenses					(66,527,684)	(54,105,777)
Finance cost					(1,484,066)	(4,261,828)
Profit (loss) before income tax					(25,656,609)	65,563,491
Tax income (tax expense)					4,942,859	(15,866,941)
Profit (loss) for the year					(20,713,750)	49,696,550
Other comprehensive income (loos)					-	-
Total comprehensive income (loss)					(20,713,750)	49,696,550

	Baht					
	Construction		Property development		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Trade and other receivables	90,985,532	128,642,545	-	-	90,985,532	128,642,545
Work in progress	4,414,668	7,872,593	-	-	4,414,668	7,872,593
Unbill receivables	109,473,703	145,650,227	-	-	109,473,703	145,650,227
Cost of property development	-	-	247,033,160	225,329,603	247,033,160	225,329,603
Other non-current assets	114,885,137	78,239,351	665,275	670,384	115,550,412	78,909,735
Total assets	401,543,411	479,219,818	247,698,435	225,999,987	649,241,846	705,219,805
Liabilities						
Trade and other payables	112,475,651	178,605,543	4,630,630	1,247,634	117,106,281	179,853,177
Estimated cost	73,464,329	47,726,086	5,009,371	4,915,421	78,473,700	52,641,507
Advance received	43,609,675	76,336,369	19,642,323	4,867,623	63,251,998	81,203,992
Loans from financial institutions	9,580,519	14,907,945	152,300,000	152,300,000	161,880,519	167,207,945
Total liabilities	306,993,314	363,932,169	181,582,324	163,330,678	488,575,638	527,262,847

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' 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 financial assets and liabilities of the Company are floating interest rates, which are based on market rates such as the interest rate for the primeclients 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. RECLASSIFICATION

The Company has reclassified certain accounts in the statement of financial position as at December 31, 2012 to conform with the presentation of the financial statements of this year which consisted of:

	Baht		
	Before reclassification	Reclassification	After reclassification
Statement of financial position			
Cash and cash equivalents	30,588,904	10,360,000	40,948,904
Other non-current assets	89,259,735	(10,350,000)	78,909,735
Trade and other payables	179,843,177	10,000	179,853,177

28. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on February 27, 2014.