

AUDITOR'S REPORT

To The Shareholders of DCON PRODUCTS PUBLIC COMPANY LIMITED

Opinion

I have audited the accompanying consolidated and separate financial statements of DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES (the Group) and DCON PRODUCTS PUBLIC COMPANY LIMITED (the Company), which comprise consolidated and separate statements of financial position as at December 31, 2016, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity, and consolidated and separate statements of cash flows for the year then ended, and notes to financial statements including a summary of significant accounting policies.

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES and of DCON PRODUCTS PUBLIC COMPANY LIMITED as at December 31, 2016, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Recognition of revenues from sales of goods

The Company and subsidiaries has revenues from sales and services for the year ended December 31, 2016 amount of Baht 1,012.98 million. Major revenue is derived from sales of construction materials amount Baht 933.38 million which is material amount in the financial statements as described in notes 32 to financial statements. Such revenues from sales of construction materials comprise normal sales of goods and sales of goods with installation services with different in revenue recognition. Accordingly, I have addressed the accuracy of recognition of revenues from sales of goods as key audit matter.

I have obtained an assurance relating to the accuracy of recognition of revenues from sales, by included;

- Obtained an understanding of internal control system relating to recognition of revenues from sales of goods.
- Tested the significant internal control relating to the accuracy of recognition of revenues from sales of goods.
- Checked documents supporting revenues incurred during the year.
- Checked documents supporting subsequent revenues incurred after the end of period and also checked the revenues recognition is conformity with policy of the Company and subsidiaries.

Assessment of impairment of unused operating assets

As stated in notes 16 to financial statements, as at December 31, 2016 the Company has material amount of unused operating assets of Baht 47.96 million (net of provision for impairment of assets amount of Baht 35.84 million) in the financial statements and there is an indicator that impairment of assets incurred. In determining impairment of assets, the Management must make significant substantive judgment to estimate recoverable value of assets to compare with carrying value of such assets. Accordingly, I have addressed the accuracy of recoverable value estimation of unused operating assets as key audit matter.

I have obtained an assurance relating to the accuracy of recoverable value estimation of unused operating assets, by included;

- Obtained an understanding of information and assumptions used in recoverable value estimation of unused operating assets by the Management.
- Evaluated the competence, knowledge of experts of the Management that they have sufficient ability to correctly estimate recoverable value of unused operating assets.
- Checked significant information and assumptions used in recoverable value estimation of unused operating assets with the external information and in the Company as conformed truly.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

D I A International Audit Co., Ltd.

(Mrs. Suvimol Chrityakierne)

C.P.A. (Thailand)

Registration No. 2982

February 23, 2017

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	5	83,135,723.02	101,531,620.00	39,314,715.84	48,048,904.51
Current investment	6	442,233,414.76	0.00	442,233,414.76	0.00
Trade and other receivables	7	172,378,100.28	135,235,887.73	118,914,568.13	127,046,652.00
Short-term loans	8, 27	0.00	3,570,350.00	305,000,000.00	3,570,350.00
Inventories	9	817,307,517.14	448,086,936.83	61,090,929.54	57,962,267.07
Total current assets		<u>1,515,054,755.20</u>	<u>688,424,794.56</u>	<u>966,553,628.27</u>	<u>236,628,173.58</u>
Non-current assets					
Land held for development	10	19,933,323.78	19,933,323.78	0.00	0.00
Investment in subsidiaries	11	0.00	0.00	443,663,520.71	441,663,520.71
Investment properties	12	49,089,602.87	41,724,091.33	0.00	0.00
Property, plant and equipment	13	496,769,227.98	511,839,031.91	448,490,142.01	461,307,413.59
Intangible assets	14	1,381,990.25	2,037,984.65	1,381,990.25	2,037,984.65
Deferred tax assets	15	8,376,228.02	4,378,170.80	8,048,092.24	4,117,216.53
Non-operating assets	16	47,957,543.91	71,016,166.90	47,957,543.91	71,016,166.90
Other non-current assets		2,337,816.02	3,014,309.27	2,337,816.02	3,014,309.27
Total non-current assets		<u>625,845,732.83</u>	<u>653,943,078.64</u>	<u>951,879,105.14</u>	<u>983,156,611.65</u>
Total assets		<u><u>2,140,900,488.03</u></u>	<u><u>1,342,367,873.20</u></u>	<u><u>1,918,432,733.41</u></u>	<u><u>1,219,784,785.23</u></u>

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (Continued)

AS AT DECEMBER 31, 2016

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	17	762,414.43	173,432,990.37	762,414.43	173,432,990.37
Trade and other payables	18	242,018,015.70	109,903,581.71	130,497,394.87	92,801,591.13
Current portion of long-term debt	19, 20	569,120.64	41,908,956.13	569,120.64	41,908,956.13
Accrued income tax		15,083,133.34	22,672,211.89	12,166,695.17	17,486,966.22
Total current liabilities		258,432,684.11	347,917,740.10	143,995,625.11	325,630,503.85
Non-current liabilities					
Long-term loans	19	0.00	46,250,000.00	0.00	46,250,000.00
Financial lease liabilities	20	139,066.55	416,027.56	139,066.55	416,027.56
Deferred tax liabilities	15	4,972,186.40	3,899,703.65	4,972,186.40	3,899,703.65
Employee benefit obligations	21	7,183,850.88	6,453,454.88	5,831,017.88	5,233,064.88
Other non-current liabilities		1,555,000.00	1,425,000.00	0.00	0.00
Total non-current liabilities		13,850,103.83	58,444,186.09	10,942,270.83	55,798,796.09
Total liabilities		272,282,787.94	406,361,926.19	154,937,895.94	381,429,299.94

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (Continued)

AS AT DECEMBER 31, 2016

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2016	2015	2016	2015
Liabilities and shareholders' equity (Cont'd)					
Shareholders' equity					
Share capital					
Authorized share capital					
5,463,161,080 common shares					
of Baht 0.10 each					
		546,316,108.00	546,316,108.00	546,316,108.00	546,316,108.00
Issued and paid-up share capital					
4,285,495,398 common shares					
of Baht 0.10 each					
	22	428,549,539.80		428,549,539.80	
2,139,578,118 common shares					
of Baht 0.10 each					
			213,957,811.80		213,957,811.80
Premium on common share capital	22	1,067,908,344.29	319,825,000.00	1,067,908,344.29	319,825,000.00
Retained earnings					
Appropriated					
Legal reserve					
	23	54,631,610.80	32,412,776.44	54,631,610.80	32,412,776.44
Unappropriated					
	24	320,583,247.95	375,822,337.22	212,405,342.58	272,159,897.05
Other components of equity		(5,992,404.63)	(5,992,404.63)	0.00	0.00
Total owners of the Company		1,865,680,338.21	936,025,520.83	1,763,494,837.47	838,355,485.29
Non-controlling interests		2,937,361.88	(19,573.82)	0.00	0.00
Total shareholders' equity		1,868,617,700.09	936,005,947.01	1,763,494,837.47	838,355,485.29
Total liabilities and shareholders' equity		2,140,900,488.03	1,342,367,873.20	1,918,432,733.41	1,219,784,785.23

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2016	2015	2016	2015
Sales and services		1,012,980,967.52	1,152,203,059.87	840,975,880.17	944,468,774.11
Cost of sales and services		(629,125,254.45)	(708,613,619.99)	(529,503,872.79)	(587,802,659.45)
Gross profit		383,855,713.07	443,589,439.88	311,472,007.38	356,666,114.66
Other income					
Dividend received	11	0.00	0.00	20,018,850.28	15,049,135.70
Others		21,755,649.51	14,398,538.25	26,991,073.99	14,759,483.78
Selling expenses		(118,083,115.99)	(134,960,587.09)	(106,127,441.32)	(117,218,543.31)
Administrative expenses		(112,281,718.33)	(92,640,410.23)	(89,429,805.51)	(70,269,257.38)
Finance costs		(1,754,410.26)	(8,781,591.79)	(1,699,326.01)	(8,918,475.81)
Profit before income tax		173,492,118.00	221,605,389.02	161,225,358.81	190,068,457.64
Income tax expenses	25	(35,390,366.21)	(45,415,224.55)	(27,597,157.64)	(35,564,928.79)
Profit for the year		138,101,751.79	176,190,164.47	133,628,201.17	154,503,528.85
Other comprehensive income		0.00	0.00	0.00	0.00
Total comprehensive income for the year		138,101,751.79	176,190,164.47	133,628,201.17	154,503,528.85
Total comprehensive income attributable to :					
Owners of the Company		138,143,666.37	176,194,093.30	133,628,201.17	154,503,528.85
Non-controlling interests		(41,914.58)	(3,928.83)	0.00	0.00
		<u>138,101,751.79</u>	<u>176,190,164.47</u>	<u>133,628,201.17</u>	<u>154,503,528.85</u>
Earnings per share					
Basic earnings per share	26	0.03	0.08	0.03	0.07
Weighted average number of					
common shares	26	4,093,859,238	2,139,331,785	4,093,859,238	2,139,331,785
Diluted earnings per share	26	0.03	0.06	0.03	0.05
Weighted average number of					
common shares	26	4,618,615,372	3,044,270,932	4,618,615,372	3,044,270,932

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

Consolidated financial statements (Baht)									
	Note	Equity holders of the Company				Total equity holders of the parent	Non-controlling interests	Total shareholders' equity	
		Issued and paid-up share capital	Premium on share capital	Retained earnings					Other components of equity
				Appropriated	Unappropriated	Different of change in percentage of investment in subsidiary			
Balance as at December 31, 2014		205,434,400.00	319,825,000.00	24,687,600.00	524,124,351.65	(5,992,404.63)	1,068,078,947.02	(14,780.69)	1,068,064,166.33
Changes in shareholders' equity for the year 2015:									
Ordinary shares from exercise									
of warrants	22	295,600.00	0.00	0.00	0.00	0.00	295,600.00	0.00	295,600.00
Legal reserve	23	0.00	0.00	7,725,176.44	(7,725,176.44)	0.00	0.00	0.00	0.00
Shares dividend paid	24	8,227,811.80	0.00	0.00	(8,227,811.80)	0.00	0.00	0.00	0.00
Dividend paid	24	0.00	0.00	0.00	(308,543,119.49)	0.00	(308,543,119.49)	(864.30)	(308,543,983.79)
Total comprehensive income for the year									
		0.00	0.00	0.00	176,194,093.30	0.00	176,194,093.30	(3,928.83)	176,190,164.47
Balance as at December 31, 2015		213,957,811.80	319,825,000.00	32,412,776.44	375,822,337.22	(5,992,404.63)	936,025,520.83	(19,573.82)	936,005,947.01
Changes in shareholders' equity for the year 2016:									
Ordinary shares									
Ordinary shares increase	22	213,957,811.80	746,454,179.66	0.00	0.00	0.00	960,411,991.46	0.00	960,411,991.46
Ordinary shares from exercise									
of warrants	22	633,916.20	1,629,164.63	0.00	0.00	0.00	2,263,080.83	0.00	2,263,080.83
Legal reserve	23	0.00	0.00	22,218,834.36	(22,218,834.36)	0.00	0.00	0.00	0.00
Dividend paid	24	0.00	0.00	0.00	(171,163,921.28)	0.00	(171,163,921.28)	(1,149.72)	(171,165,071.00)
Total comprehensive income for the year									
		0.00	0.00	0.00	138,143,666.37	0.00	138,143,666.37	(41,914.58)	138,101,751.79
Balance as at December 31, 2016		428,549,539.80	1,067,908,344.29	54,631,610.80	320,583,247.95	(5,992,404.63)	1,865,680,338.21	2,937,361.88	1,868,617,700.09

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2016

		Separate financial statements (Baht)				
		Issued and paid-up	Premium on	Retained earnings		Total
		share capital	share capital	Appropriated	Unappropriated	shareholders'
Note						equity
Balance as at December 31, 2014		205,434,400.00	319,825,000.00	24,687,600.00	442,152,475.93	992,099,475.93
Changes in shareholders' equity						
for the year 2015:						
Ordinary shares from exercise						
	of warrants	22	295,600.00	0.00	0.00	295,600.00
	Legal reserve	23	0.00	7,725,176.44	(7,725,176.44)	0.00
	Shares dividend paid	24	8,227,811.80	0.00	(8,227,811.80)	0.00
	Dividend paid	24	0.00	0.00	(308,543,119.49)	(308,543,119.49)
Total comprehensive income						
	for the year		0.00	0.00	154,503,528.85	154,503,528.85
Balance as at December 31, 2015		213,957,811.80	319,825,000.00	32,412,776.44	272,159,897.05	838,355,485.29
Changes in shareholders' equity						
for the year 2016:						
	Ordinary shares increase	22	213,957,811.80	746,454,179.66	0.00	960,411,991.46
Ordinary shares from exercise						
	of warrants	22	633,916.20	1,629,164.63	0.00	2,263,080.83
	Legal reserve	23	0.00	22,218,834.36	(22,218,834.36)	0.00
	Dividend paid	24	0.00	0.00	(171,163,921.28)	(171,163,921.28)
Total comprehensive income						
	for the year		0.00	0.00	133,628,201.17	133,628,201.17
Balance as at December 31, 2016		428,549,539.80	1,067,908,344.29	54,631,610.80	212,405,342.58	1,763,494,837.47

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Consolidated financial statements (Baht)</u>		<u>Separate financial statements (Baht)</u>	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit before income tax	173,492,118.00	221,605,389.02	161,225,358.81	190,068,457.64
Adjustment				
Unrealized gain on changes in investment valuation	(2,829,619.48)	0.00	(2,829,619.48)	0.00
Doubtful accounts	7,706,264.69	0.00	7,502,800.16	0.00
Depreciation	64,105,238.81	60,171,176.77	57,366,936.50	53,843,234.74
Gain on disposal of fixed assets	(4,979,853.25)	(167,117.68)	(4,214,941.26)	(182,955.52)
Loss on impairment of assets	14,568,680.83	0.00	14,568,680.83	0.00
Amortized intangible assets	655,994.40	655,994.40	655,994.40	655,994.40
Employee benefit provisions	481,876.00	569,756.88	401,195.00	492,162.88
Dividend received	0.00	0.00	(20,018,850.28)	(15,049,135.70)
Interest expenses	1,754,410.26	8,781,591.79	1,699,326.01	8,918,475.81
	<u>254,955,110.26</u>	<u>291,616,791.18</u>	<u>216,356,880.69</u>	<u>238,746,234.25</u>
(Increase) Decrease in portion of operating assets				
Trade and other receivables	(41,278,127.24)	(284,066.90)	4,199,633.71	6,718,999.83
Inventories	(378,659,743.21)	(12,712,951.61)	(3,128,662.47)	971,444.61
Other non-current assets	676,493.25	(815,705.47)	676,493.25	(815,705.47)
Increase (Decrease) in portion of operating liabilities				
Trade and other payables	87,122,826.49	(21,965,534.78)	(7,295,803.76)	(23,323,335.28)
Employee benefit obligations	0.00	(1,348,770.00)	0.00	(1,348,770.00)
Other non-current liabilities	130,000.00	345,000.00	0.00	0.00
Cash generated (paid) from operation	<u>(77,053,440.45)</u>	<u>254,834,762.42</u>	<u>210,808,541.42</u>	<u>220,948,867.94</u>
Interest paid	(1,505,890.26)	(8,482,357.79)	(1,502,568.01)	(8,665,936.81)
Income tax paid	(45,905,019.23)	(73,717,987.09)	(35,775,821.65)	(34,797,525.81)
Net cash provided by (used in) operating activities	<u>(124,464,349.94)</u>	<u>172,634,417.54</u>	<u>173,530,151.76</u>	<u>177,485,405.32</u>

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2016

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Cash flows from investing activities				
Increase in current investment	(439,403,795.28)	0.00	(439,403,795.28)	0.00
Increase in short-term loans	0.00	0.00	(305,000,000.00)	(86,000,000.00)
Payments for acquire of ordinary share of subsidiary	0.00	0.00	(2,000,000.00)	(14,000,000.00)
Dividend received from subsidiary	0.00	0.00	20,018,850.28	156,049,107.50
Payments for fixed assets acquisition	(39,379,781.43)	(28,204,361.07)	(36,059,734.76)	(22,446,166.31)
Proceeds from sales of equipment	5,887,793.32	692,518.69	4,214,953.26	630,518.69
Advance received from sales of land	44,991,607.50	0.00	44,991,607.50	0.00
Net cash provided by (used in) investing activities	<u>(427,904,175.89)</u>	<u>(27,511,842.38)</u>	<u>(713,238,119.00)</u>	<u>34,233,459.88</u>
Cash flows from financing activities				
Increase (Decrease) in bank overdrafts and short-term loans from financial institutions	(172,670,575.94)	171,859,955.06	(172,670,575.94)	172,359,955.06
Decrease in short-term loans	0.00	0.00	0.00	(20,000,000.00)
Decrease in long-term loans	(73,750,000.00)	(27,500,000.00)	(73,750,000.00)	(27,500,000.00)
Payments for financial lease liabilities	(14,116,796.50)	(24,236,186.95)	(14,116,796.50)	(24,236,186.95)
Proceeds from share capital increase	960,411,991.46	295,600.00	960,411,991.46	295,600.00
Proceeds from sales of ordinary share in subsidiary	3,000,000.00	0.00	0.00	0.00
Proceeds from exercise of warrants to purchase ordinary shares	2,263,080.83	0.00	2,263,080.83	0.00
Dividend paid	(171,165,071.00)	(308,543,983.79)	(171,163,921.28)	(308,543,119.49)
Net cash provided by (used in) financing activities	<u>533,972,628.85</u>	<u>(188,124,615.68)</u>	<u>530,973,778.57</u>	<u>(207,623,751.38)</u>
Net increase (decrease) in cash and cash equivalents	(18,395,896.98)	(43,002,040.52)	(8,734,188.67)	4,095,113.82
Cash and cash equivalents as at January 1	<u>101,531,620.00</u>	<u>144,533,660.52</u>	<u>48,048,904.51</u>	<u>43,953,790.69</u>
Cash and cash equivalents as at December 31	<u>83,135,723.02</u>	<u>101,531,620.00</u>	<u>39,314,715.84</u>	<u>48,048,904.51</u>

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

1. GENERAL INFORMATION

1.1 The Company was registered as a company limited on August 6, 1996 with registration No. (1) 1955/2539. On March 24, 2004, the Company has changed its status to public company limited with registration No.0107547000303.

1.2 The Company's office is located at 3300/57 Chang Tower B Building, 8th floor, Phaholyothin Road, Ladyao, Bangkok and the factories are located as follows :

1st factory : 33 Moo 8, Phaholyothin Road, Tambon Chong Sarika, Amphur Pattananikom, Lopburi.

2nd factory : 280 Moo 1, Leing Mueng Road, Tambon Chong Sarika, Amphur Pattananikom, Lopburi.

3rd factory : 39/3 Moo 7, Tambon Natai, Amphur Ban Naduam, Suratthani.

4th factory : 236 Moo 11, Tambon Phang, Amphur Kosumpisai, Mahasarakham.

5th factory : 567 Moo 1, Tambon Makhanku, Amphur Nihompattana, Rayong.

1.3 Business engagement

1.3.1 The Company engaged in business of manufacturing and selling of construction supplies (precast floor, concrete post and others).

1.3.2 The subsidiaries engaged in business of manufacturing and selling of construction supplies (precast floor and other), and sales of land and lease of real estate. The real estate project in progress as follows :

1) The project which had sales volume

	2016	2015
<u>Bann Orrada Project</u>		
Contract value (Baht)	219,029,496.00	219,029,496.00
% of total sales value	86.49	86.49
<u>Orrada Ratchapruak Project</u>		
Contract value (Baht)	306,076,000.00	234,442,000.00
% of total sales value	89.57	68.61
<u>Dcon Prime Condominium Project</u>		
Contract value (Baht)	150,568,765.00	43,112,685.00
% of total sales value	9.55	2.73

2) "Orrada Land Project" starts to operate in 2009 but had no sales volume.

2. PREPARATION OF FINANCIAL STATEMENTS BASIS

2.1 The financial statements have been prepared in conformity with Financial Reporting Standards, enunciated under the Accounting Professions Act B.E. 2547 and presented in accordance with the notification of Department of Business Development by Ministry of Commerce dated September 28, 2011 regarding the condensed form should be included in the financial statements B.E. 2554 and in accordance with the regulations of the Securities and Exchange Commission regarding the preparation and presentation of financial reporting under the Securities and Exchange Act B.E. 2535.

The financial statements have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

2.2 Accounting standards and financial reporting standards adoption during the period

The Federation of Accounting Professions issued accounting standards, financial reporting standards, standing interpretations committee and financial reporting interpretations committee which are effective for the financial statements beginning on or after January 1, 2016 as detailed below:

Contents

Accounting Standards

TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 11 (revised 2015)	Construction Contracts
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 20 (revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates

Contents

Accounting Standards

TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible Assets
TAS 40 (revised 2015)	Investment Property
TAS 41	Agriculture

Financial Reporting Standards

TFRS 2 (revised 2015)	Share-based Payment
TFRS 3 (revised 2015)	Business Combinations
TFRS 4 (revised 2015)	Insurance Contracts
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2015)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 11 (revised 2015)	Joint Arrangements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement

Contents

Standing Interpretations Committee

TSIC 10 (revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2015)	Operating Leases - Incentives
TSIC 25 (revised 2015)	Income Taxes - Changes in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (revised 2015)	Disclosure - Service Concession Arrangements
TSIC 31 (revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (revised 2015)	Intangible Assets - Web Site Costs

Financial Reporting Interpretations Committee

TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining Whether an Arrangement Contains a Lease
TFRIC 5 (revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2015)	Applying the Restatement Approach under TAS 29 (Revised 2015) <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2015)	Service Concession Arrangements
TFRIC 13 (revised 2015)	Customer Loyalty Programmes
TFRIC 14 (revised 2015)	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction for TAS 19 (Revised 2015) <i>Employee Benefits</i>

Contents

Financial Reporting Interpretations Committee

TFRIC 15 (revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2015)	Transfers of Assets from Customers
TFRIC 20 (revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

During the year, the Company has adopted the revised and new financial reporting standards and accounting guidance issued by the Federation of Accounting Professions. From aforementioned adoption, these financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the financial statements of the Company.

2.3 Financial Reporting Standards issued and revised which will be effective in the future

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards (TFRSs), which are effective for the financial statements for the periods beginning on or after January 1, 2017 onwards, as follows:

Contents

Accounting Standards

TAS 1 (Revised 2016)	Presentation of Financial Statements
TAS 2 (Revised 2016)	Inventories
TAS 7 (Revised 2016)	Statement of Cash Flows
TAS 8 (Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2016)	Events after the Reporting Period
TAS 11 (Revised 2016)	Construction Contracts

Contents

Accounting Standards

TAS 12 (Revised 2016)	Income taxes
TAS 16 (Revised 2016)	Property, Plant and Equipment
TAS 17 (Revised 2016)	Leases
TAS 18 (Revised 2016)	Revenue
TAS 19 (Revised 2016)	Employee Benefits
TAS 20 (Revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2016)	Borrowing Costs
TAS 24 (Revised 2016)	Related Party Disclosures
TAS 26 (Revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2016)	Separate Financial Statements
TAS 28 (Revised 2016)	Investment in Associates and Joint Ventures
TAS 29 (Revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2016)	Earnings Per Share
TAS 34 (Revised 2016)	Interim Financial Reporting
TAS 36 (Revised 2016)	Impairment of Assets
TAS 37 (Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2016)	Intangible Assets
TAS 40 (Revised 2016)	Investment Property
TAS 41 (Revised 2016)	Agriculture
TAS 104 (Revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (Revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (Revised 2016)	Financial Instruments Disclosure and Presentation

Contents

Financial Reporting Standards

TFRS 2 (Revised 2016)	Share-based Payment
TFRS 3 (Revised 2016)	Business Combinations
TFRS 4 (Revised 2016)	Insurance Contracts
TFRS 5 (Revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2016)	Operating Segments
TFRS 10 (Revised 2016)	Consolidated Financial Statements
TFRS 11 (Revised 2016)	Joint Arrangements
TFRS 12 (Revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2016)	Fair Value Measurement

Accounting Standard Interpretations

TSIC 10 (Revised 2016)	Government Assistance-No Specific Relation to Operating Activities
TSIC 15 (Revised 2016)	Operating Leases-Incentives
TSIC 25 (Revised 2016)	Income Taxes-Changes in the Tax Status of and Enterprise or its Shareholders
TSIC 27 (Revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2016)	Service Concession Arrangements: Disclosures
TSIC 31 (Revised 2016)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2016)	Intangible Assets-Web Site Costs

Contents

Financial Reporting Standard Interpretations

TFRIC 1 (Revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2016)	Applying the Restatement Approach under TAS 29 (Revised 2016) <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10 (Revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2016)	Service Concession Arrangements
TFRIC 13 (Revised 2016)	Customer Loyalty Programmes
TFRIC 14 (Revised 2016)	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, TAS 19 (Revised 2016) <i>Employee Benefits</i>
TFRIC 15 (Revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2016)	Transfers of Assets from Customers
TFRIC 20 (Revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2016)	Levies

The Company still has not a plan to adopt such financial reporting standards early application and expected that they will have no material impacts on the financial statements in the year in which they are applied.

3. CONSOLIDATED FINANCIAL STATEMENTS PREPARATION BASIS

The consolidated financial statements of Dcon Products Public Company Limited and its subsidiaries in which the Company has ability to control in making financial and operating decisions as follows:

	Percentage of shareholding		Type of business
	2016	2015	
Orrada Co., Ltd.	99.99	99.99	Sales and lease real estate
Rompo Products Co., Ltd.	99.99	99.99	Manufacturing and selling of precast floor
Dcon Panel Co., Ltd.	40.00	0.00	Manufacturing and selling of light precast partition wall

The consolidated financial statements have been prepared in conformity with the same accounting policy for the same accounts and accounting events of the Company and subsidiaries.

The balance of accounts and transactions between Dcon Products Public Company Limited and its subsidiaries unrealized gain between of the Company and net assets of subsidiaries have been eliminated from the consolidated financial statements.

During the second quarter of 2015, the Company has invested in associate, Dcon Product (Cambodia) Co., Ltd. for the amount of Baht 8.90 million or shareholding proportion at 41%. Such company was incorporated and operated its business in Cambodia. Subsequently on September 23, 2015, the Company has cancelled investment in such associate since the remaining shareholders lack of liquidity and they have no completeness in additionally investment. The Company has sold such investment in the cost price to the other shareholders and already received the payment.

4. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenues and expenses recognition

4.1.1 Revenues and expenses are recognized on an accrual basis.

4.1.2 Revenue from the sales of goods are recognized as income whenever the goods, the significant risks and rewards have been transferred to the buyer.

4.1.3 Revenue from real estate for lease of subsidiary are recognized as income on a straight-line basis over the period of the lease.

4.1.4 Revenues from sales of goods with installation services are recognized when the installation services are rendered.

4.2 Cash and cash equivalents

Cash and cash equivalents included cash on hand and at banks of which the maturity is less than three months from the deposit date and without restriction on withdrawal.

4.3 Trade and other Receivables

Trade and other receivables are stated at the rights to receive amount / invoice amount less allowance for doubtful accounts.

The Company and subsidiaries provided allowance for doubtful accounts by considering the overdue period of the accounts receivable from the abilities to repay the debts of each accounts receivable.

4.4 Inventory

Inventories are valued at the lower of cost on a first-in first-out (FIFO) basis or net realizable value.

Cost of land development is stated at cost which consist of cost of land acquisition, land development and expenses directly related to the project including interest.

4.5 Investment

Investments in securities for trading are stated at fair value. Gain or loss on changes in fair value is recognized as income or expenses in the statements of comprehensive income.

Investment in subsidiaries are stated at cost less provision for impairment (if any).

4.6 Investment properties

4.6.1 Investment properties are properties held to earn rental or for capital appreciation or both.

4.6.2 Subsidiaries are stated land at cost, building at cost less accumulated depreciation and devaluation of assets (if any).

Cost is included initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the subsidiaries incur.

4.6.3 Subsidiaries calculated depreciation on a straight-line basis over the estimated useful lives of assets and the depreciation charge has to be determined separately for each significant parts of assets item with the cost that is significant in relation to the total cost of the assets item. In addition, the entity is required to review the useful lives, residual value and depreciation method at least at each financial year-end.

The estimated useful lives of building is 20 years

Land and assets under construction were not depreciated.

4.7 Property, plant and equipment

4.7.1 Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and provision for impairment of assets (if any). Cost is included initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs.

4.7.2 Building and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets and the depreciation charge has to be determined separately for each significant parts of assets with the cost that is significant in relation to the total cost of assets item. In addition, the entity is required to review the useful lives, residual value and depreciation method at least at each financial year-end.

The estimated useful lives of the assets are follows :

	Number of years
Building and building improvement	5, 10 and 20
Machinery and equipment	5, 10 and 15
Underground well	5 and 10
Furniture, fixtures and office equipment	5
Vehicles	5 and 10

Land and assets under construction were not depreciated.

4.8 Intangible assets

Intangible assets are valued at cost less accumulated amortization and provision for impairment of assets (if any).

Amortization is calculated on a straight-line basis as follows :

	Number of years
Computer software	10
Research and development costs	15

4.9 Impairment of assets

The Company and subsidiaries have assessed the impairment of assets whenever events or changes indicated that the carrying amount of an assets exceeds its recoverable value (net selling price of the assets under current operation or its utilization value whichever is higher). The Company will consider the impairment for each asset item or each asset unit generating cash flows, whenever is practical. In case of the carrying amount of an asset exceeds its recoverable value, the Company will recognize an impairment in the statements of comprehensive income. The Company will reverse the impairment loss whenever there is an indication that there is no longer impairment or reduction in impairment.

4.10 Financial instruments

Financial instruments are presented in statements of financial position, consist of cash and cash equivalents, current investment, trade and other receivables and short-term loans, bank overdrafts and short-term loans from financial institutions, trade and other payables, short-term loans, long-term loans and financial lease liabilities. The basis of recognition and measurement of each item is separately disclosed in the related transactions.

4.11 Long-term lease

The Company and subsidiaries recorded vehicles under financial lease agreement/hire purchase agreement as assets and liabilities in an amount equal to the fair value at the leased assets or the present value of minimum payments under agreement. Interest expenses are recorded on over the term of agreement.

4.12 Employee Benefits

4.12.1 Provident Fund

The Company and subsidiaries have established provident fund under the defined contribution plan. The fund's assets are separated entities which are administered by the outsider fund manager. The Company and employees made contribution into such provident fund. The Company's contribution payments to the provident fund were recorded as expenses in statements of comprehensive income in the period in which they are incurred.

4.12.2 Post-Employee Benefits

The Company and subsidiaries provide for post-employment benefits, payable to employees under the Thai Labor Law. The present value of employee benefit liabilities recognized in the statements of financial position is estimated on an actuarial basis using Projected Unit Credit Method of which calculated by the Independent Actuary by using Actuarial Technique. The calculation was made from determining the present value of future cash flows expected to be required to settle and determines discount rate by reference to market yield of government bonds should have terms to maturity approximately equal to the terms of such obligations. In determine the future cash flows expected to be required to settle is used from employees' salaries, turnover, length of services and other factors. Changes in actuarial gains or losses are recognized in the period in which they are incurred in other comprehensive income. Expenses related to employee benefits shall be recorded in profit or loss for sharing such expenses throughout the period of services rendering.

4.13 Income tax and deferred tax

1. Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in 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 reporting date, and any adjustment to tax payable in respect of previous years.
- Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized that it is probable that they will not utilize in the foreseeable future.

2. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they adjust, using tax rates enacted or substantively enacted at the reporting date.
3. In determining the amount of current and deferred tax, the Company and subsidiaries take into account the impact of uncertain tax positions and whether additional taxes and interest may be settled. The Company and subsidiaries believe 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 judgments about future events. New information may become available that causes the Company and subsidiaries to change its judgment 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.
4. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but the Company and subsidiaries intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.
5. 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 utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.14 Provisions

The Company and subsidiary recognize a provision when an entity has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits resources will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. If some or all the expenditure is required to settle a provision, is expected to be reimbursed when it is virtually certain that reimbursement will be received if the Company settles the obligation. The amount recognized should not exceed the amount of the provisions.

4.15 Measurement of fair values

The Company and subsidiaries have an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuation should be classified.

When measuring the fair value of an asset or a liability, the Company and subsidiaries use market observable data as fair as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows :

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. observable prices).
- Level 3 : inputs are unobservable for the asset or liability.

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company and subsidiaries recognized transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

4.16 Significant accounting judgements and estimates

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

Allowance for doubtful accounts

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

Allowance for diminution in value of inventory

The determination of allowance for diminution in the value of inventory, requires management to make judgements and estimates. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business; and provision for obsolete, slow-moving and deteriorated inventories, is estimated based on the approximate useful life of each type of inventory.

Property, plant and equipment/Depreciation

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

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

Intangible assets

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plans and other long-term employee benefit plans are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

4.17 Earnings per share

Earnings (Loss) per share as presented in the statements of comprehensive income is the basic earnings per share which is determined by dividing the net profit for the year by the weighted average number of common shares issued and paid-up during the year.

Diluted earnings per share is calculated by dividing net profit for the year by the weighted average of common share issued during the year added by the number of common shares issued for offering to warrant holders of the Company.

5. SUPPLEMENT DISCLOSURE OF CASH FLOWS INFORMATION

5.1 Cash and cash equivalents comprise:

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Cash	1,034,000.00	1,034,000.00	842,000.00	842,000.00
Cash at banks - current accounts	15,447,035.80	19,165,973.10	8,225,803.59	14,010,170.30
Cash at banks - savings deposit	66,653,666.34	81,330,634.08	30,246,912.25	33,196,734.21
Cash at banks - fixed deposit				
with 3 months	1,020.88	1,012.82	0.00	0.00
Total	83,135,723.02	101,531,620.00	39,314,715.84	48,048,904.51

5.2 Non-cash transaction

For the year ended December 31, 2015

Parent company

The Company made the dividend payment by common shares to the existing shareholders (Right offering) amount of Baht 8.23 million.

The Company has acquired the increase share capital based on proportion shareholding in subsidiary in the amount of Baht 100 million by making payment by cash amount of Baht 14 million, the remaining will be deducted with inter-company loans.

6. CURRENT INVESTMENT

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Investment in open-end fund :-				
SCB Short Term Fixed Income				
Plus Fund (Class A)	140,883,414.76	0.00	140,883,414.76	0.00
SCB Foreign Fixed Income				
Accredited Investors and				
Special Retail Fund 6MD1	301,350,000.00	0.00	301,350,000.00	0.00
Total	442,233,414.76	0.00	442,233,414.76	0.00

7. TRADE AND OTHER RECEIVABLES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Trade accounts receivable	136,365,603.62	137,652,749.73	122,987,144.78	124,373,230.92
Other receivables				
- Amount received in advance				
for goods	45,175,307.84	0.00	0.00	0.00
- Others	7,554,253.67	10,164,288.16	4,272,054.81	7,085,602.38
Total	189,095,165.13	147,817,037.89	127,259,199.59	131,458,833.30
Less Allowance for doubtful accounts				
- Trade accounts receivable	(15,299,552.85)	(11,163,638.16)	(8,344,631.46)	(4,412,181.30)
- Other receivables	(1,417,512.00)	(1,417,512.00)	0.00	0.00
Net	172,378,100.28	135,235,887.73	118,914,568.13	127,046,652.00

Billed trade accounts receivable separated on aging as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Undue trade accounts receivable	71,370,282.69	74,661,452.52	67,092,737.43	69,965,940.80
Overdue trade accounts receivable				
- Less than 3 months	46,809,371.19	49,882,600.67	44,687,852.70	48,089,288.29
- Over 3 months to 6 months	2,638,727.33	1,118,173.92	2,638,727.33	1,118,173.92
- Over 6 months to 12 months	926,601.54	908,813.56	902,127.84	908,813.56
- More than 12 months	14,620,620.87	11,081,709.06	7,665,699.48	4,291,014.35
Total	136,365,603.62	137,652,749.73	122,987,144.78	124,373,230.92

8. SHORT-TERM LOANS

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Other person	3,570,350.00	3,570,350.00	3,570,350.00	3,570,350.00
Subsidiary	0.00	0.00	305,000,000.00	0.00
Total	3,570,350.00	3,570,350.00	308,570,350.00	3,570,350.00
Less Allowance for doubtful accounts	(3,570,350.00)	0.00	(3,570,350.00)	0.00
Net	0.00	3,570,350.00	305,000,000.00	3,570,350.00

9. INVENTORIES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Finished goods	31,827,579.69	30,180,239.02	30,121,126.65	28,815,614.35
Work in process	0.00	413,259.06	0.00	0.00
Raw materials and supplies	33,240,285.76	31,620,716.12	31,459,197.40	29,636,047.23
Inventories in transit	1,089,204.28	0.00	0.00	0.00
Cost of land for development				
- Land	444,599,507.39	321,514,123.89	0.00	0.00
- Land for development	34,748,441.62	35,612,606.94	0.00	0.00
- Work in progress	664,095,397.22	402,950,008.29	0.00	0.00
Total	1,209,600,415.96	822,290,953.32	61,580,324.05	58,451,661.58
Less Cost of land for development transfer to cost of sales	(382,364,341.41)	(354,423,188.11)	0.00	0.00
Less Transfer to investment properties	(9,439,162.90)	(19,291,433.87)	0.00	0.00
Total	817,796,911.65	448,576,331.34	61,580,324.05	58,451,661.58
Less Allowance for obsolete goods	(489,394.51)	(489,394.51)	(489,394.51)	(489,394.51)
Net	817,307,517.14	448,086,936.83	61,090,929.54	57,962,267.07

10. LAND HELD FOR DEVELOPMENT

As at December 31, 2016 and 2015, subsidiaries' land held for development (including land, land improvement and utilities) in the amount of Baht 14.20 million are mortgaged as collateral against overdraft lines and short-term loans from financial institutions (note 17) and contingent liabilities from bank issuance of guarantee (note 34.2).

11. INVESTMENTS IN SUBSIDIARIES

Company's name	Type of business	Relationship	Paid-up share capital (Baht)		Percentage of shareholding		Separate financial statements (Baht)			
			2016	2015	2016	2015	Cost method		Dividend income	
			2016	2015	2016	2015	2016	2015	2016	2015
Orrada Co., Ltd.	Sales and lease real estate	Shareholders and directorship	400,000,000.00	400,000,000.00	99.99	99.99	400,000,000.00	400,000,000.00	0.00	0.00
Rompo Products Co., Ltd.	Manufacturing and selling of precast floor	Shareholders and directorship	35,000,000.00	35,000,000.00	99.99	99.99	41,663,520.71	41,663,520.71	20,018,850.28	15,049,135.70
Dcon Panel Co., Ltd.	Manufacturing and selling of light precast partition wall	Shareholders and directorship	5,000,000.00	0.00	40.00	0.00	2,000,000.00	0.00	0.00	0.00
Total							443,663,520.71	441,663,520.71	20,018,850.28	15,049,135.70

11.1 Share capital - Orrada Co., Ltd.

According to the minutes of shareholders' extraordinary meeting No. 1/2015 held on August 13, 2015, passed the resolution to increase share capital amount of Baht 100 million totally Baht 400 million (40,000,000 common shares at par value of Baht 10 each) in the existing shareholders ratio that the subsidiary has registered the increase share capital with the Ministry of Commerce on September 7, 2015. The subsidiary has called for and received the payment of common shares in fully amount.

11.2 On October 31, 2016, the Company had investment in ordinary shares of Dcon Panel Co., Ltd. amount of Baht 2.00 million (20,000 ordinary shares of Baht 100 each).

11.3 The financial statements for the year ended December 31, 2016 and 2015 of above subsidiaries have been taken for preparing the consolidated financial statements which were audited by the auditor.

12. INVESTMENT PROPERTIES

	Consolidated financial statements (Baht)		
	Land	Building	Total
Assets cost :			
As at December 31, 2014	16,185,521.24	19,765,818.05	35,951,339.29
Transfer from inventories	<u>2,999,676.12</u>	<u>16,291,757.75</u>	<u>19,291,433.87</u>
As at December 31, 2015	19,185,197.36	36,057,575.80	55,242,773.16
Transfer from inventories	<u>1,760,422.09</u>	<u>7,678,740.81</u>	<u>9,439,162.90</u>
As at December 31, 2016	<u>20,945,619.45</u>	<u>43,736,316.61</u>	<u>64,681,936.06</u>
Accumulated depreciation :			
As at December 31, 2014	0.00	12,208,308.26	12,208,308.26
Depreciation for the year	<u>0.00</u>	<u>1,310,373.57</u>	<u>1,310,373.57</u>
As at December 31, 2015	0.00	13,518,681.83	13,518,681.83
Depreciation for the year	<u>0.00</u>	<u>2,073,651.36</u>	<u>2,073,651.36</u>
As at December 31, 2016	<u>0.00</u>	<u>15,592,333.19</u>	<u>15,592,333.19</u>
Net assets value			
As at December 31, 2015	<u>19,185,197.36</u>	<u>22,538,893.97</u>	<u>41,724,091.33</u>
As at December 31, 2016	<u>20,945,619.45</u>	<u>28,143,983.42</u>	<u>49,089,602.87</u>

As at December 31, 2016 and 2015, a subsidiary has investment properties in the form of land including 14 units and 12 units of factory buildings of subsidiary which had fair value amount of Baht 153.48 million and Baht 113.20 million respectively and another subsidiary has 4 plots of land which had fair value amount of Baht 39.33 million.

13. PROPERTY, PLANT AND EQUIPMENT

	Consolidated financial statements (Baht)							
	Land and land improvement	Building and building improvement	Machinery, tools and equipment	Underground well	Furniture, fixtures and office equipment	Vehicles	Assets under construction	Total
Assets - cost :								
As at December 31, 2014	141,932,285.16	218,832,804.65	332,531,796.69	5,693,904.45	35,723,257.00	311,353,047.90	132,896.00	1,046,199,991.85
Acquisition	95,000.00	219,705.02	18,584,683.81	619,000.00	2,534,468.35	4,769,379.81	2,148,924.08	28,971,161.07
Disposal	0.00	0.00	(4,046,099.63)	0.00	(742,047.45)	(829,789.60)	0.00	(5,617,936.68)
Inter-transaction transfer	0.00	0.00	9,300.00	0.00	0.00	0.00	(9,300.00)	0.00
As at December 31, 2015	142,027,285.16	219,052,509.67	347,079,680.87	6,312,904.45	37,515,677.90	315,292,638.11	2,272,520.08	1,069,553,216.24
Acquisition	0.00	0.00	3,583,658.83	0.00	661,814.22	28,200,858.16	7,227,797.71	39,674,128.92
Disposal	0.00	0.00	(16,051.88)	0.00	(101,991.61)	(8,442,461.95)	(294,347.49)	(8,854,852.93)
Inter-transaction transfer	0.00	1,459,990.46	4,879,909.26	0.00	0.00	0.00	(6,339,899.72)	0.00
As at December 31, 2016	142,027,285.16	220,512,500.13	355,527,197.08	6,312,904.45	38,075,500.51	335,051,034.32	2,866,070.58	1,100,372,492.23
Accumulated depreciation :								
As at December 31, 2014	0.00	102,686,999.50	211,901,251.48	3,886,450.68	27,536,669.88	166,412,282.86	0.00	512,423,654.40
Depreciation for the year	0.00	8,069,499.42	19,141,246.24	219,923.50	3,147,649.03	19,804,747.41	0.00	50,383,065.60
Depreciation - write off	0.00	0.00	(4,031,432.12)	0.00	(666,441.88)	(394,661.67)	0.00	(5,092,535.67)
As at December 31, 2015	0.00	110,756,498.92	227,011,065.60	4,106,374.18	30,017,877.03	185,822,368.60	0.00	557,714,184.33
Depreciation for the year	0.00	7,973,301.94	21,124,050.24	299,171.11	2,929,248.83	21,998,993.60	0.00	54,324,765.72
Depreciation - write off	0.00	0.00	(12,510.38)	0.00	(97,039.33)	(8,326,136.09)	0.00	(8,435,685.80)
As at December 31, 2016	0.00	118,729,800.86	248,122,605.46	4,405,545.29	32,850,086.53	199,495,226.11	0.00	603,603,264.25
Net assets value								
As at December 31, 2015	142,027,285.16	108,296,010.75	120,068,615.27	2,206,530.27	7,497,800.87	129,470,269.51	2,272,520.08	511,839,031.91
As at December 31, 2016	142,027,285.16	101,782,699.27	107,404,591.62	1,907,359.16	5,225,413.98	135,555,808.21	2,866,070.58	496,769,227.98

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Separate financial statements (Baht)							Total
	Land and land improvement	Building and building improvement	Machinery, tools and equipment	Underground well	Furniture, fixtures and office equipment	Vehicles	Assets under construction	
Assets - cost :								
As at December 31, 2014	115,804,552.29	203,758,164.06	306,285,859.00	5,578,411.68	30,389,211.54	295,603,129.31	132,896.00	957,552,223.88
Acquisition	95,000.00	219,705.02	15,426,652.06	619,000.00	1,338,685.15	3,365,000.00	2,148,924.08	23,212,966.31
Disposal	0.00	0.00	0.00	0.00	(664,581.00)	(829,789.60)	0.00	(1,494,370.60)
Transference	0.00	0.00	9,300.00	0.00	0.00	0.00	(9,300.00)	0.00
As at December 31, 2015	115,899,552.29	203,977,869.08	321,721,811.06	6,197,411.68	31,063,315.69	298,138,339.71	2,272,520.08	979,270,819.59
Acquisition	0.00	0.00	3,530,969.63	0.00	566,807.75	26,774,608.16	5,481,696.71	36,354,082.25
Disposal	0.00	0.00	0.00	0.00	0.00	(6,664,688.12)	(294,347.49)	(6,959,035.61)
Transference	0.00	1,459,990.46	4,879,909.26	0.00	0.00	0.00	(6,339,899.72)	0.00
As at December 31, 2016	115,899,552.29	205,437,859.54	330,132,689.95	6,197,411.68	31,630,123.44	318,248,259.75	1,119,969.58	1,008,665,866.23
Accumulated depreciation :								
As at December 31, 2014	0.00	96,489,487.13	191,862,752.17	3,785,437.68	23,347,524.18	158,159,515.13	0.00	473,644,716.29
Depreciation for the year	0.00	7,315,768.49	17,394,273.28	209,291.48	2,536,849.06	17,909,314.83	0.00	45,365,497.14
Depreciation - write off	0.00	0.00	0.00	0.00	(652,145.76)	(394,661.67)	0.00	(1,046,807.43)
As at December 31, 2015	0.00	103,805,255.62	209,257,025.45	3,994,729.16	25,232,227.48	175,674,168.29	0.00	517,963,406.00
Depreciation for the year	0.00	7,223,352.43	18,850,595.89	295,326.36	2,239,843.85	20,267,875.81	0.00	48,876,994.34
Depreciation - write off	0.00	0.00	0.00	0.00	0.00	(6,664,676.12)	0.00	(6,664,676.12)
As at December 31, 2016	0.00	111,028,608.05	228,107,621.34	4,290,055.52	27,472,071.33	189,277,367.98	0.00	560,175,724.22
Net assets value								
As at December 31, 2015	115,899,552.29	100,172,613.46	112,464,785.61	2,202,682.52	5,831,088.21	122,464,171.42	2,272,520.08	461,307,413.59
As at December 31, 2016	115,899,552.29	94,409,251.49	102,025,068.61	1,907,356.16	4,158,052.11	128,970,891.77	1,119,969.58	448,490,142.01

As at December 31, 2016 and 2015, land, building, machinery and equipment at cost of Baht 157.52 million and Baht 209.23 million in the consolidated financial statements, and Baht 138.18 million and Baht 189.89 million in the separate financial statements respectively are mortgaged as collateral against overdrafts line and short-term loans from financial institutions (note 17), long-term loans (note 19) and contingent liabilities from bank issuance of letter of guarantee (note 34.2).

14. INTANGIBLE ASSETS

	Consolidated and Separate financial statements (Baht)					
	Computer software		Products research and development		Total	
	2016	2015	2016	2015	2016	2015
Intangible assets - cost :						
Beginning balance	6,649,420.09	6,649,420.09	12,715,569.38	12,715,569.38	19,364,989.47	19,364,989.47
Ending balance	6,649,420.09	6,649,420.09	12,715,569.38	12,715,569.38	19,364,989.47	19,364,989.47
Accumulated amortization :						
Beginning balance	4,611,435.44	3,955,441.04	2,168,347.36	2,168,347.36	6,779,782.80	6,123,788.40
Amortization for the year	655,994.40	655,994.40	0.00	0.00	655,994.40	655,994.40
Ending balance	5,267,429.84	4,611,435.44	2,168,347.36	2,168,347.36	7,435,777.20	6,779,782.80
Provision for impairment of assets :						
Beginning balance	0.00	0.00	10,547,222.02	10,547,222.02	10,547,222.02	10,547,222.02
Ending balance	0.00	0.00	10,547,222.02	10,547,222.02	10,547,222.02	10,547,222.02
Net intangible assets value						
Beginning balance	2,037,984.65	2,693,979.05	0.00	0.00	2,037,984.65	2,693,979.05
Ending balance	1,381,990.25	2,037,984.65	0.00	0.00	1,381,990.25	2,037,984.65

15. DEFERRED TAX ASSETS / LIABILITIES

The increase and decrease of deferred tax assets / liabilities are as follows :

	Consolidated financial statements (Baht)				
	Recognize as (expenses)		Recognize as (expenses)		
	As at December	income in profit	As at December	income in profit	As at December
	31, 2014	or loss	31, 2015	or loss	31, 2016
		(Note 25.2)		(Note 25.2)	
<u>Deferred tax assets</u>					
Trade accounts receivable (allowance for doubtful accounts)	895,432.31	(7,954.47)	887,477.84	1,553,087.63	2,440,565.47
Inventories (allowance for devaluation of inventories)	70,161.02	0.00	70,161.02	27,717.88	97,878.90
Intangible assets (provision for impairment)	632,833.34	(210,944.42)	421,888.92	(210,944.48)	210,944.44
Non-operating assets (provision for impairment)	2,045,251.17	(337,299.13)	1,707,952.04	2,482,116.99	4,190,069.03
Employee benefit obligations	1,405,426.81	(114,735.83)	1,290,690.98	146,079.20	1,436,770.18
Total	5,049,104.65	(670,933.85)	4,378,170.80	3,998,057.22	8,376,228.02
<u>Deferred tax liabilities</u>					
Fixed assets (depreciation)	(2,797,775.25)	(1,101,928.40)	(3,899,703.65)	(1,072,482.75)	(4,972,186.40)
Net	2,251,329.40	(1,772,862.25)	478,467.15	2,925,574.47	3,404,041.62
Separate financial statements (Baht)					
	Recognize as (expenses)		Recognize as (expenses)		
	As at December	income in profit	As at December	income in profit	As at December
	31, 2014	or loss	31, 2015	or loss	31, 2016
		(Note 25.2)		(Note 25.2)	
	<u>Deferred tax assets</u>				
Trade accounts receivable (allowance for doubtful accounts)	870,601.57	0.00	870,601.57	1,512,394.72	2,382,996.29
Inventories (allowance for devaluation of inventories)	70,161.02	0.00	70,161.02	27,717.88	97,878.90
Intangible assets (provision for impairment)	632,833.34	(210,944.42)	421,888.92	(210,944.48)	210,944.44
Non-operating assets (provision for impairment)	2,045,251.17	(337,299.13)	1,707,952.04	2,482,116.99	4,190,069.03
Employee benefit obligations	1,186,206.61	(139,593.63)	1,046,612.98	119,590.60	1,166,203.58
Total	4,805,053.71	(687,837.18)	4,117,216.53	3,930,875.71	8,048,092.24
<u>Deferred tax liabilities</u>					
Fixed assets (depreciation)	(2,797,775.25)	(1,101,928.40)	(3,899,703.65)	(1,072,482.75)	(4,972,186.40)
Net	2,007,278.46	(1,789,765.58)	217,512.88	2,858,392.96	3,075,905.84

16. NON-OPERATING ASSETS

Consolidated and Separate financial statements (Baht)				
	Land and land improvement	Building and building improvement	Machinery, tools and equipment	Total
Assets - cost				
As at December 31, 2014	17,448,452.47	62,766,155.35	99,623,503.15	179,838,110.97
As at December 31, 2015	17,448,452.47	62,766,155.35	99,623,503.15	179,838,110.97
As at December 31, 2016	17,448,452.47	62,766,155.35	99,623,503.15	179,838,110.97
Accumulated depreciation :				
As at December 31, 2014	0.00	23,958,488.86	55,113,503.15	79,071,992.01
Depreciation for the year	0.00	2,953,094.55	5,524,643.05	8,477,737.60
As at December 31, 2015	0.00	26,911,583.41	60,638,146.20	87,549,729.61
Depreciation for the year	0.00	2,961,185.22	5,528,756.94	8,489,942.16
As at December 31, 2016	0.00	29,872,768.63	66,166,903.14	96,039,671.77
Provision for impairment of assets :				
As at December 31, 2014	0.00	3,339,102.98	17,933,111.48	21,272,214.46
As at December 31, 2015	0.00	3,339,102.98	17,933,111.48	21,272,214.46
Loss on impairment for the year	0.00	0.00	14,568,680.83	14,568,680.83
As at December 31, 2016	0.00	3,339,102.98	32,501,792.31	35,840,895.29
Net non-operating assets value				
As at December 31, 2015	17,448,452.47	32,515,468.96	21,052,245.47	71,016,166.90
As at December 31, 2016	17,448,452.47	29,554,283.74	954,807.70	47,957,543.91

In the third quarter of 2009, the increasing of non-operating assets amount of Baht 136.87 million derived from transferring land, building and equipment because the factory was temporarily stopped for using in its manufacture. The Company led the independent appraiser to appraise the value of building by using the new replacement cost, machinery and equipment by using fair market value, the total appraisal value is lower than carrying value amount of Baht 21.27 million.

As at December 31, 2016 and 2015, land, building, machinery and equipment at cost amount of Baht 130.61 million and Baht 134.02 million in the consolidated and separate financial statements are mortgaged as collateral against overdraft line and short-term loans from financial institutions (note 17), long-term loan (note 19) and contingent liabilities from bank issuance of letter of guarantee (note 34.2).

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

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Bank overdrafts	762,414.43	3,432,990.37	762,414.43	3,432,990.37
Short-term loans	0.00	170,000,000.00	0.00	170,000,000.00
Total	<u>762,414.43</u>	<u>173,432,990.37</u>	<u>762,414.43</u>	<u>173,432,990.37</u>

As at December 31, 2016 and 2015, the Company and subsidiaries have overdrafts line for the amount of Baht 72 million (4 banks) in the consolidated financial statements, and Baht 60 million (4 banks) in the separate financial statements respectively at the interest rate of MOR to MOR+0.25% per annum and short-term loans from 5 banks for the credit line of Baht 316 million in the consolidated financial statements and Baht 311 million in the separate financial statements respectively at the interest rate of MLR - 2.75% to MLR - 0.5% per annum.

The above liabilities guaranteed by mortgaging land held for development (note 10), land with its building, and machinery and equipment (note 13 and 16).

18. TRADE AND OTHER PAYABLES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Trade accounts payable	141,819,373.38	76,038,547.77	63,058,175.64	70,560,689.20
Other payables				
Deposits received				
for land	44,991,607.50	0.00	44,991,607.50	0.00
Retention	16,074,407.40	2,896,392.10	0.00	0.00
Amount received in				
advance for goods	15,688,690.78	7,593,708.62	6,244,058.39	5,365,377.62
Accrued expenses	15,607,207.11	15,540,317.32	12,204,390.82	12,199,046.91
Others	7,836,729.53	7,834,615.90	3,999,162.52	4,676,477.40
Total	<u>242,018,015.70</u>	<u>109,903,581.71</u>	<u>130,497,394.87</u>	<u>92,801,591.13</u>

On September 9, 2016, the Company entered into agreement to buy and to sell a part of land of non-operating assets (note 16) with a company in the price of Baht 141.83 million and received deposit total amount of Baht 44.99 million. Subsequent on February 3, 2017, the Company has received the remaining amount and transferred the ownership of such land to the buyer.

19. LONG-TERM LOAN

	Consolidated and	
	Separate financial statements (Baht)	
	2016	2015
Loan from bank	0.00	73,750,000.00
Less Current portion of long-term liabilities	0.00	<u>(27,500,000.00)</u>
Net	<u>0.00</u>	<u>46,250,000.00</u>

The Company has obtained the approval for long-term loans line from two banks.

The first line amount of Baht 70 million for using in factory construction. The interest is payable on a monthly basis at the rate of MLR-2% per annum. The principal is repayable within 60 months. The first installment will be made on August 2014 and the following installment will be made on a quarterly basis in the amount of Baht 4.38 million each. During the year 2016, the Company has already paid such loan in full.

The second line amount of Baht 40 million for using in factory construction. The interest is payable on a monthly basis at the rate of MLR-2.5% per annum. The principal is repayable within 48 months. The first installment will be made on March 2015 and the following installment will be made on a quarterly basis in the amount of Baht 2.50 million each. During the year 2016, the Company has already paid such loan in full.

Such loans are guaranteed by land with its construction of the Company (note 13 and 16).

20. FINANCIAL LEASE LIABILITIES

20.1 Financial lease liabilities exclude future interest are as follow:

	Consolidated and Separate financial statements (Baht)	
	2016	2015
Lease payable	708,187.19	14,824,983.69
Less Current portion of long-term liabilities	<u>(569,120.64)</u>	<u>(14,408,956.13)</u>
Net	<u>139,066.55</u>	<u>416,027.56</u>

20.2 As at December 31, 2016 and 2015, vehicles at cost of Baht 1.19 million and Baht 58.26 million respectively in the consolidated and separate financial statements which are being made the payment as indicated in agreement.

20.3 The minimum to be paid for financial lease is as follows :

	Consolidated and Separate financial statements (Baht)	
	2016	2015
Within 1 year	605,703.44	14,703,222.91
Over 1 year to 3 years	117,168.00	438,011.04
Over 3 year to 5 years	<u>0.00</u>	<u>0.00</u>
Total	722,871.44	15,141,233.95
Less Future interest under financial lease	<u>(14,684.25)</u>	<u>(316,250.26)</u>
Present value of financial lease liabilities	<u>708,187.19</u>	<u>14,824,983.69</u>

21. EMPLOYEE BENEFIT OBLIGATIONS

The Company and its subsidiaries had an employee benefit obligation based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service and long-term service awards.

The defined benefit plans expose the Company and subsidiaries to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The statement of financial position obligation was determined as follows:

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2016	2015	2016	2015
Present value of obligations	7,183,850.88	6,453,454.88	5,831,017.88	5,233,064.88

Movement in the present value of the employee benefit obligations

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2016	2015	2016	2015
As at 1 January	6,453,454.88	6,933,234.00	5,233,064.88	5,837,133.00
Benefits paid	0.00	(1,348,770.00)	0.00	(1,348,770.00)
Current service costs and interest	730,396.00	868,990.88	597,953.00	744,701.88
As at 31 December	<u>7,183,850.88</u>	<u>6,453,454.88</u>	<u>5,831,017.88</u>	<u>5,233,064.88</u>

Expense recognized in profit or loss

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2016	2015	2016	2015
Current service costs	481,876.00	569,756.88	401,195.00	492,162.88
Interest on obligation	248,520.00	299,234.00	196,758.00	252,539.00
Total	<u>730,396.00</u>	<u>868,990.88</u>	<u>597,953.00</u>	<u>744,701.88</u>

The Company and its subsidiaries recognized the expenses in the following line items in the statement of income

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2016	2015	2016	2015
Cost of services	171,013.64	222,617.50	171,013.64	222,617.50
Administrative expenses	310,862.36	347,139.38	230,181.36	269,545.38
Finance costs	248,520.00	299,234.00	196,758.00	252,539.00
Total	730,396.00	868,990.88	597,953.00	744,701.88

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

	Consolidated		Separate	
	financial statements (%)		financial statements (%)	
	2016	2015	2016	2015
Discount rate	3.99	3.99	3.99	3.99
Future salary increases	6.69	6.69	6.69	6.69

Assumptions regarding future mortality are based on published statistics and Thailand Mortality Ordinary Life table 2008 (“TMO08”).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below :

	Consolidated		Separate	
	financial statements (%)		financial statements (%)	
Defined benefit obligation				
at 31 December 2019	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(193,374.00)	205,544.00	(152,839.00)	162,136.00
Future salary growth				
(0.5% movement)	192,260.00	(182,808.00)	150,419.00	(143,313.00)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

22. SHARE CAPITAL

22.1 The resolution of shareholders' meeting

22.1.1 According to the shareholders' extraordinary meeting No. 1/2015 held on January 8, 2015, the shareholders passed the resolution as follow :

- 1) Change the par value of share capital from Baht 1 each to Baht 0.10 each, as a result, the Company has registered share capital - ordinary shares for 2,468,760,000 shares at par value of Baht 0.10 each. The Company has registered the change in par value of share capital with the Ministry of Commerce on January 13, 2015.
- 2) Increase share capital of the Company for the amount of Baht 38.86 million (388,600,000 ordinary shares at par value of Baht 0.10 each) to support the exercise right of warrant - holders (DCON-W1 and DCON-W2). The Company has registered the increase share capital with the Ministry of Commerce on January 14, 2015.

22.1.2 Accounting to the minutes of the shareholders' General Meeting for the year 2015 held on April 23, 2015, passed the resolution as follow :

- 1) Decrease the registered share capital from Baht 285.74 million to Baht 285.63 million by deducting unissued 1.10 million shares at par value of Baht 0.10 each, the Company has registered the decrease share capital with the Ministry of Commerce on May 1, 2015.
- 2) Increase the registered share capital for shares dividend from Baht 285.63 million to Baht 297.38 million by issuing 117.51 million ordinary shares at par value of Baht 0.10 each, the Company has registered the increase share capital with the Ministry of Commerce on May 6, 2015.
- 3) Pay by shares dividend of the Company for amount not exceed Baht 8.22 million or at Baht 0.10 per shares in the ratio of 25 existing shares per 1 share dividend (in case the indivisible shares less than 25 shares, the dividend will be paid by cash at Baht 0.004 per share). During the period, the Company has paid such shares dividend for 82.28 million shares, as a result, the Company incurred the increase in paid-up share capital from Baht 205.73 million to Baht 213.96 million (2,139,578,118 common shares at par value of Baht 0.10 each). The Company has registered the increase share capital with the Ministry of Commerce of May 12, 2015.

22.1.3 According to the shareholders' extraordinary meeting No. 2/2015 held on December 21, 2015, the shareholders passed the resolution as follow :

- 1) Decrease the registered share capital from Baht 297,377,516.70 to Baht 297,376,128.50 by deducting unissued 13,882 shares at par value of Baht 0.10 each, the Company has registered the decrease share capital with the Ministry of Commerce on December 28, 2015.

2) Increase the registered share capital of the Company for amount not exceed Baht 248.94 million (2,489,399,795 common shares at par value of Baht 0.10 each). The allocation is detailed following :

- Allocate the increase share capital for the amount not exceeding 2,139,598,118 ordinary shares offer to the existing shareholders based on shareholding proportion (Right offering) at the ratio of 1 existing share for 1 new share at the offering price amount of Baht 0.45 each.
- Allocate the increase share capital for the amount not exceeding 349,821,677 ordinary shares in order to correspond with the modification of warrant holders rights (DCON-W1 and DCON-W2) in respect of Right Offering at the par value less than 90% of market price per share.

The Company has registered the increase share capital from Baht 297.38 million to Baht 546.32 million (5,463,161,080 ordinary shares at par value of Baht 0.10 each) and also registered such increase share capital with the Ministry of Commerce on December 29, 2015.

The Company has received the payment of such share capital increased, as at result, the Company has the additional share capital from amount of Baht 213.96 million to Baht 427.92 million (4,279,156,236 shares of Baht 0.10 each). The Company has registered the paid-up share capital with the Ministry of Commerce on February 3, 2016.

22.2 The increase and decrease of share capital of share capital are as follow :

	Authorized share capital		Issued and paid-up share capital	
	Number of shares	Amount (Baht)	Number of shares	Amount (Baht)
Balance as at December 31, 2014	2,468,760,000	246,876,000.00	2,054,344,000	205,434,400.00
Ordinary shares issued from				
exercise of warrants	0	0.00	2,956,000	295,600.00
Share dividend paid	0	0.00	82,278,118	8,227,811.80
Increase registered share capital	2,995,512,737	299,551,273.70	0	0.00
Decrease registered shares capital	(1,111,657)	(111,165.70)	0	0.00
Balance as at December 31, 2015	5,463,161,080	546,316,108.00	2,139,578,118	213,957,811.80
Ordinary shares increase	0	0.00	2,139,578,118	213,957,811.80
Ordinary shares issued from				
exercise of warrants	0	0.00	6,339,162	633,916.20
Balance as at December 31, 2016	5,463,161,080	546,316,108.00	4,285,495,398	428,549,539.80

22.3 Warrant to purchase ordinary shares of the Company

- 1) On June 1, 2010, the Company has already issued 5.73 million units of warrants to purchase ordinary shares of the Company to employees of the Company and of subsidiary (ESOP-1). One unit of warrant can be exercised to purchase 1 ordinary share in the value of Baht 1 each. Term of warrants is 5 years from the issuance date of warrants (the first exercise date will be on January 31, 2013 and every 3 months thereafter, the warrant is exercisable during January 31, 2013 to November 30, 2013 at 50%).

On January 8, 2015, at the shareholders' extraordinary meeting No. 1/2015, passed the resolution to decrease par value of share capital from Baht 1 each to Baht 0.10 each which affected to the exercise right of warrant at 1 unit to 10 shares, at the exercise price of Baht 0.10 per share.

- 2) On June 12, 2014, the Company has allocated the warrants (DCON-W1) to the existing shareholders based on ROWarrant for 41.09 million units without offering price at the exercise ratio of 1 unit of warrant per 1 ordinary share at the price of Baht 5 each. The exercise period is 5 years from the date of issuance. The exercise date shall be on the last business day of every 6 months. The first date of exercise is on July 31, 2017 and the last exercise date is on May 8, 2019.

On January 8, 2015, at the shareholders' extraordinary meeting No. 1/2015, passed the resolution to decrease par value of share capital from Baht 1 each to Baht 0.10 each which affected to the exercise right of warrant at 1 unit to 11.2008 shares, at the exercise price of Baht 0.4464 per share.

On February 26, 2015, at the Board of directors' meeting No. 1/2015, passed the resolution to pay shares dividend in the ratio of 25 existing shares per 1 share dividend which affected to the exercise right of warrant at 1 unit to 11.649 shares, at the exercise price of Baht 0.429 per share.

On December 21, 2015, at the shareholders' extraordinary meeting No. 2/2015, passed the resolution to allot 2,139,578,118 common shares offer to the existing shareholders (Right offering) with the offering price of Baht 0.45 each which affected to the exercise right of warrant at 1 unit to 15.709 shares, at the exercise price of Baht 0.318 per share.

- 3) On January 29, 2015, the Company has allocated the warrants (DCON-W2) to the existing shareholders based on ROWarrant for 341.89 million units without offering price at the exercise ratio of 1 unit of warrant per 1 ordinary share at the price of Baht 0.50 each. The exercise period is 2 years from the date of issuance. The exercise date shall be on the last business day of every 3 months. The first date of exercise is on July 29, 2016 and the last exercise date is on January 27, 2020.

On February 26, 2015, at the Board of directors' meeting No. 1/2015, passed the resolution to pay shares dividend in the ratio of 25 existing shares per 1 share dividend which affected to the exercise right of warrant at 1 unit to 1.040 shares, at the exercise price of Baht 0.481 per share.

On December 21, 2015, at the shareholders' extraordinary meeting No. 2/2015, passed the resolution to allot 2,139,578,118 common shares offer to the existing shareholders (Right offering) with the offering price of Baht 0.45 each which affected to the exercise right of warrant at 1 unit to 1.403 shares, at the exercise price of Baht 0.357 per share.

22.4 The increase and decrease of common shares issued from exercise of warrants are as follow :

	Number of units			
	ESOP-1	DCON-W1	DCON-W2	รวม
Balance as at December 31, 2014	295,600	41,086,819	0	41,382,419
Exercise of warrants	(295,600)	0	0	(295,600)
Issued warrants	0	0	341,894,035	341,894,035
Balance as at December 31, 2015	0	41,086,819	341,894,035	382,980,854
Exercise of warrants	0	0	(4,518,295)	(4,518,295)
Balance as at December 31, 2016	0	41,086,819	337,375,740	378,462,559

On July 29, 2016, there is exercise of warrants to purchase ordinary shares of the Company No. 1 (DCON-W2) to purchase ordinary shares for 3,794,396 units of warrants equal to 5,323,533 ordinary shares. As a result, the Company has issued and paid-up share capital from Baht 427.92 million to Baht 428.45 million (4,284,479,769 ordinary shares at par value of Baht 0.10 each). The Company has registered the increase share capital with the Ministry of Commerce on August 8, 2016.

On October 31, 2016, there is exercise of warrants to purchase ordinary shares of the Company No. 2 (DCON-W2) to purchase ordinary shares for 723,899 units of warrants equal to 1,015,629 ordinary shares. As a result, the Company has issued and paid-up share capital from Baht 428.45 million to Baht 428.55 million (4,285,495,398 ordinary shares at par value of Baht 0.10 each). The Company has registered the increase share capital with the Ministry of Commerce on November 7, 2016.

Event after the reporting period

On January 27, 2017, there is exercise of warrants to purchase ordinary shares of the Company No. 3 (DCON-W2) to purchase ordinary shares for 329,819,714 units of warrants equal to 462,736,899 ordinary shares. As a result, the Company has issued and paid-up share capital from Baht 428.55 million to Baht 474.82 million (4,748,232,297 ordinary shares at par value of Baht 0.10 each). The Company has registered the increase share capital with the Ministry of Commerce on February 7, 2017.

23. LEGAL RESERVE

Under the Public Company Limited Act, the Company is required to set aside as reserve fund at least 5% of its annual net income after deduction of the deficit brought forward (if any) until the reserve is not less than 10% of authorized capital. The reserve is not available for dividend distribution.

24. RETAINED EARNINGS APPROPRIATION

Parent

According to the minutes of shareholders' General Meeting for the year 2016 held on April 28, 2016, passed the resolution to allocate unappropriated retained earnings to legal reserve amount of Baht 22.22 million and pay dividend from profit of year 2015 to the shareholders at Baht 0.04 per share, for 4,279.16 million shares amounting to Baht 171.16 million. During the year, the Company has already paid such dividend.

According to the minutes of the shareholders' general meeting for the year 2015 held on April 23, 2015, passed the resolution to pay dividend from the results of operation for the year 2014 to the shareholders at Baht 0.154 per share, for 2,057.30 million shares amounting to Baht 316.77 million by dividing into:

- 1) Pay by cash dividend to the shareholders at Baht 0.15 per share, total amount of Baht 308.54 million.
- 2) Pay by shares dividend of the Company for amount not exceed Baht 8.22 million or at Baht 0.10 per share in the ratio of 25 existing shares per 1 share dividend (in case the indivisible shares less than 25 shares, the dividend will be paid by cash at Baht 0.004 per share).

During the year, the Company has already paid such dividend.

Subsidiaries

According to the minutes of shareholders' General Meeting for the year 2016 held on April 26, 2016, passed the resolution to pay dividend from profit of year 2015 to the shareholders at Baht 5.72 per share, for 3.50 million shares amounting to Baht 20.02 million. During the year, the Company has already paid such dividend.

According to the minutes of shareholders' general meeting for the year 2015 held on April 28, 2015, passed the resolution to pay dividend from the results of operation for the year 2014 to the shareholders at Baht 4.30 per share, for 3.50 million shares amounting to Baht 15.05 million. Subsidiary has already paid such dividend during the year.

25. INCOME TAX

25.1 The calculation of current income taxes

For the year 2016 and 2015, the corporate income tax is calculated at the rate of 20 per cent of profit (loss) before deducting with tax expenses and added back other expenses which shall not be allowed as expenses in tax calculation (if any) except the exempted taxable profit derived from promoted business by using the rate as stipulated in the promotion certificate (note 31).

25.2 Income tax recognized in profit or loss

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2016	2015	2016	2015
Current income tax				
for the current year	38,315,940.68	43,642,362.30	30,455,550.60	33,775,163.21
Deferred tax				
Changes in temporary differences				
of deferred tax	(2,925,574.47)	1,772,862.25	(2,858,392.96)	1,789,765.58
Total income tax	35,390,366.21	45,415,224.55	27,597,157.64	35,564,928.79

25.3 Reconciliation for effective income tax rate

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2016	2015	2016	2015
Profit before income tax	173,537,152.43	221,605,389.02	161,225,358.81	190,068,457.64
Income tax rate (%)	20	20	20	20
Income tax	34,707,430.49	44,321,077.80	32,245,071.76	38,013,691.53
Prohibited taxable expenses	1,924,083.27	616,633.84	1,879,282.37	561,064.40
Additional taxable expenses	(2,573,374.34)	(32,989.00)	(2,523,426.43)	0.00
Exempted income	0.00	0.00	(4,003,770.06)	(3,009,827.14)
Effects from elimination with subsidiary	1,332,226.79	510,501.91	0.00	0.00
Total income tax	35,390,366.21	45,415,224.55	27,597,157.64	35,564,928.79
Income tax rate (%)	20	20	17	19

26. EARNINGS PER SHARE

Consolidated financial statements								
	Net profit			Number of shares			Earnings / share	
	2016	Baht	2015	2016	shares	2015	2016	Baht 2015
Basic earnings per share								
Net profit (loss) of common								
shareholders	138,143,666.37		176,194,093.30	4,093,859,238		2,139,331,785	0.03	0.08
Effects of potential common share								
(exercise rights)	-		-	524,756,134		904,939,147		
Diluted earnings per share								
Profit (Loss) of common								
shareholders assumed								
as conversion to								
common share	138,143,666.37		176,194,093.30	4,618,615,372		3,044,270,932	0.03	0.06

Separate financial statements								
	Net profit			Number of shares			Earnings / share	
	2016	Baht	2015	2016	shares	2015	2016	Baht 2015
Basic earnings per share								
Net profit (loss) of common								
shareholders	133,628,201.17		154,503,528.85	4,093,859,238		2,139,331,785	0.03	0.07
Effects of potential common share								
(exercise rights)	-		-	524,756,134		904,939,147		
Diluted earnings per share								
Profit (Loss) of common								
shareholders assumed								
as conversion to								
common share	133,628,201.17		154,503,528.85	4,618,615,372		3,044,270,932	0.03	0.05

27. TRANSACTIONS WITH RELATED PERSONS AND PARTIES

Part of the Company and subsidiaries assets, liabilities, revenues and expenses arose from transaction with persons and related parties. These related transactions are determined on the conditions in the normal course of business and based on the Company concerned as follows :

27.1 General information

<u>Name</u>	<u>Type of business</u>	<u>Relationship</u>	<u>Description</u>	<u>Pricing policy</u>
<u>Subsidiaries</u>				
Orrada Co., Ltd.	Sales and lease of real estate	Shareholders and directorship	Revenues from	At cost
			sales of goods	
			Interest income	At the interest rate of 4% per annum
			Interest paid	At the interest rate of 4% per annum
Rompo Products Co., Ltd.	Manufacturing and selling of precast floor	Shareholders and directorship	Purchase	At agreed price
			of equipment	

27.2 Assets and liabilities transaction with related persons and parties consist of:

	<u>Consolidated financial statements (Baht)</u>		<u>Separate financial statements (Baht)</u>	
	2016	2015	2016	2015
Orrada Co., Ltd.				
Trade and other receivables	0.00	0.00	137,490.98	43,880.01
Short-term loans	0.00	0.00	305,000,000.00	0.00

The increase and decrease of short-term loans are as follow :

	<u>Separate financial statements (Baht)</u>	
	2016	2015
Beginning balance	0.00	0.00
Increase during the period	319,000,000.00	95,000,000.00
Decrease during the period	(14,000,000.00)	(95,000,000.00)
Ending balance	305,000,000.00	0.00

27.3 Revenues and expenses transaction with related persons and parties are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Orrada Co., Ltd.				
Sales of goods	0.00	0.00	474,382.66	202,608.00
Other income (interest income)	0.00	0.00	6,639,882.92	1,508,137.20
Financial cost (interest paid)	0.00	0.00	0.00	187,330.20

27.4 Other transactions with related persons and parties are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Rompo Products Co., Ltd.				
Purchase of equipment (precast fence model)	0.00	0.00	538,589.00	0.00

28. DIRECTORS' REMUNERATION

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, excluding salaries and related benefits payable to executive directors.

29. MANAGEMENT BENEFIT EXPENSES

Management benefit expenses focuses expenses relating to salaries, remunerations and other benefits to the directors and management, in accordance with the definitions of the Office of the Securities and Exchange Commission. Management under definition includes a chief executive officer, the next four executive levels immediately below that chief executive officer and all persons in positions comparable to these fourth executive levels.

30. EXPENSES ANALYZED BY NATURE

Expenses analyzed by nature are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2016	2015	2016	2015
Changes in inventories of finished goods and work in progress	(373,561,836.86)	4,999,401.36	(1,305,512.30)	1,307,324.05
Raw materials and consumables used	376,446,907.41	422,739,623.99	343,306,468.49	382,336,841.65
Directors' remuneration	1,450,000.00	1,412,500.00	1,450,000.00	1,412,500.00
Management benefit expenses	8,096,823.00	8,097,971.00	5,353,995.00	5,327,147.00
Employees benefit expenses	103,968,334.78	104,341,569.41	86,803,924.02	88,537,547.27
Depreciation	64,105,238.81	60,171,176.77	57,366,936.50	53,843,234.74
Doubful accounts	7,706,264.69	0.00	7,502,800.16	0.00
Loss on impairment of assets	14,568,680.83	0.00	14,568,680.83	0.00

31. RIGHTS AND PRIVILEGES FROM PROMOTION CERTIFICATE

31.1 The Company are granted certain right and privileges as a promoted industry under the Promotion of Investment Act B.E. 2520 for the precast floor products by the approval of the Board of Investment in accordance with the certificate dated April 30, 2007. The significant privileges are as follows:

- 1) To exempt the customs duties for imported machinery as approved by the Board of Investment.
- 2) To exempt the corporate income tax from net profit for the period of 8 years from the date of income earnings and reduce the corporate income tax from net profit from investment at the rate of 50% of the normal rate for the next 5 years from the overdue of such duration.
- 3) The Company's shareholders will be exempt the corporate income tax for dividend received from the Company all duration of income tax exemption of the Company.

The Company must comply with the certain conditions and terms as stipulated in promotion certificate.

31. RIGHTS AND PRIVILEGES FROM PROMOTION CERTIFICATE (Continued)

31.2 The results of operation of the Company and two subsidiaries separated into promoted business and non-promoted business as follow :

(Unit : Baht)

	Promoted business		Non-promoted business		Total	
	2016	2015	2016	2015	2016	2015
Sales and services	22,866,526.35	28,465,265.15	990,114,441.17	1,123,737,794.72	1,012,980,967.52	1,152,203,059.87
Cost of sales and services	(23,902,282.13)	(30,910,853.18)	(605,222,972.32)	(677,702,766.81)	(629,125,254.45)	(708,613,619.99)
Gross profit	(1,035,755.78)	(2,445,588.03)	384,891,468.85	446,035,027.91	383,855,713.07	443,589,439.88
Other income	225,048.76	674,839.81	21,530,600.75	13,723,698.44	21,755,649.51	14,398,538.25
Selling expenses	(3,656,958.98)	(4,176,486.81)	(114,426,157.01)	(130,784,100.28)	(118,083,115.99)	(134,960,587.09)
Administrative expenses	(13,267,240.03)	(13,369,759.53)	(99,014,478.30)	(79,270,650.70)	(112,281,718.33)	(92,640,410.23)
Finance costs	(8,206.27)	(42,146.88)	(1,746,203.99)	(8,739,444.91)	(1,754,410.26)	(8,781,591.79)
Profit (Loss) before income tax	(17,743,112.30)	(19,359,141.44)	191,235,230.30	240,964,530.46	173,492,118.00	221,605,389.02
Income tax expenses	0.00	0.00	(35,390,366.21)	(45,415,224.55)	(35,390,366.21)	(45,415,224.55)
Profit (Loss) for the year	(17,743,112.30)	(19,359,141.44)	155,844,864.09	195,549,305.91	138,101,751.79	176,190,164.47

Unidentifiable selling expenses, administrative expenses and finance costs were allocated to each related income segment.

32. OPERATING SEGMENTS

32.1 Operating segment information is reported in a manner consistent with the internal reports of the Company that are regularly reviewed by the chief operating decision maker in order to make decision about the allocation of resources to the segment and assess its performance. The chief operating decision maker of the Company has been identified as the President of executive directors.

32.2 The Company and subsidiaries' operations involve virtually in business of manufacturing and selling construction supplies (precast floor, concrete post and others), sales of land and lease of real estate in one geographical segment only in Thailand. Therefore, revenues and assets in financial statements are reported in geographical segment.

32.3 For the purpose of presentation the financial information in the consolidated financial statements, the core manufacturing and selling construction supplies (precast floor, concrete post and others), sales and lease of real estate that the financial information by segment are as follows:

	(Unit : Baht)							
	Sales of construction supplies		Sales of real estate		Real estate for lease		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
<u>Statement of comprehensive income</u>								
Revenues	933,378,767.52	1,044,697,159.87	66,720,000.00	96,924,500.00	12,882,200.00	10,581,400.00	1,012,980,967.52	1,152,203,059.87
Costs	(582,510,249.54)	(647,245,882.51)	(44,541,353.55)	(60,057,363.91)	(2,073,651.36)	(1,310,373.57)	(629,125,254.45)	(708,613,619.99)
Segment gross profit	350,868,517.98	397,451,277.36	22,178,646.45	36,867,136.09	10,808,548.64	9,271,026.43	383,855,713.07	443,589,439.88
Other income	20,857,171.22	13,487,453.28					21,755,649.51	14,398,538.25
Selling expenses	(107,853,080.42)	(118,985,184.45)	(10,230,035.57)	(15,975,402.64)			(118,083,115.99)	(134,960,587.09)
Administrative expenses	(97,455,362.99)	(77,787,124.26)					(112,281,718.33)	(92,640,410.23)
Finance costs	(1,742,898.01)	(8,781,591.79)					(1,754,410.26)	(8,781,591.79)
Profit before income tax	164,674,347.78	205,384,830.14					173,492,118.00	221,605,389.02
Income tax expenses	(33,585,003.23)	(41,888,193.42)					(35,390,366.21)	(45,415,224.55)
Profit for the year	131,089,344.55	163,496,636.72					138,101,751.79	176,190,164.47

Sales of real estate and real estate for lease can not be separated administrative expenses by segment for the year ended December 31, 2016 and 2015 amount of Baht 11.64 million and Baht 14.85 million respectively.

(Unit : Baht)

	Sales of construction supplies		Sales of real estate		Real estate for lease		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
<u>Statement of financial position</u>								
Segment assets	1,261,318,319.01	863,722,006.23	817,492,186.75	407,305,154.13	40,086,126.83	32,505,615.29	2,118,896,632.59	1,303,532,775.65
Unallocated assets							22,003,855.44	38,835,097.55
Total assets							<u>2,140,900,488.03</u>	<u>1,342,367,873.20</u>
Segment liabilities	167,347,436.17	394,062,298.03	99,237,730.23	6,359,435.89	2,120,000.00	1,890,000.00	268,705,166.40	402,311,733.92
Unallocated liabilities							3,577,621.54	4,050,192.27
Total liabilities							<u>272,282,787.94</u>	<u>406,361,926.19</u>

32.4 The Company did not present the operating segments for the separate financial statements since the Company's operation involve virtually a single construction materials business in one geographical segment in Thailand.

32.5 For the year ended December 31, 2016 and 2015, the Company and subsidiaries have income from sales of construction supplies in the amount of Baht 254.65 million and Baht 274.18 million respectively received from 5 majority customers.

33. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

1) Accounting policy

The significant accounting policies and method adopted including the basis of recognition and measurement relating to each class of financial assets and liabilities have been disclosed in notes to financial statements No. 4.10.

2) Credit risk

Credit risk derives from failure by counterparties to discharge their obligations resulting in financial loss to the Company and subsidiaries. The Company and subsidiaries have policy to hedge this credit risk by reviewing the financial status of customers and collecting in advance before delivery of goods. Financial assets shown in statements of financial position at the book value deducted by allowance for doubtful accounts is maximum value of credit risk.

3) Interest rate risk

Interest rate risk from changes in market interest rate will affect the results of the Company and subsidiaries' operations and cash flows. The Company and subsidiaries exposed the interest rate risk due to its bank overdrafts, short-term loans from financial institutions, long-term loans and financial lease liabilities. The Company and subsidiaries do not use derivative financial instruments to hedge such risk.

4) Fair value of financial instruments

Financial assets shown in statements of financial position consist of cash and cash equivalents, current investment, trade and other receivables and short-term loans. Financial liabilities shown in statements of financial position consist of bank overdrafts and short-term loans from financial institutions, trade and other payables, short-term loans, long-term loans and financial lease liabilities.

Book value of financial assets and liabilities are closed to their fair value.

34. COMMITMENT AND CONTINGENT LIABILITIES

34.1 The Company and subsidiaries have commitment under hire contractors agreement, purchase inventories agreement, lease land agreement and others as at December 31, 2016 and 2015, totally Baht 491.82 million and Baht 54.80 million in the consolidated financial statements and Baht 20.70 million and Baht 15.90 million in the separate financial statements respectively.

34.2 The Company and subsidiaries have contingent liabilities from a bank issuance of letter of guarantees for purchasing raw materials from several sellers for guarantee the work performance to the employer and guarantee central utilities usage to government agencies as at December 31, 2016 and 2015 amounting to Baht 134.27 million and Baht 129.43 million in the consolidated financial statements, and amounting to Baht 107.53 million and Baht 102.03 million in the separate financial statements respectively. Contingent liabilities are guaranteed by land held for development (note 10) and land, building, machinery and equipment (note 13) and non-operating assets (note 16).

34.3 Subsidiary has commitment under long-term lease agreement for using in its business and is liable on undue expenses as at December 31, 2016 amount of Baht 1.59 million.

35. PROVIDENT FUND

On June 1, 2004, the Company has joined to be a member of provident fund named "Peum Kuan Mun King Registered Provident fund" which registered in accordance with the Provident Fund Act B.E. 2530 and the amendment by appointing the fund management to be fund manager. The fund is contributed to both by the employees and the Company at the same rate of 3% of employees wage. The accumulation and benefits will be paid to the members upon their retirement, death or resignation.

36. CAPITAL MANAGEMENT

The objective of financial management of the Company is to preserve the ability to continue its operation as a going concern and capital structure to be properly appropriated.

37. EVENTS AFTER THE REPORTING PERIOD

According to the minutes of Board of directors' meeting No. 1/2017 held on February 23, 2017, passed the resolution to propose the approval to the general meeting of the shareholders as follow :

- 1) To pay dividend from the results of operation for the year 2016 at Baht 0.008 per share for 4,748.23 million shares totally Baht 37.99 million.
- 2) Decrease the registered share capital from Baht 546.32 million to Baht 542.76 million by cancel unissued and allocated to the warrants holder to purchase ordinary shares of the Company for 35.60 million shares at par value of Baht 0.10 each.

38. FINANCIAL STATEMENTS APPROVAL

These financial statements were approved and authorized for issue by the Company's Board of directors on February 23, 2017.