

# รายงานประจำปี

บริษัท บ้านร็อคการ์ดเ็น จำกัด(มหาชน)

# 2015

## ANNUAL REPORT

**BAAN ROCK GARDEN**  
PUBLIC COMPANY LIMITED



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## General Information

|                     |   |   |
|---------------------|---|---|
| Company Name        | : | Baan Rock Garden Public Company Limited<br>("BROCK" or "The Company")                                       |
| Type of Business    | : | Real estate development, particularly townhouses, single detached houses and commercial buildings for sales |
| Head Office         | : | 601 Soi Ramkhamhaeng 39, Pracha-utit Rd. Wang Thonglang, Wang Thonglang, Bangkok 10310                      |
| Registration Number | : | PCL – 0107548000200   |
| Homepage            | : | <a href="http://www.rockgarden.co.th">http://www.rockgarden.co.th</a>                                       |
| Telephone           | : | 662-934-7000  |
| Fax                 | : | 662-934-7186  |

## Other References

|                                   |   |   |
|-----------------------------------|---|---|
| <u>The Securities Underwriter</u> | : | Thailand Securities Depository Company Limited<br>The Stock Exchange of Thailand (Near The Chinese Embassy)<br>93 Ratchadaphisek Road, Dindaeng,<br>Bangkok 10400, Thailand   |
| Homepage                          | : | <a href="http://www.set.or.th/tsd">http://www.set.or.th/tsd</a>   |
| Telephone                         | : | 662-009-9378 - 9389   |
| Fax                               | : | 662-009-9476  |
| <u>The Auditor</u>                | : | Ms.Wanraya Puttasatien<br>Certified Public Accountant (Thailand) No. 4387<br>CWWP Company Limited<br>128/180-181 Phayatai Plaza Building, 17 <sup>th</sup> Floor,<br>Phayatai Road, Thungphayatai, Ratchatavee,<br>Bangkok 10400 Thailand |
| Telephone                         | : | 662-216-2265 , 662-216-2268-9 , 662-216-2279  |
| Fax                               | : | 662-216-2286  |
| Mobile                            | : | 06-1858-5929  |

Message from the Board of Directors

The overall world economy in 2015 has been slowly recovering, especially the U.S. economy with persistent improvement according to domestic demands as reflected by the persistently improved retail indices, good income expansion, and increased purchasing power of people. The Euro economy has also been getting better along with private sector consumptions. Its investments, however, are still feeble, with inflation rate still near zero, prompting the ECB to continue increasing its QE. Japan's economy has seen a recovery indication of consumption recovery and investments mainly of the private sector. China's economy has been gradually slowing down along with industrial sector productions and private sector investments, while its service sector saw a slight growth. Despite economic stimulus packages persistently introduced by China, other Asian economies are affected for their relatively high trade linkage to it.

Thailand's 2015 economy saw slight growth, with encouraging momentum from domestic spending, especially the public sector expenditures—representing the key driver—that were put in transport and irrigation investments, including the economic stimulus packages persistently introduced up to early 2016. Private sector spending has been persistently improved, despite the farmer income contraction caused by a wet-season rice harvesting delay due to delayed raining season. Agricultural produce prices contracted along with those of rubber and sugar cane. Goods exports have still contracted for the economic slowdown of China and ASEAN, while the number of foreign tourists has continuously tended to go up. The overall service sector has been persistently growing, especially the improved air transport business thanks to an increase of new domestic and international flight routes and flight frequencies. Industrial sector productivity has remained low, despite a temporary positive factor associated with the accelerated car manufacture in response to increased demands prior to the vehicle excise tax being adjusted upward next year.

The real estate business in 2015 showed a modest expansion late last year to early 2016 following the public sector's initiatives to stimulate real estate markets by affording low-income earners the ability to own residences, and to help shore up the markets for which purchasing power contracted amid the hiking number of residences. The initiatives included approval relaxation for home credit loans, fee reduction for home purchase transactions, and tax measure for first-home buyers, with emphasis on aiding those having middle and low incomes.

With the slightly growing economy, public sector real estate stimulus packages and continuous impact from market competitions, increased number of residences, still-increasing household debts, higher cost of living, and thereby the reduction in our operating results from prior year, we remain committed to developing dwelling patterns full of qualities and standards to serve customer demands and adjusting our marketing strategies and making sales channels more available. We will also keep our profitability near that of last year and focus on personnel development to ensure operational effectiveness in tune with the current competitive market climate. In 2016, we will follow our continuing plans and find more market and sales channels from 2015. We will execute these operational plans on a careful and sensible manner to ensure that our products and services meet customer demands, and a good corporate image.

Nevertheless, on behalf of Baan Rock Garden, PCL., board of directors and executive directors, we would like to express our deepest gratitude to our shareholders, customers, counterparties, staffs, financial institutions and relevant parties for their generous supports. The company continues to operate its operations with good governance and the best interest of all stakeholders.



(Mr. Virat Chinprapinporn)

Chairman of the Board

Baan Rock Garden Public Company Limited

Report of the Chairman of the Audit Committee

To Shareholders

At the Annual General Meeting of the Shareholders on 2 April 2015, two independent director, namely, Mr. Surapon Satimanont and Mr. Wanchai Mekasut, who was the member of the Audit Committee retired by rotation. The Meeting passed the resolution to re-elect him as the independent director and the member of the Audit Committee. Hence, the Audit Committee comprises 3 members who are not the Company's management or employees and have qualifications as specified by securities and exchange laws. The Meeting passed the resolution to re-elect all 3 retired directors to serve as the independent directors and the members of the Audit Committee for another term.

In 2015, the Audit Committee held 4 meetings to carry out duties and responsibilities in compliance with regulations of the Stock Exchange of Thailand and as assigned by the Board of Directors of the Company. The Audit Committee supervised business operation in line with specified scopes and goals as the following summaries.

1. Reviewed and examined transactions that may result in conflict of interest to ensure that the undertaking of such transactions were transparent and complied with policy and procedures on inter-company transactions.
2. Reviewed appropriateness of internal control system and reported internal audit result monitoring by inviting independent internal auditors and related management departments for explanation in order to make them realize about importance of internal control system.
3. Reviewed internal audit plan and operating results of independent internal auditors to enhance efficiency and effectiveness of internal audit operations.
4. Reviewed quarterly and annual financial statements, provided opinions and comments to ensure that financial statements fairly presented operating results and financial position of The Company as required by generally accepted accounting principles, and disclosed sufficient information.
5. Selected and proposed appointment of external auditor for 2015 as well as determined remuneration for external auditor to Board of Directors in order to propose to shareholders' meeting for consideration and approval.
6. Reviewed that the Company complied with Securities and Exchange Commission Act, regulations and rules of Stock Exchange of Thailand, and other laws related to the business of the Company.

The Audit Committee would like to summarize about the governance of the Company for 2015 that the Audit Committee had duly adhered to the independence on conducting the duties and providing opinions and comments that were useful to the Company, all shareholders, and other stakeholders. The Audit Committee had received excellent cooperation from related persons, managements, and other parties.

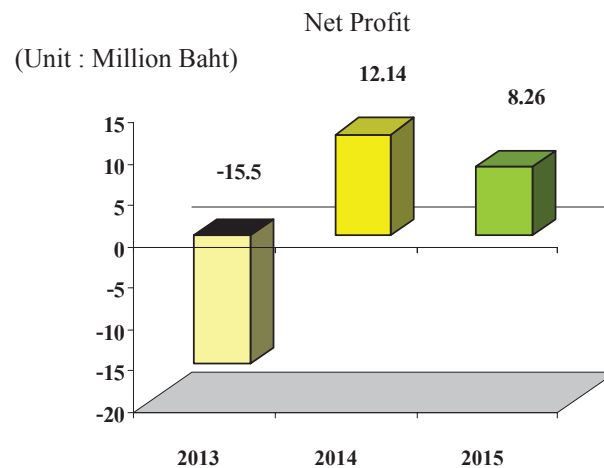
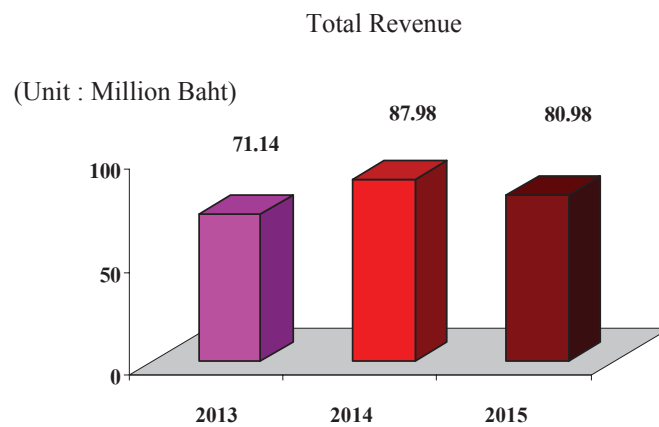
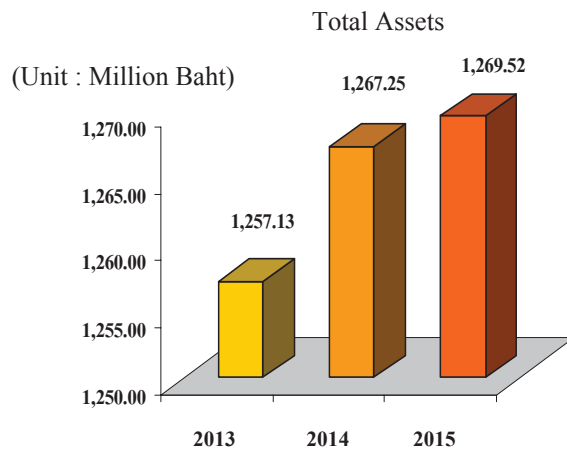


(Mr. Surapon Satimanont)

Chairman of the Audit Committee

18 February 2016

**Summary Financial Information**



**Summary Financial Information (Continued)**

|                                  | <b>Consolidated</b> |               | <b>Unit : Baht</b> |
|----------------------------------|---------------------|---------------|--------------------|
|                                  | <b>2015</b>         | <b>2014</b>   | <b>Change</b>      |
|                                  |                     |               | <b>%</b>           |
| Total Revenue                    | 80,983,834          | 87,982,010    | (7.95)             |
| Revenue from Sales               | 70,344,918          | 81,560,000    | (13.75)            |
| Cost of sales                    | 38,511,563          | 43,712,756    | (11.90)            |
| Gross Profit                     | 31,833,355          | 37,847,244    | (15.89)            |
| Net Profit (loss)                | 8,260,803           | 12,135,963    | (31.93)            |
| Total Assets                     | 1,269,520,489       | 1,267,252,789 | 0.18               |
| Total Liabilities                | 30,226,143          | 36,219,246    | (16.55)            |
| Total Shareholders' Equity       | 1,239,294,346       | 1,231,033,543 | 0.67               |
| Issued and paid up share capital | 1,024,999,930       | 1,024,999,930 | -                  |
| <b>Per share data (Baht)</b>     |                     |               |                    |
| Net profit                       | 0.01                | 0.01          | -                  |
| Dividend                         | -                   | -             | -                  |
| Book Value                       | 1.21                | 1.20          | -                  |
| <b>Finance Ratio</b>             |                     |               |                    |
| Profit Margin                    | 45.25%              | 46.40%        | (2.48)             |
| Net Profit Margin                | 10.20%              | 13.79%        | (26.03)            |
| Return on Equity                 | 0.66%               | 0.99%         | (33.33)            |
| Return on Asset                  | 0.65%               | 0.96%         | (32.29)            |
| Debt to Equity Ratio             | 0.02                | 0.03          | (33.33)            |



## Nature of Business

### Vision

We are one of the leading Real Estate and most exclusive quality living who seek a private sanctuary in the heart of city.

### Mission

1. Baan Rock Garden is an exclusive gated development to meet even the most discerning home seeker's needs and desires.
2. We offer reasonable and competitive price with superb location and profitable for shareholders.
3. Moving on to develop environment while stylish living is complemented by our professional management that ensures the ultimate peace of mind.

### Company Background and Significant Developments

Baan Rock Garden Public Company Limited, ("Company" or "BROCK"), was formerly known as Chucheeep South Group, Co., Ltd. The Company was established on February 5, 1990, by the Silaprarat family, who had extensive experiences in land trading in Bangkok and other major cities of Thailand, such as Chiang Mai, as well as coastal provinces like Rayong and Phuket. They also conducted business on trading of allocated vacant land in Soi Vatcharapol, Bangkok, known as the "Agricultural Garden" project.

Since the Silaprarat family has spot the increasing opportunity of the property development, they have decided to enter the real estate development business by using the same executive team from the Rock Garden Group, Co., Ltd.. This has demonstrated the capabilities and the extensive experiences in real estate and resort business.

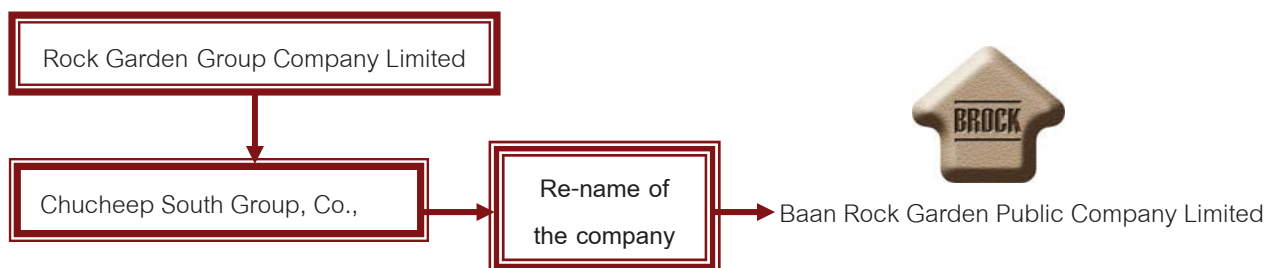


Chart : Re-organizational structure of the company

Following the corporate restructuring and the transfer of executives from Rock Garden Group Company Limited, the Company has since concentrated on operating in the real estate business. BROCK's primary objective is to efficiently utilize all the land in its possession in Bangkok and Phuket. The Company also continuously seeks to acquire allocated land with high potential for profitable development projects.

The Company fully outsources its project design, project construction and project marketing in order to effectively control its expenses, and to promote the performance of the executive and management team.

The following information illustrated key developments of the Company during the past 5 years:

|               |   |
|---------------|---|
| January 2009  | The Company launched the Baan Rock Garden Bypass 6 Phase 1 Project of 49 units. The project encompassed 2-storey detached houses and the project area was around 23 – 2 – 42.2 rai.   |
| February 2009 | The Company started the construction of the Baan Rock Airport Phase 2 Project of 137 units. The project encompassed 102 units of duplex houses and 35 units of 2-storey detached houses. The project area was 17 – 3 – 14 rai.  |
| March 2009    | The Company started the development project of Baan Rock Garden Bypass 6 Phase 2 by readjusting the land. The project area was 27 – 3 – 11.2 rai.   |
| May 2009      | The Company developed the utilities of Baan Rock Garden Bypass 6 Phase 2 Project.   |
| June 2009     | The Company completely developed the utilities of the Baan Rock Airport Phase 3 Project.  |
| January 2010  | The company already set drainage water systems and constructed roads in Baan Rock Garden By-pass 6 phase 10.  |
| October 2010  | The company improved the surrounding landscapes of Baan Rock Garden By-pass 6 phase 2 in order to keep the construction on a project plan.  |
| January 2011  | The Company supported the establishment of Baan Rock Garden Airport Juristic Person by residents of Baan Rock Garden Airport Phase 1 Project.   |
| October 2011  | The Company employed The Coach Sales And Marketing Co., Ltd., as a project sales agent of Baan Rock Garden Airport Project; and also terminated the sale agreement with S M Properties Management Co., Ltd., on the same month. |
| November 2011 | The Company transferred ownership rights on facilities and public parks in Baan Rock Garden Airport Phase 1 Project to Baan Rock Garden Airport Juristic Person.  |
| January 2012  | The Company rebranded Baan Rock Airport Project. Advertising teams were employed to design advertising media i.e. billboard, cutout, brochure, etc. The company therefore was able to compete with competitors.                 |
| March 2012    | The Company renovated landscape of road to Baan Rock Airport Project.   |
| May 2012      | The Company hired Agency For Real Estate Affaris Co., Ltd., to conduct a feasibility Study of Baan Rock Airport Phase 3 Project.  |
| October 2012  | The Company relocated the sale office to the entrance to the side street of the Project.  |
| May 2013      | The company has increased its capital stocks from 1,000,000,000 Baht (one billion baht) to 1,025,000,000 (one thousand and twenty-five million baht) with paid capital of   |

|   |  |
|---|--|
|   | 1,024,999,930 (one thousand and twenty-four million, nine hundred and ninety-nine thousand, nine hundred and ninety-three baht).   |
| October 2014  | The Company employed Nuzen Co., Ltd., design planning, architecture and landscape architecture of Baan Rock Garden Bypass 6 Phase 2 up to modern. The company therefore was able to compete with competitors.  |
| March 2015  | The Company sold shares Yamoo Property Development Co., Ltd. to Mrs.Naowanart Jamornmarn because the business has no actions and the cost unnecessarily high.  |
| April 2015  | The company has increased its capital stocks from 1,025,000,000 Baht (one thousand and twenty-five million baht) to 1,229,999,916 (One thousand two hundred twenty-nine million nine hundred ninety-nine thousand nine hundred and sixteen Baht) with paid capital of 1,024,999,930 (one thousand and twenty-four million, nine hundred and ninety-nine thousand, nine hundred and ninety-three baht). |
| June 2015   | The Company issued and allocated the Warrants to the existing shareholders of the Company pro rata to their respective shareholdings (Rights Offering), at no cost, at the allocation ratio of every 5 existing shares for 1 unit of Warrants, pursuant to the resolutions of the Annual General Meeting of Shareholders No. 1/2015, held on 2 April 2015, details of which are set out as follows:    |
| <b>Name of securities</b>                           | : Warrants to Purchase the Newly Issued Ordinary Shares.   |
| <b>Securities Issuer</b>                            | : Baan Rock Garden Public Company Limited.   |
| <b>Warrant trading symbol</b>                       | : BROCK-W1   |
| <b>Secondary market</b>                             | : The Stock Exchange of Thailand "SET"   |
| <b>Trading date</b>                                 | : 16 June 2015   |
| <b>Number of listed warrant</b><br>(unit : warrant) | : 204,969,911  |
| <b>Exercise ratio</b>                               | : 1 unit of Warrants shall be entitled to purchase 1 newly issued ordinary share   |
| <b>Exercise price</b>                               | : Baht 3.50 per share  |
| <b>Term of Warrants</b>                             | : 3 years from the issuance date. The Company shall not extend the term of the Warrants after the issuance.  |
| <b>Issuance date</b>                                | : 2 June 2015  |
| <b>Expiration date</b>                              | : 1 June 2018  |
| <b>Price per unit</b>                               | : Baht 0 (at no cost)  |
| <b>The first Exercise Date</b>                      | : 30 September 2015  |
| <b>The last Exercise Date</b>                       | : 1 June 2018  |

## Overview of Company's Business

Baan Rock Garden Public Company Limited conducts its business in real estate sector, with focus on the development of single-attached houses, townhouses and commercial building. The Company primarily develops its real estate under the project title "Baan Rock Garden" in Bangkok and other major provinces that have displayed rapid economy growth and potential for further growth, such as Phuket, Samuthprakarn and Rayong. The Company's current projects comprise the following:

1. "Rock Garden Home 1" and "Rock Garden Home 2" projects. Both projects comprise 2-storey townhouses and 4.5-storey commercial buildings that the Company acquired from ROCK GROUP, the Company's associate company, in September 2003. They were the remaining 91 available units of the projects that ROCK GROUP hadn't previously sold.

2. "Baan Rock Garden Meng-Jai" project. This project was the Company's first development project, which was introduced to the market in February 2004. The project comprises 63 units of 3-storey semi-home-office townhouses, located on Pracha-utit Road, Bangkok.

3. "Baan Rock Garden Bypass" project. The Company's second development project is a large project, primarily located in the vicinity of Phuket Bypass Road, which is the province's major district. The project is divided into 6 development phases.

3.1) "Baan Rock Garden Bypass 1." The project consists of 91 units of single-storey townhouses.

3.2) "Baan Rock Garden Bypass 2." The project comprises 84 units of single-storey townhouses and 15 units of 2.5-storey commercial building.

3.3) "Baan Rock Garden Bypass 3." The project includes the total of 90 units of duplex houses, single-storey detached houses, 2-storey detached houses and home offices.

3.4) "Baan Rock Garden Bypass 4." The project consists of 82 total units of duplex houses, single-storey detached houses, 2-storey detached houses and home offices.

3.5) "Baan Rock Garden Bypass 5." The project is made up of 94 total units of duplex houses and 2-storey detached houses.

3.6) "Baan Rock Garden Bypass 6." The project is divided into 10 development phases. The project is made up of 580 total units of 2-storey detached houses.

3.6.1) "Baan Rock Garden Bypass 6 Phase 1." The project is made up of 49 total units of 2-storey detached houses.

4. "Baan Rock Garden Airport" Project. The project is located on Onnuch-Ladkrabang highway, Amphur Bangsolthong, Samuthprakarn province. Currently, the first phase has been opened for sales.

4.1) "Baan Rock Garden Airport, Phase 1." The project consists of 129 units of 2-storey townhouses and 2-storey duplexes.

4.2) "Baan Rock Garden Airport, Phase 2." The project comprises 137 units of 2-storey detached houses and 2-storey duplexes.

5. The Company entered into a joint venture with a group of Swedish investors and a group of Thai investors, in the proportion of 50:50. A development project will be developed under the umbrella of this joint venture on 500 rai of land in Tambol Pa Klog, Amphur Talang, Phuket. The project is made up of a beach hotel, a villa, a condominium and a yacht marina.

## **Future Projects**

### **“Baan Rock Garden Airport Project”**

The Company has launched 2 projects of Baan Rock Garden Airport, namely, Baan Rock Garden Airport Phase 1, This project is a 2-stoery townhouses is 117 units and 2-storey semi-detached houses is 12 units, the Company closed the sale of Project Baan Rock Garden Airport Phase 1 on 2014. And Baan Rock Garden Airport Phase 2, This project is a 2-stoery semi-detached houses is 102 units and 2-storey detached houses is 35 units.

For the year 2016 the Company accelerate the sale of Project Baan Rock Garden Airport Phase 2, and the Company recognized incomes from Baan Rock Garden Airport Phase 2 i.e. 2-stoery semi-detached houses, 2-storey detached houses. The Company completely developed the utilities of the Baan Rock Airport Phase 3 Project areas of 40- 2 – 4.6 rai. The company is studying the possibility of both. Market competition. Exploring the needs of customers. And get begin manage plan develop other, respectively.

### **“Baan Rock Garden Bypass Phase 6 Project”**

The company has already completed 5 projects in Phuket which are the Baan Rock Garden Bypass 1 project, Baan Rock Garden Bypass 2 project, Baan Rock Garden Bypass 3 project, Baan Rock Garden Bypass 4 project and Baan Rock Garden Bypass 5 project. These projects with total areas of 57-1-81.3 rai (from the end of 2004 to 2007) are located on the bypass road in Phuket.

After the completion of the abovementioned projects, the company has started their future property development projects. These future projects include the Baan Rock Garden Bypass Phase 6 project with the areas on the bypass road of 235-1-18.5 rai (after deducting the areas of 25-1-25 rai where the electric poles are located, as such, the company has turned that into a public park). This project is located in a good location which is considered to be the main location in Phuket with its growth potential as it is located along the bypass road and close to the Central Festival Department Store and Tesco Lotus. The company's objective is to continue its property development whereby the project shall offer 2 storey detached houses with plot of land. The Baan Rock Garden Bypass 6 project has 10 phases with total 580 units. In 2009, the Company launched Baan Rock Garden Bypass 6 Phase 1 Project comprising 49 units (23-2-42.2 rai) and realized incomes on March 2010. The Company continued to develop facilities of Baan Rock Garden Bypass 6 Phase 1 and Phase 10 Project. Sources of capital were from operating cash flow and / or loans from financial institutions.

For in year 2016 a company recognized incomes Baan Rock Garden Bypass 6/1 by suppose will can close the sale has in this year , and manage plan the development builds project Baan Rock Garden Bypass 6/2 continuously.

**“Joint investment project with the foreign investors”**

The Company sold shares Yamoo Property Development Co., Ltd. to Mrs.Naowanart Jamornmarn because the business has no actions and the cost unnecessarily high. However Yamoo Property Development Co., Ltd remains the joint venture but don't any activity. whereby the joint investment between the Swedish investors and the Thais is at 50:50. There are 4 directors at this joint venture, comprising of Mr. Virat Chinprapinporn, Mrs. Naowanit Silaprarat and 2 Swedish investors. The authorized persons which are either Mr. Virat Chinprapinporn or Mrs. Naowanit Silaprarat shall sign with one of Swedish investors. The remains objective of this joint venture is to build the hotel that is near the sea, weekend houses, condominium, and yacht dock. This project has the areas more than 500 rai and is located at Amphur Thalang, Phuket.

**“Baan Rock Garden Project at Soi Watcharaphon”**

The company has the plot of land of 3-2-68.9 rai at Soi Watcharaphon whereby the company has planned to start its development project after the road construction linking Nimitmai Road and Rattanakosin Sompote Road via outer ring has completed. This new road shall pass at the front of the project. This project is to construct the commercial building which is the future project of the company. The appraisal value of this plot of land has increased as partial plot of lands in the area have been under acquisition so that the road can be expanded and this can be the intersection between the new road from Phaholyothin Road and Rattanakosin Sompote Road. As such, this has made the company's plot of land to be close to the abovementioned road. Besides the progress on the new road construction, the government has already paid for the land acquisition and shall start constructing the link from Rattanakosin Sompote Road to Phaholyothin Road.

**“Baan Rock Garden Baan Pae Project”**

This project has the area of 104 rai which is located on the Sukhumvit Road and close to the community. This plot of land is located along the hill side and close to the sea which makes it suitable for developing the residential areas. The company shall construct the commercial building, detached houses and hill side detached houses whereby this shall be the highlight of this project. The target customers of the company are the local who may wan to own the weekend houses and the foreigners who are looking for houses. With the potential of Tumboon Baan Pae which is the most popular tourist attraction in Rayong, there are a lot of tourists visiting Tamboon Baan Pae each year. One of the popular tourist destinations is Koh Samet. Of that number, several tourists are looking for houses. As for the progress of this project, it is on the process of studying the project structure.



## Market and Competition Analysis

### General Economic Condition in 2015 And Economic Prospects in 2016

The real estate market condition of 2015 improved steadily as a result of MPC or the Monetary Policy Committee using accommodative monetary policy which translated into lowering interest rates in the first half of the year as well as the second half of the year until the beginning of 2016. The government also announced special stimulus measures to boost the overall growth of the real estate market. The stimulus plan introduced included measures that aimed to help people with low to medium income to become homeowners through domestic market economic mechanisms whether from the government sector in the form of public spending on public infrastructure like mass transit systems and irrigation systems or from the private sector through multiple channels of spending. However, there were still many factors that affected the overall market competition i.e. the increasing number of real estates, the increasing amount of household debts, and the higher cost of living, etc.

In 2015, the overall economy gradually recovered. And in terms of the real estate market in Bangkok, our company had adjusted our business strategies by increasing the public relations and marketing channels including internet campaigns, many forms of special discounts to attract and also to boost the customers' spending, organizing monthly marketing and promotional activities at the sales office, promotional products and giveaways given to visitors to our projects in order to encourage the customers to make purchase decisions. In addition, we also emphasized the advantages of our project, "Baan Rock Garden Airport" with one of them being the fact that the project is located at a very convenient location which allows for easy daily commuting and short distance traveling on other occasions.

In terms of the real estate market condition in Phuket Province, it appeared that in 2015 the market continued to stagnate. This was mainly because the general purchasing power of the customers remained relatively weak. And correspondingly, financial institutions also used strict policies, reduced their risk tolerance and grew more cautious about lending money. Despite the tight market conditions, the company still moved forward in our real estate development under the name of "Baan Rock Garden Bypass". This was because the company recognized Phuket as one of the most important tourist destinations in Thailand. There are a large number of Thais and foreigners from different parts of the world coming to work, to travel, and to invest in various businesses within the province. All of these visitors, leisure and business travelers helps make Phuket a location of high market potential. With the steady inflow of outsiders, it meant the market demands for real estate and property would continue to exist and grow.

**Real Estate Market Trends of 2016 - The market boosting factors of the current market trends are as follows.**

1. The development of large-scale public infrastructure—for mass transit systems and irrigation systems. The development projects scheduled for the period between 2015 to 2022 aim to connect all dimensions of transportation infrastructure and systems on roads, water, railways, or air transport as well as to connect all structures together and connect to other countries in ASEAN and become regional transportation system. Some projects which are considered “vital” to the entire system may be pushed forward to be included in the urgent development plan. These projects are, for example, double-track railway projects, semi-high speed train projects, Bangkok metropolitan area transit system 10 routes project, four-lane highways and national highways road expansion projects to help connect the cities with border crossing commercial areas, 2nd phase expansion projects for Suvarnabhumi International Airport, Don Mueang International Airport and U-ta-pao International Airport, Laem Cha Bang Port Development Project, as well as the establishment of special economic development zones in five border provinces of Tak province, Mook Da Han province, Nong Khai province, Sra Kaeo province, and Trat province. The government will also introduce various economic measures to push the domestic real estate market of Thailand to become the central market for ASEAN to attract foreign investors to come and invest in our country. This will help make the real estate projects in border areas being in greater demands for their apparent advantages in terms of convenient location and transportation. The real estate developments will also be emphasized and encouraged in major cities throughout Thailand, including Phuket, Khon Kaen, Chiang Rai, Ubon Ratchathani, Udon Thani, Rayong, etc.
2. The Bank of Thailand (BOT) has announced that it will use accommodative monetary policy which will mean the policy interest rate cut to 1.50% annually. The policy is introduced with the aim to help maintaining the price stability and overall economic stability of the country and also to boost the overall growth in the recovering economy of the country. The interest rate cut will also mean the lower interest rates in the capital market. This, in turn, will help increase the economic activities. In this kind of economic circumstances, the customers will want to buy more and also to invest more.

**Negative factors affecting the real estate markets are as follows**

1. The Treasury Department has announced new land price appraisals for the period between 2016-2019. The national land price estimate will see an increase of 25% from the current land prices. The higher land appraisal price will also mean 25% increase in land transfer fee (when the current economic incentive of cutting housing transfer fees comes to an end in April 2016) and higher burdens and expenditures on the part of home buyers.
2. Household debts burden is also another ongoing problem from last year although the expansion rate has become somewhat subsided as a result of households in general paying extra attention and becoming



more careful about their spending along with financial institutions becoming stricter in their lending policies after seeing alarming increase in NPLs. The main category of loan is commercial real estate loan during the first 4 months of 2016. This is, for a large part, an obvious result of the government's economic incentives to boost the growth of the real estate market as well as the consumer products market through market incentives that help increasing and supporting the spending of low to medium income households. However, for auto loans which used to play a crucial role over the past few years continue to see limited growth. This is largely because the automobile industry sector has come to a temporary halt in production which corresponds to the shrinkage in overall car sales. For medium term to long term, the accumulation of household debts will remain an important ongoing problem of the Thai economy. This is because the Thai households in general will continue to accumulate more debts while their income still remains the same, if not lower or slower to increase. This might put some economic pressure on the consumer products market and the purchasing power of the households in the future. It will also mean the increasingly lower income of entrepreneurs who depend largely on the purchasing power within the domestic market. In addition, each household may face with a variety of unforeseeable economic circumstances such as huge drops in the price of crops or agricultural products or drought that put a substantial pressure on the income of agriculture-based households as well as problems resulted from reduced overtime working that will affect those who earn a living as permanent employees. All of this factors combined will make financial institutions become more cautious in granting loans that may become NPLs (Non Performing Loans). In such circumstances, the government must come up with more effective economic measures to help households becoming more financially disciplined as well as to facilitate the rise in household savings which will become liquidity cushioning that provides economic safety net for the Thai households in the long run.

### **The Company's market**

Baan Rock Garden, PLC is focusing on developing and selling housing and land to customer group with average income, with price ranging from Bt. 1.49 million Baht to 4 million Baht. The Company has a policy to standardize the quality of all its projects, under the brand "Baan Rock Garden," in order to build confidence in its products among all the customers. The Company's strategy to sustain and to expand its market share is as followed:

- 1) selecting convenient locations, by building projects in the vicinity of town centers and shopping malls.
- 2) Setting appropriate pricing for every project by considering general consumer behavior and purchasing power of people in the area, so they could make prompt decision upon acknowledging the prices.
- 3) Presenting all housing with standardized quality, built with high-quality and durable materials.
- 4) Constructing and transferring all houses in timely manner, which is the Company's most outstanding strength that has built its trustworthy image among the consumers.
- 5) Maintaining excellent relationship with customers through post-sales services, such as maintenance of the house structure, painting and ceiling, as well as setting up water and electricity system. The Company employs its own construction team specifically to offer such services.
- 6) Expanding the projects to other provinces with high potential.

#### **1. Product Strategy**

The Company consider to develop the project in the area which has a chance in the economic great. According to The Company has set a policy to fully outsource its project development team, in order to help the Company to effectively control its expenses and to develop projects that meet the needs and objectives by hired professionals. As a result, the Company's projects are designed to appear modern and architecturally unique. The houses are designed to be spacious and airy, yet sufficiently functional, with openings for sunlight to reach the interior to emphasize the energy conservation concept. Furthermore, the Company also contracts external resources for all project constructions, by employing appropriate and effective selection process. It also sets the specifications of the suitable construction materials that the contractors must use for the projects. The construction will be thoroughly monitored and inspected by the Company's Project Construction Department, until the constructed unit is delivered to the Company, in order to ensure that the constructions are performed effectively in every step up until the rights transfer to the customers.

## **2. Pricing Strategy**

The Company sets its product prices by employing the cost-plus-margin method. However, in the final stage of pricing, the Company also takes into consideration the market demand and competition conditions at the time. The performance of real estate industry largely depends on 1) interest rates; 2) consumer's purchasing power; and 3) the country's economic growth rate.

### **Distribution channel**

The company has greatly emphasized on sales persons at the sales office as their distribution channel to provide service to the retail customers who have walked in. Such sales persons at the sales office are the marketing officers whereby these positions have been outsourced. The company has hired 1 team of external parties to be responsible for the projects in Bangkok and another team to respond for the projects in Phuket. These marketing officers have great knowledge and expertise in the real estate market of those areas for a long time.

As for the marketing promotion, the marketing department of the company has worked with the marketing officers to arrange the promotion and several forms of advertisements e.g. internet , billboards, medias on the minibus, booths displayed in many places in order to reach to the buyers and find the buyers for the company. These 2 marketing teams sale in the project have remuneration from the sale.

### **Impacts on environment**

The Company has faced no conflict regarding environment handling in the past 3 years, as the Company has put high priority in managing the environmental impact. The Company has set strict policy on environment treatment, by setting up systematic and standardized public utilities, especially water treatment system, including each project's central water treatment facility. Moreover, the Company has always followed up on its policy to minimize impacts on environments and its policy to regularly inspect the conditions of project surroundings.

## Corporate Governance

Baan Rock Garden Public Company Limited provides priority that good corporate governance is the major factor that enables the organization to have efficient operation and supports sustainable growth. The Board of Directors set out the “Corporate Governance Policy Handbook”, therefore, was drafted by Corporate Governance Committee which guided by the SET CG principle, and approved by the Board of Directors on 18 February 2016.

This policy was set in accordance with the SET CG principle which is divided into 5 categories;

### Section 1 Rights of shareholders

The Board of Directors recognizes the right of shareholders own the company, controlling it by appointing the board of directors to act as their representatives. Shareholders are eligible to make decisions on any significant corporate changes. Therefore, the Board of Directors encourage shareholders to exercise their rights as basic shareholder rights include the right to 1) buy, sell, or transfer shares 2) share in the profit of the company 3) obtain relevant and adequate information on the company in a timely manner and on a regular basis. And Shareholders should be fully informed of the criteria and procedures governing shareholder meetings. Sufficient information regarding the issues to be decided in each agenda item should be provided in advance of the meeting. Shareholders should be able to query directors both in the meeting and by sending their questions in advance. They should also be allowed to propose agenda items and vote by proxy. Other than, The board of directors recognize shareholders rights and avoid any action that violates those rights. The guidelines are as follows:

- 1) The Company has appointed Thailand Securities Depository Co., Ltd. to perform the duty as its securities registrar to provide convenience to shareholders regarding securities registration matters of the Company.
- 2) The Company define publicly disclose policies to encourage all shareholders, including institutional ones, to attend the company’s shareholders meeting.
- 3) The Company has to hold an AGM within four months of the end of its accounting period. And The Company may call for an EGM if, after an AGM has been held, there is another matter that requires the shareholders approval.
- 4) Notice of AGM The Company details on the agenda in its entirety. As follows:
  - 4.1) To consider and appoint of directors was listed full name, age, educational background, career history, a director of the company. Including attendance in recent years and the number of years that he served as the director of the company.
  - 4.2) To consider and appoint of auditors was listed named auditor, affiliated companies, licensed auditor and the services of an auditor. Clearly
  - 4.3) To consider of dividend payment has informed the company's dividend policy. The rate proposed dividend With reasons and supporting information.
  - 4.4) In the Notice of AGM was listed objectives and reasons of each agenda, include Board of Directors’ opinion on each agenda item. Clearly

- 5) On the meeting date, the Company would have registration officers ready 2 hours before the meeting and until the end of the meeting to provide convenience to shareholders and proxies who attend the meeting. In addition, there has been an application of registration for the Annual General Meeting and voting results display beginning from the preparation of information for the members attending the meeting, printing of voting ballots and compiling of voting results according to the agendas and minutes of the meeting to facilitate the shareholders' meeting.

Before the meeting begins, the chairman would inform the meeting clearly of the voting and vote counting procedures for each agenda under the articles of association, as well as the requirement that the voting ballots be used for every agenda in order for the shareholders to exercise their voting rights as may be deemed appropriate for each agenda.

Explanation on voting procedures and vote counting are as follows :

- 5.1) One share shall be counted one vote and the majority of votes shall be deemed resolution. In case of an equality of votes, the Chairman shall be entitled to a casting vote distinguishing from that he has in the capacity of shareholder.
- 5.2) Shareholders attending the Meeting in person can cast votes as they wish on the ballots handed to them at the time of registration. The proxy appointed by the shareholder can also cast votes as directed by the grantor specified in the Proxy Form, and deliver to the staff to be recorded together with the votes that the shareholders have in advance given proxy to the independent directors proposed by Company.
- 5.3) The chairman will inform the Meeting of all voting results in each agenda. The votes as counted will include all votes per directions of all shareholders that appointed proxies. Each agenda will use the latest number of shares under possession of shareholders present in the Meeting.

For the selection of directors, the vote would be cast individually to enable shareholders to elect the preferred directors, whereby the Company would nominate names to be voted one by one. For transparency of this agenda, every shareholder who either votes for, against or abstains, was required to vote by using ballots, which would be collected by the officers after all the votes have been cast. Each director who is elected must receive more than half of the entire votes cast by shareholders who attend the meeting and have the right to vote.

The Company attendees would also be given an opportunity to raise questions or to give opinions with reasonable time for discussion. The issues of the questions and answers would be recorded in the minutes of the meeting in order to inform the shareholders who had not attended the meeting, and the chairman would conduct the meeting according to the agendas and would not add any agenda without notifying the shareholders in advance.

In the meeting, the Chairman explained before the meeting began how to vote and how to count the votes, as well as the requirement to use voting ballots for every agenda. The chairman also asked for concurring opinion that for those who attended the meeting later, they would be considered as forming a quorum and given voting rights from the beginning agenda. To proceed with the meeting, the Chairman presented matters in the order of agendas and gave time for questions of each agenda. For other matters apart from the agendas, there was question time in the latter part, of which every shareholder had equal rights and was given reasonable time.

- 6) The meeting of shareholders will be facilitated by the Company, ensuring that it does not contain any complicated procedure or limit the opportunity of those who wish to study the information of the Company. In addition, the Company shall not perform in any way that creates barriers to or hinders effective communication among shareholders. The Company shall take into account the convenience of the participants by not organizing the meeting on traditional holidays or holidays of commercial banks. Also, it shall conduct the meeting during appropriate period, that is, during 8.30 - 17.00 hours and the venue to be which is in the area of Bangkok.
- 7) The Company had disclosed the resolutions of the ordinary shareholders' meeting with result of the vote in a letter to the Director and Manager of the Stock Exchange of Thailand and on the Company's website ([www.rockgarden.co.th](http://www.rockgarden.co.th)) within 1 day after completion of the meeting, as well as the minute of the meeting with the votes for each agenda and important questions or suggestions fully recorded. The minutes of the meeting had been forwarded to the Stock Exchange of Thailand (SET), the SET's Board of Governors and relevant agencies within 14 days from the date of the meeting, and also disseminated via the Company's website for distribution to interest shareholders.
- 8) In order for the shareholders to review meeting details within a reasonable time and to ensure equality for both Thai and foreign shareholders concerning access to the information, the Company has implemented a policy on distributing minutes of the shareholders' meeting in a comprehensive manner. Each agenda contains important information as follows:
  - 8.1) Recorded explained the voting procedure. Prompted by way of voting and vote counting. The ballot includes how to display the score to shareholders prior to the meeting.
  - 8.2) Recorded questions answers to opportunity for shareholders to ask questions. Or offer comments on the agenda of the meeting to allow shareholders who did not attend the meeting to get to know.
  - 8.3) Recorded resolved to approve meeting, and recorded number of votes in each agenda clearly. Include agree, disagree and abstaining votes on every agenda.
  - 8.4) Recorded the name and position of director attendance and the directors did not attendance in order to monitor the participation of directors in meetings of shareholders each.

The Company published resolved to approve meeting of shareholders on the news system of the SET and the company's website ([www.rockgarden.co.th](http://www.rockgarden.co.th)) within the next business day, and the company published minute of AGM of Shareholders complete on the company's website ([www.rockgarden.co.th](http://www.rockgarden.co.th)) within 14 day since of the AGM. Shareholders can review the data without having to wait until the next meeting.
- 9) The Company requires all directors have a duty to participate in a meeting of shareholders at all times, and shareholders can inquire the Chairman of the Board and the auditors of the Company on the issues involved.
- 10) The Company has disclosed business-related information on the news system of the Stock Exchange of Thailand while also posting important information and current updates on its website ([www.rockgarden.co.th](http://www.rockgarden.co.th)). Such an effort is considered the protection of shareholders' rights beyond their legal rights.



- 11) The Company has been considered remuneration's directors by taking into account the remuneration of similar groups of industry and expansion of the business. The Company has also proposed all forms of remuneration, i.e., monthly allowance, gratuity and meeting allowance, which will be proposed to the shareholders for approval at every annual ordinary shareholder's meeting. Neither cash nor other assets will be offered to the directors unless it is the remuneration as per the rights and entitlements on a normal basis for the position as directors of the Company (For details, see "Remuneration for Directors and Executives").The remuneration payment shall be in accordance with the Public Limited Companies Act, Section 90, which stipulates that "the remuneration payment to directors must be in accordance with the resolutions of the general meeting of shareholders that consists of not less than two-third of the total votes of the shareholders present at the meeting. The Company has publicized such a policy on its website ([www.supalai.com](http://www.supalai.com)) for the acknowledgement of both shareholders and the general public.
- 12) The Company has set out agendas for the appointment of auditors and determination of audit fees for shareholders to approve at the general meeting of shareholders on an annual basis. Details on the proposed auditors and audit fees will be provided sufficiently to shareholders for consideration.

## Section 2 Equitable Treatment of Shareholders

The Company has complied with shareholders equally by placing emphasis on equality of both major and small shareholders, and attaching importance to their fundamental rights and encouraging them to exercise their rights as given by law. Information is provided completely and equally to make the shareholders feel confident in making investments. Though shareholders are unable to attend the meeting because of any inconvenience, they are entitled to appoint a proxy to attend the meeting. For such purposes, the Company has publicized guidelines on the website of the Company ([www.rockgarden.co.th](http://www.rockgarden.co.th)) to inform the shareholders and the general public.

- 1) The Company facilitates the shareholders who are foreigners, the Company has prepared all relevant documents in two languages i.e. English and Thai for Thai and foreign shareholders such as in Thailand and overseas, such as the notice of the meeting, proxy instrument, minutes of the meeting, annual report etc., and developed the Company's website ([www.rockgarden.co.th](http://www.rockgarden.co.th)) in two languages.
- 2) The Company has set out criteria in proposing agenda and nomination of persons for appointment as directors. This is to encourage small shareholders to participate in overseeing the Company and to select qualified directors, who can perform their duties effectively for the best interests of shareholders and all groups of stakeholders. The Company has published the criteria on both its [www.rockgarden.co.th](http://www.rockgarden.co.th) website under heading "Inverstor Relation" (<http://www.rockgarden.co.th/investor.html>) and that of the Stock Exchange of Thailand in order for shareholders to nominate persons to be elected as directors, propose agendas and inquire about the Company.
- 3) The shareholders have the opportunity to ask any questions on each agenda by contacting Miss Jantamat Harnkimhunt, secretary of the company, via her E-mail address: [jantamat@rockgarden.co.th](mailto:jantamat@rockgarden.co.th), or reaching her at

02 – 9347000 ext. 216 in advance 14 days before the commencement of the meeting whereby this should not be more than 7 days. Moreover, the shareholders could raise questions or express their opinions on any agenda during the meeting. The questions raised and the answers including the suggestions shall be recorded in the minute whereby this shall be published on the company's website at [www.rockgarden.co.th](http://www.rockgarden.co.th) in the form of video clip approximately 14 days after the commencement of the meeting. The company shall announce this information to the shareholders either directly or through the Stock Exchange of Thailand.

- 4) In the Annual General Meeting of Shareholder, with the important of the voting rights of the shareholders, the company has sent shareholders the invitation letter and the meeting document 21 days before the commencement of the meeting whereby these letters shall be sent by Thailand Securities Depository Co., Ltd., the company's registrar. Moreover, the company has published the invitation letter and the meeting documents on the company's website at [www.rockgarden.co.th](http://www.rockgarden.co.th) approximately 30 days before the commencement of the meeting in order for the shareholders to study in advance. The annual report has also been published on the company's website approximately 14 days before the commencement of the meeting. The invitation letter to shareholders detailing its entirety, with the date, time, venue and all agenda items, with assign objective reasons and the Board of Directors on each agenda clearly.

In order to provide shareholders have been informed of the matter to be considered at the meeting and factors to be considered in deciding to attend. The shareholders have been informed decision prior to the meeting. The company avoid adding any other, which will be voted on at the meeting, that is not predefined in the AGM, this constitutes unfair to shareholders who did not attend the meeting.

- 5) At shareholders meetings, each agenda item will be strictly followed in the order published in the invitation letters. No additional agenda item shall be added without advance notice to the shareholders. The measure is to ensure that the shareholders have enough time to study relevant information before making decisions.
- 6) The Company proposes the names of all of its independent directors as an option for proxies. A shareholder may choose to be represented by any one of them. The proxy forms are also in line with the forms recommended by the Commerce Ministry, with the formats that allow the shareholders to dictate the direction of his votes. The measure is to encourage the shareholders to exercise their rights to attend the meetings and vote on each agenda item.
- 7) The Company promotes the use of voting tickets for all agenda items by printing them separately for each major issue. The shareholders can therefore vote as they deem appropriate. The voting tickets will be kept in the meeting rooms so that they may be counted and added to the votes cast in advance in the proxy forms before announcing the result of the voting in the meeting room.
- 8) Directors and executives are required to submit the list of their first securities holding and report on changes of securities holding including those of their spouses and minor children, as well as related persons. The submission and report shall be conducted in accordance with Section 59 of the Securities and Exchange Act 1992 (B.E. 2535) within 3 working days from the date of buying, selling, transferring or receiving the transfer



of the securities. The directors and executives are also prohibited from buying and selling of the Company's securities during the period of one month prior to disclosure of financial statements to the public.

- 9) The Company determines directors and executives report on the change of securities holding to the Securities and Exchange Commission Thailand and submit the copy of the report to the Company on the same day they submit the report to the Securities and Exchange Commission Thailand.
- 10) The Company determines directors and executives know essential inside information that has influence on securities price must not buy or sell the Company's securities for one month prior to the disclosure of financial statement to the public and they shall not disclose such essential information to other people.
- 11) The directors, executives and employees shall not use inside information of the Company or business trading partners of the Company, that they know from performing duties, to purchase or sell or offer to purchase or sell. They shall not persuade others to purchase or sell or offer to purchase or sell securities of the Company or those of the Company's trading partners for personal gains or for the gains of others. In addition, they shall not engage in any business that competes with the Company as well as its related businesses even though their businesses do not cause the Company to lose benefits.

### **Section 3 Role of stakeholders**

The Company attaches importance to the rights of every group of stakeholders, both internal and external such as shareholders, employees, trading partners, competitors, government agencies including the responsibilities toward the society and the environment. The Company has also set the Code of Conduct as ethical guidelines for business operations by taking into consideration the principle of fairness, human rights, legal respect, intellectual property rights.

#### **1) Human Rights Principles**

The Company regards human rights principle as common practice by taking into consideration human dignity, freedom and equality of individuals, and shall not do any act and nor encourage the violation of human rights. The Company shall not be involved with any agency, organization or individual that violates human rights in every case. The Company has provided a better understanding of human rights to employees in performing their duties, and has not supported any activity that violates human rights and all employees shall not do any act in the manner of sexual harassment, flirting, possessing pornographic pictures, using sexual language or touching the employees of the Company or outsiders who contact the Company.

The Company recognizes the importance of human rights and freedoms with non-discrimination by promoting equality of disadvantaged and disabled people, as well as the impartiality of opportunity between women and men. There is neither gender and racist discrimination, and there is no child labors in the Company.

## **2) Principle of Law Compliance**

The Company recognizes the importance of law, and applies laws along with morality, ethics and integrity and business operations must be under the regulatory laws, therefore, there shall be no fraud or illegal act or making use of the gap of laws in its operation.

## **3) Intellectual Property**

The Company shall not install and use unlicensed computer software in the Company, shall not demand, accept or use business information acquired illegally or immorally, and shall not to infringe the copyrights, patents and trademarks of others.

## **4) Role of Stakeholders**

The Company divides stakeholders into groups which are shareholders, customers, employees, trading partners, competitors, communities, the society, environment, and related government agencies. The Company has realized that the supports from these stakeholders help to enhance its competitiveness and profitability which are instrumental in its long-term success.

### **4.1) Shareholders**

The Company places emphasis on the quality and sustainable business growth. Thus, it has conducted business with integrity, transparency, aiming to provide good services for customers' satisfaction, which will result in value adding and maximum returns to its shareholders in the long run. The Company complies with a policy on equal treatment of both major and small shareholders by respecting their rights, and treat all of them equally, while operating business with honesty, integrity and transparency, while disclosing information to shareholders appropriately, completely with standards under legal framework, ethical principles and good corporate governance practice.

### **4.2) Customers**

The Company has committed to comply with the policy on treatment of customers, with such policy in order to focus on the development of customer's satisfaction and confidence and is committed to treat customers with integrity, honesty and fairness on the basis of a fair return to both parties, while delivering a quality product at a fair price. The Company also controls and ensures that its product has the quality that is up to the standards and requirements of the Consumer Protection Act or other relevant laws, and also provides effective after-sales service to the customers.

The Company has taken good care of and acted responsibly toward its customers. It has produced quality and standard products, maintained their confidentiality and set up a unit exclusively to deal with them. The company has also listened to recommendations and opinions provided by its customers. As such, the customer relations unit has been established in order to provide the after sales service to the company's customers.

#### **4.3) Employees**

The Company is fully aware that employees at all levels are valuable resource of the Company, which is a factor for success and achievement of the goals of the Company. Accordingly, it shall provide care and fair treatment in terms of opportunity, returns, appointment, transfer and trainings for the employees as well as encouraging them to show their potential in order to be part of a sustainable development of the organization. The Company is well aware of the importance of all employees regardless of which section or department they are working in without any discrimination, and focuses on creating a good working environment, safety, with appropriate remuneration for their work. Such remuneration has been considered to be paid at similar rates of the same group of industry and according to the operational results of the Company, and the Company is fully aware that employees are valuable assets. Therefore, it always emphasizes development of knowledge and ability for all employees in order for them to grow sustainably along with the organization.

The Company has treated its employees fairly and paid them appropriately. Moreover, the company has offered various kinds of fringe benefits. These include the uniforms to all employees whereby the patterns shall be changed every 2 years, accident insurance for employees with operations risk, annual check-up, provident fund, accommodation with facilities for employees who work in provincial areas. For the human resource development, the company has trained several employees in order to enhance their knowledge and capability. The trainings include the use of some computer software, joint –seminar with the Stock Exchange of Thailand, Finance and Accounting training, etc.

#### **4.4) For Trading Partners**

The Company has committed to comply with the policy on Treatment of Trading Partners, it has the policy to treat its contractors, trading partners, vendors equally with fairness, by taking into account the best interests of the Company, while focusing on fair returns to both parties by avoiding situations that cause a conflict of interest. It shall also comply with contractual obligations by providing accurate information and correct reports. Any negotiation to solve problems and find solutions shall be based on the business relationship. The Company has supported the construction contractors on a continual basis to boost the morale and to encourage them to create quality work products.

#### **4.5) Competitors**

The Company's the business operations shall be conducted under the free and fair competition framework and shall not seek trade secret of the competitors by fraudulent, dishonest, inappropriate, immoral or illegal acts, regarding its competitors, the Company shall not do any act to cause damage to the reputation of the competitors by accusing, defaming or using any tactics without grounds; and shall not do any act to violate intellectual property rights and copyrighted works of others or competitors; and shall not conduct monopoly with its trading partners or suppliers. The Company has never had any dispute regarding trading competitors.

#### **4.6) Community, Society, Environment**

The Company has committed to operate business while giving back to the society on a regular basis. The Company recognizes the importance to the creation of good environment for the community, focus on the provision of knowledge because knowledge can be a base for developing and improving the quality of life for personal and family benefits as well as the benefits for the society in general.

The Company focuses on raising awareness of the employees to make the most effective, in order to achieve effective utilization of resources. In addition, The Company is committed to comply with all the laws relating to environmental protection and all the laws relating to health and safety, and therefore requires that all employees do the same.

The Company acts responsibly toward the environment of communities and the society by complying with any environmental law in order to avoid impacts towards the company, its community and any relating parties. The company has also paid great attention to the current environmental situation. Therefore, the company has regularly organized the activities to stop global warming annually.

#### **4.7) Related Government Agencies**

The Company has complied with the laws and strictly reported on such compliance, be it the tax payment and other expenses according to the regulations and rules prescribed by the state sector, and provided cooperation and support in implementing the state policies for the benefits of the country.

Regarding the stakeholders' contributions, the stakeholders can file the complaints; give any clue on the misbehavior of the company's employees or behaviors that could bring a disgrace to the company by sending the letter to the Managing Director at 601 Soi Ramkhamhange 39, Prachauthit Road, Wangtonglang District, Bangkok 10310. After received the letter, the company shall consider only the complaint letter or suggestion made by the stakeholders who have provided their name, contact address, telephone number and E-mail address (if any) and have relation with the company. This information shall be kept confidential.

If the company has conducted the inspection and found some evident, the company shall proceed according to the laws and relevant rules and regulation, including report to the Board for justice and transparency so that all departments have been informed.

### **Section 4 Disclosure and Transparency**

The Company has a policy to disclose the information to the investors and all groups of stakeholders on an equally basis by disclosing accurate, complete and transparent information in a timely manner. So that stakeholders take decisions, and a mechanism to monitor the implementation of the company, emphasize of the disclosure, and try to add a channel to provide information at all times. The details are as follows:

- 1) The Board of Directors of the Company has duty to treat all shareholders equally by ensuring that the disclosure, both financial and non-financial information, is made correctly, fully, adequately, reliably and in a

timely manner in order for the shareholders to receive information on an equitable basis as required by laws, relevant organizations and government agencies. The Company publishes its important information on the website of the Company ([www.rockgarden.co.th](http://www.rockgarden.co.th)), the website of the Stock Exchange of Thailand (SET) and of the Security and Exchange Commission (SEC) according to the criteria laid down by the SET and SEC.

- 2) The company has established the investor relations unit (Tel: 02-9347000 ext. 216 or E-mail address: [pornyamon@rockgarden.co.th](mailto:pornyamon@rockgarden.co.th) , [wi-on@rockgarden.co.th](mailto:wi-on@rockgarden.co.th) as a communication channel for the shareholders, investors and persons who are interested to learn more about the company can make inquiries regarding the company. The information that has been made public and informed to stakeholders is made available at the Company's website at [www.rockgarden.co.th](http://www.rockgarden.co.th) and updates are made regularly to ensure users can have convenient access to timely news and information in their best interests.
- 3) The Company disclosure of key information, by done via various channels on consistency basis to enable its shareholders and stakeholders to be informed entirely. The channels for dissemination are as follows:
  - 3.1 The Stock Exchange of Thailand
    - \* Annual Report
    - \* Financial Statement
    - \* Operational Results Report on a quarterly basis
    - \* Resolution of the Board and others
  - 3.2 The Securities and Exchange Commission
  - 3.3 Ministry of Commerce
  - 3.4 Newspaper
  - 3.5 Investor Relation (contact 0-2934-7000 Ext.216 or e-mail address : [pornyamon@rockgarden.co.th](mailto:pornyamon@rockgarden.co.th) , [wi-on@rockgarden.co.th](mailto:wi-on@rockgarden.co.th))
  - 3.6 The Company's website ([www.rockgarden.co.th](http://www.rockgarden.co.th))
  - 3.7 Document delivery notify shareholders by mail
- 4) Directors and executives submit the list of their securities holding including those of their spouses, children who are minors and related persons and report on changes of the list to the Office of the Securities and Exchange Commission within 3 day from the date of purchase, selling, transferring or receiving the transfer of the securities. This is to comply with Section 59 of the Securities and Exchange Act 1992. The directors and executives are also prohibited from buying and selling of the Company's securities during the period of one month prior to disclosure of financial statements to the public and forward the report on selling and buying of Company's shares to the Company Secretary to keep as evidence.
- 5) The Company has committed to comply with the policy on Vested Interest, set requirements that the directors and executives report to the Company on their own or their related person's vested interest relating to the management of business of the Company pursuant to Section 89/14 of the Securities and Exchange Act B.E. 2535 (1992) amended by the Securities and Exchange Act (No. 4) B.E. 2551 (2008). Such report shall constitute

information to support the Company's operations according to the requirement regarding related party transaction , which are transactions that may cause conflict of interest and lead to the siphoning of interest of the Company as follow:

- 5.1 The directors and the executives are required to report to the company their own stake, or those of their related persons in case of stake related to the management of business of the company filling in Form for Reporting on Stake of Directors and Executives as follows:
- \* First report: It should be done by the 15th of the following month from the on which there is transaction of stake.
  - \* Report on changes of information on stake: It should be made without delay, that is, within 3 business days from the date on which the information has changed by specifying the orderly number of such change.
- 5.2 The directors and executives shall submit report form of having their own stake or those of their related persons to the Company's Secretary for acknowledgement immediately or within the specified date. The Board of Directors has required that the basic reporting form "Report of Interest" of the Listed Companies Association.
- 5.3 The Company Secretary shall do as follows:
- \* Submit a copy of the report on stake according to Section 89/14 to the Chief Executive Officer of the Company and the Chairman of the Audit Committee within 7 business days from the date on which the Company receives such report.
  - \* Maintain reports on stake reported to the Company by directors and executives.
  - \* Disclose the information on stake of directors and executives in the annual report (Form 56-2) and the annual registration statement (Form 56-1).

## **Section 5 Board Responsibilities**

The Company is well aware of the importance of board Responsibilities with corporate governance for the best interests of the company. The board have leadership, vision, knowledge, ability, experiences and independence in making decisions for the best interests of the company and all shareholders.

### **1) Leadership and Visions**

The Board of Directors has determined a vision and a mission as follows:

#### **Vision**

We are one of the leading Real Estate and most exclusive quality living who seek a private sanctuary in the heart of city.



### **Mission**

1. Baan Rock Garden is an exclusive gated development to meet even the most discerning home seeker's needs and desires.
2. We offer reasonable and competitive price with superb location and profitable for shareholders.
3. Moving on to develop environment while stylish living is complemented by our professional management that ensures the ultimate peace of mind.

Whereby the Board of Directors has reviewed and granted approval to the visions and mission every year in order for the executives and the employees to set the goals in the same direction. The board has determined the policies, objectives, business plans and budgets of the Company, as well as supervised the management to ensure the business has been implements in line with the laid-down plans and budgets in an efficient and effective manner.

## **2) Nomination the company's Directors , Audit , Independent**

### **2.1) The Company's Directors**

The Company does not set up a Nomination Committee for the purpose of Board Member selection. Nevertheless, the Company has established guidelines and criteria for such selection process. The Board of Directors will determine qualified persons to become its members, based on their abilities, experiences, vision and reliability. The Company's Articles of Association state that one third of the Director positions must become vacant each year in the annual Shareholder General Meeting. In order to re-elect the Directors, whose terms have expired, the proposal must be approved in the Shareholder Meeting. The Articles also state the guidelines for the Shareholder Meeting to nominate the Company's Directors.

### **Criteria the appointment the Company's Directors**

1. The Board of Directors shall compose of at least five Directors, and at least half must be of Thai nationality. Persons appointed to the Board of Directors must possess qualifications as stated in article 68 of The Public Company Act of 1992 and guidelines as set forth by the Securities and Exchange Commission. The qualifications of each candidate are reviewed including their experiences, knowledge and capability for the business, and present the name list to the shareholders' meeting for the final selection.
2. At least one third of the Company's Board of Directors must be independent board members.
3. At every annual general shareholders' meeting, one third of the Directors has to retire. If the number of Directors cannot be divided exactly by three the number closest to one third shall be retired.
4. The election of Directors will be voted at the shareholders' meeting under the following conditions and procedures:
  - 4.1 The number of individual's vote equals to the number of shares s/he is holding.

- 4.2 Each individual's vote can be cast to vote for one or more nominees but the vote cannot be divided to preferred nominees.
- 4.3 After the vote, the nominated persons shall be ranked in descending order from the highest number of votes received to the lowest and shall be appointed as Directors in that order. The number of newly elected Directors must equal to the number of the vacating Directors. If two or more Directors are eligible for the same seat and earn the same number of votes, the Chairman has the power to make the final decision as to who will be elected.
5. In case of vacancy on the Board of Directors other than through retirement by rotation, the Board of Directors shall elect any person who is qualified and is not subject to prohibition under laws governing public companies as a substitute Director at the next Board meeting by a vote not less than three quarters of the number of Directors remaining, unless the remaining term of the said director is less than two months. The substitute director shall hold the position only for the remaining term of the director he replaces.
6. A resolution may be passed at the shareholders' meeting to remove directors from office prior to retirement by rotation, by a vote not less than three quarters of the number of shareholders attending the meeting who have the right to vote and who have shares totaling not less than half the number shares held by shareholders attending the meeting and having the right to vote.
7. According to Item 18 of the Regulation of the company, it is stated that in every Annual General Meeting of shareholders, one-third of the directors should be released from the post. If the number of the directors could not be equally divided into three parts, the number of directors left the post would be the nearest figure of one-third. For the first year and the second year after the registration of the company, directors would be released from the post by a luck draw. After that, directors with the longest period on the post shall be released from the post and such directors may be re-elected to the office.

#### **Qualifications the Company's Directors**

1. Each board member shall possess knowledge and capability, vision, honesty and integrity. Each member must possess high ethical standards, must possess a clean and transparent record of previous responsibilities and must have sufficient time to make meaningful contributions to the Company.
2. Each board member must possess the qualities and must not have been disqualified in relation to the guidelines set forth for publicly listed companies and/or any other applicable laws and regulations
3. Board members may serve as a board member for other Companies as long as such positions will not hamper the board member from fulfilling his/her duties as a member of the Company's board.
4. Board members must not operate, be partner in or be a shareholder in any business entity that operates in the same industry as that of the Company or is a competitor of the Company unless such position is disclosed to shareholders at the shareholders' meeting prior to the appointment to the Company's board.



5. The qualification of an independent director is similar to that of a member of the Audit Committee which complies with the Stock Exchange of Thailand's guidelines regarding the qualifications and responsibilities of members of the Audit Committee. The independent director's responsibility is to ensure that the interests of all shareholders are upheld. The independent directors are also to be allowed to freely provide thoughts and comments at Board meetings.
6. The Company provides for shareholders to nominate the names of directors advance.

## 2.2) The Audit Committee

The Board of Directors is responsible for nominating at least 3 Directors to join the Audit Committee. The Committee members will be selected from the Company's Independent Directors with appropriate qualities, as guided by the laws pertaining to securities and stock exchanges, including the announcement, rules and regulations of the Stock Exchange of Thailand, mandating the qualities and scope of authority of the Audit Committee. In addition, at least one of the Audit Committee members must have background in accounting and finance.

In addition, the Audit Committee is appointed by the resolution from the Shareholder Meeting, with 2-year term. The Committee's member whose term of office has ended may be reinstated.

### Selection criteria of Independent Director and Audit Committee Director

- 1) Appointed by the Board of Directors or the shareholders of the Company to be the Audit Committee members and be independent directors.
- 2) Hold shares of not more than 1 percent of the voting shares of the Company, subsidiary companies, associated companies, or any juristic persons with potential conflict, including the shares held by related persons of such independent director and audit committee director.
- 3) Must not be nor have ever been a director with participation in management, a hired worker, an employee, an advisor with fixed salary, or a person with control over the Company, subsidiary companies, associated companies, or juristic persons with potential conflict, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director and audit committee director.
- 4) Must not be a person related by blood or by legal registration as father, mother, spouse, sibling, and offspring, including spouse of offspring of an executive or major shareholder, controlling person, or a person who will be nominated as executive or controlling person of the Company or subsidiary companies.
- 5) Must not have nor have ever had any business relationship with the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts to the extent that may obstruct the using of his/her independent discretion, and is not nor ever have been a major shareholder, a non-independent director and audit committee director or an executive of those with business relationship with the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts, unless having

been relieved from such title for not less than 2 years before the date of filing an application with the Office of the Securities and Exchange Commission.

- 6) Must not be nor have ever been an auditor of the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts, and is not a major shareholder, a non-independent director and audit committee director, an executive, or a managing partner of the audit firm where the auditors of the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts are working for, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director and audit committee director.
- 7) Must not be nor have ever been a provider of any professional service, including a legal consultant or financial consultant, with remuneration in excess of Baht2 million per annum from the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts. Where the provider of professional service is a juristic person, it shall include the major shareholders, non-independent director and audit committee director, executives, or managing partners of such professional service provider, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director and audit committee director.
- 8) Must not be a director appointed as the representative of the Company directors, major shareholders, or any shareholders who are connected persons of the major shareholders of the Company.
- 9) Must not possess any other characteristics that will prevent the independent expression of opinions in respect of the operations of the Company.
- 10) The Independent Director and Audit Committee Director who are qualified according to 1 - 9 may be assigned by the Board of Directors to make decision on the operations of the Company, the operations of the subsidiaries, associated companies or juristic entities which may have a conflict. The decision could be made in the form of panel.

### **3) The Company's Directors Structure**

With the understanding of the importance of Policies on Corporate Governance, the Company's Board of Directors has set the policies focusing on the transparency of business operation, investigation and disclosure of information to the public and shareholders on a regular basis. We also give the attention to the internal control and auditing system including the effort to closely manage and control and the risks by taking into consideration the ethics of fair business operation to the customers, shareholders and stakeholders. The structure of the Company's directors is as follows:

|                                       |   |         |
|---------------------------------------|---|---------|
| • The Board of Directors              | 6 | Persons |
| • The Independent and Audit Committee | 3 | Persons |
| • The Executive Committee             | 3 | Persons |

The Board of Director has been elected by the company whereby each director shall have the term of 2 years. In order to enhance the management efficiency, the check and balance has been clearly put in place. As such, no employee shall

have solely authority to sign or make decision. Moreover, a clear line of authority and segregation of function have been established. The structure of the management has been written in the annual report in order to be accordance with the good corporate governance of the Stock Exchange of Thailand. For more detail, please see “Management Structure”.

### **3.1) The Board of Directors**

The Company’s Board of Directors perform the duties by taking into account integrity, transparency, fairness and maintenance of the Company’s interest.

#### **The duties and responsibilities of the Board of Directors**

1. Supervise and manage the Company’s business operations according to the laws, objectives, articles of association of the Company and regulations of concerned agencies as well as the resolutions of the shareholders’ meeting, and maintain the interest of the Company according to the business good governance principles. The Board of Directors must also disclose information in sufficient, correct, complete, standardized and transparent manner to shareholders and all relating parties.
2. Set out vision, mission, directions and strategies of the Company, consider and review such vision, mission and strategies regularly and grant approval every year to be in accordance with the Company’s business plan.
3. Grant approval to important strategies and policies including the objectives, financial goals and plans of the Company; monitor and supervise to ensure that the Company’s strategies and plans have been implemented.
4. Authorize the Chief Executive Officer to have the power to carry out the business operations of the Company as well as the power to appoint and remove the employees of the Company and determine the remuneration for working according to the policies of the Board of Directors; and authorize the employees with the operational powers in accordance with the business condition.
5. Determination duties and responsibilities of the Executive and Management Committee clearly.
6. Organize the annual ordinary general meeting of shareholders within 4 months from the closing date of the accounting year of the Company, and organize the extraordinary meeting of shareholders when necessary.
7. Organize the meeting of the Board of Directors every quarter and there must be not less than one half of the number of Directors attending the meeting; the decision of the meeting must be made by a majority vote; if there is a tie of votes, the Chairman can have a casting vote.
8. The Board of Directors may appoint a number of Directors and/or Executives, as appropriate, to form an Executive Committee and assign them to manage the Company on their behalf. The Board of Directors will appoint one among the Executive Committee to be the Chief Executive Officer. The Board of Directors may only empower the Executive Committee to manage the Company within their scope of authority and responsibilities, as stated by the law, and they must clearly specify the scope of authority and responsibilities of the Executive Committee.

9. The Directors may not initiate a business that directly competes with the Company. They also may not become partners in any ordinary partnerships, general partners in any limited partnerships, or directors of any companies that pose direct competition to the Company.
10. Arrange for disclosure of correct, clear, transparent, reliable and high standard information.
11. Arrange for a preparation of statements of financial position and income statements as at the ending date of the accounting year of the Company and the Board of Directors must arrange for an audit by the auditor before to be presented to the annual ordinary meeting of shareholders for approval.
12. Arrange for a report on important financial and general information to the shareholders in a correct, complete and sufficient manner; and confirm the verification of information reported.
13. The Board of Directors is responsible for the review and approval of the Company's periodical and annual financial statements, as well as ensuring that the financial statements are produced in accordance to the general accounting standard.
14. The Board of Directors must review the adequacy and appropriateness of the Company's internal control system and risk management procedures.
15. The Board of Directors must ensure that the Company's operation receive sufficient audition from the internal Auditor and external Certified Accountant.
16. The Board of Directors has the duty to propose remuneration for directors to be approved by the Annual Ordinary General Meeting of Shareholders.
17. The Board of Directors has the duty to evaluate the performance of Executive Management and set out remuneration in accordance with their performance.
18. The Company's directors have a duty to participate in a meeting of shareholders at all times, and shareholders can inquire the Chairman of the Board and the auditors of the Company on the issues involved.

To exercise their authority in the following Company's affairs, the Board of Directors must first receive the approval from the Board Meeting through the majority voting of attending Directors, and also from the Shareholder Meeting with the approval resolution produced by at least 75% of attending Shareholders with voices.

- (a) Sale or transfer of the entire or the significant portion of the Company's business to other parties.
- (b) Acquisition or transfer of other public or private company's business to become part of the Company's.
- (c) Amendments to the Company's Memorandum of Association or Articles of Association.
- (d) Increase or decrease of the Company's capitals, or issuance of debentures.
- (e) Corporate merger or dissolution.

#### **Secretary of the Board**

The Board of Director passed a resolution to appoint Miss.Jantamat Hankimhunt to hold secretary office according to the meeting resolution of Board of Directors no.4/2014 on 13 November, 2014, has acted as

the Company Secretary since December 17, 2014 to oversee Board activities and assist the Board and the Company in complying with related laws and regulations and in promoting good corporate governance, to oversee the organization of shareholders and Board meetings in conformity with laws and the Company's Articles of Association and procedures, and to oversee the preparation and storage of meeting support documents and follow up to ensure compliance with the shareholders' and Board resolutions. The Company has defined the Secretary's role, duties and responsibilities in the Corporate Governance Policy Manual, as it envisions the importance and necessity of secretary role in the development of its corporate governance system. The Secretary can be reached at [Jantamat@rockgarden.co.th](mailto:Jantamat@rockgarden.co.th), [investor@rockgarden.co.th](mailto:investor@rockgarden.co.th) or phone number 02-934-7000 ext. 216

#### **Required Qualifications and Experience for Company Secretary**

1. Being knowledgeable in and having an understanding of the laws and regulations concerning the company and regulatory body in relation to the law on public limited companies and the law on securities and stock exchange; passing a training course on company secretary duty performance.
2. Being knowledgeable and having an understanding of good corporate governance and corporate governance best practices.

#### **Company Secretary's scope of duties and responsibilities:**

1. To produce and keep
  - Record of Directors,
  - Notice of Board of Directors meeting, minutes of Board of Directors meeting and company's annual report,
  - Notices and minutes of all shareholders' meetings.
2. To keep all interest or conflicts of interest report reported by directors or any members of management team.
3. To perform any other action as determined by Capital Market Supervisory Board.

#### **3.2) The Executive Committee**

##### **Scope of Authority and Responsibilities of the Executive Committee**

1. The Executive Committee is responsible for the consideration of the annual budget allocation, proposed by the management team, before taking it to the Board of Directors for approval. The responsibilities also include the urgent review and approval of the amendments and the additions to the annual expense budget in the events of no scheduled Board Meeting. The executive decisions must, however, be informed to the Board of Directors in the soonest Board Meeting.
2. The Executive Committee is responsible for the consideration of the Company's policies, directions, strategies and management structure. The Executives must also set the guidelines for the operations that correspond to the circumstances of economy and market competition, as reported by the management team, before proposing them to the Board of Directors for approval.

3. The Executive Committee must ensure that the Company effectively operates in accordance with the policies and operational guidelines.
4. The Executive Committee has the authority to appoint the Managing Director, and to discharge personnel below the position of the Managing Director from their positions.
5. The Executive Committee is responsible for the allocation of gratuity, after the approval from the Board of Directors, to the employees, workers or anyone who act on the Company's best interest.
6. The Executive Committee is authorized, following the approval from the Board, to endorse the Company's financial transactions, such as account opening, loans, pledges, mortgages, as well as land trading and registration of land ownership, providing the transactions are in line with the Company's objective, and performed to promote the Company's benefits.
7. The Executive Committee is responsible for carrying out any other assignments the Board of Directors entrusts it with. Nevertheless, the empowerment of the Board of Directors to the Executive Committee must be within the legal scope of authority and responsibilities of the Executive Committee.

The Executive Committee is not authorized to conduct any of the following affairs, or related matters, without first proposing to the Audit Committee for its opinion, and proposing to the Board of Directors and / or the Shareholder Meeting for approval: (a) connected transactions; (b) trading transactions of Company's significant assets; and / or (c) transactions that involve parties who have potential conflicts of interest with the Company and its subsidiaries, (if any).

Furthermore, in conducting the connected transactions or trading transactions of Company's significant assets, as defined in the regulations of the Stock Exchange of Thailand, as well as the above transactions involving other listed companies, the Executive Committee must first obtain approval from the Shareholders in a Shareholder Meeting, or by any other mean possible, according to the regulations of the Stock Exchange of Thailand.

### **3.3) The Audit Committee**

The Audit Committee is an independent party elected to join the Board of the Directors, with responsibilities to examine the financial information proposed to Shareholders and other related parties, to investigate the internal control system, to conduct internal audit processes, and to communicate with the Company's external auditor.

#### **Scope of Authority and Responsibilities of the Audit Committee**

1. The Audit Committee is responsible for investigating, in concert with the Company's external auditor, whether the Company's financial reports are accurately produced, with adequate disclosure. The Committee may voice its opinion to the Auditor, as well as review and investigate any transactions it sees fit.



2. The Audit Committee is responsible for investigating, in concert with the Company's external auditor and internal auditor, whether the Company's internal control and internal audit processes are appropriately in place and effectively performed.
3. The Audit Committee is to determine the scope of the investigation and the audit plans for the external auditor and internal auditor that are in accord, when investigating the financial transactions.
4. The Audit Committee is responsible for the selection and proposal of the Company's auditor and his compensation to the Board of Directors. The decision for appointment must come from the Shareholder Meeting.
5. The Audit Committee must consider the disclosure of corporate information regarding to related-party transactions or transactions inducing conflicts of interest with all due accuracy and completeness.
6. The Audit Committee is responsible for investigating whether the activities of the Company conform to all laws pertaining to securities and the stock exchange, the regulations of the Stock Exchange of Thailand, and the laws relevant to the Company's business.
7. The Audit Committee is responsible for other matters assigned to it by the Board of Directors and agreed by the Audit Committee itself. Examples include the reviews of financial management and risk management policies, the reviews of the Company's operation in accordance with the executive business ethics and the review, in concert with the Company's executive, of significant transactions that, as enforced by the laws, must be presented to the public, such as the executive reports and analyses.
8. The Audit Committee must organize a report on the activities of the Audit Committee, signed by the Chairman of the Audit Committee, which must be included in the Company's Annual Report. The contents of the report include the following:
  - (a) The Committee's opinions on the process of producing and information disclosure in the Company's financial reports, as to whether it is accurate, complete and reliable.
  - (b) The Committee's opinions on the adequacy of the Company's internal control system.
  - (c) The Committee's rationale for its confidence, such that it's appropriate to continue to appoint the current Company's auditor for another period.
  - (d) The Committee's opinions on the conformance of the Company's operations to all laws pertaining to securities and the stock exchange, the regulations of the Stock Exchange of Thailand, and the laws relevant to the Company's business.
  - (e) Any other matters that the Committee considers appropriate to inform the Shareholders and general investors, which do not exceed the scope of authority and responsibilities of the Committee assigned by the Board of Directors.

#### **4) Setting up remuneration**

##### **4.1) Remunerations of the Company's Directors and Audit Committee Director**

The Company attaches importance to good corporate governance system, it therefore has set a transparent policy to compensate all the Directors with remunerations and other benefits that are fair for their responsibilities and contributions.

The Chairman of the Board authorized the remunerations to be paid to the Company's Directors and Audit Committee in 2015 to be no greater than 1.5 million Baht, to be same the 2014. The Remuneration has determined from the remuneration generally paid in the same industry and expansion of the business.

The directors' remunerations and Audit Committee have not been set by the Remuneration Committee since the company has not had the Remuneration Committee. The Remuneration Committee were approved by the Board of Directors.

The remuneration of Directors and Audit Committee must be approved by the shareholders at all times. The shareholders' meeting approved by at least two-third of the number of shareholders present and vote at the meeting.

##### **4.2) Remunerations to management, managing officers, and staff**

###### **Monetary remunerations**

The company has set the criteria on the remunerations which include salary, living expenses, wages, allowances, provident fund and bonus. The company has compared its remuneration structure with those of the companies in the same industry and has developed the key performance indicators so that the remunerations can be fair and transparent including being good incentives.

###### **Non-monetary remunerations**

The company has placed great emphasis on the human resource of the company. As such, the company has developed and encouraged the bond and good attitude of the staff toward the company. The company has offered the staff the accident insurance for those with operational risks, medical care (annual check up), provident fund, accommodation and public utility for those who work in the provincial areas.

#### **5) Board Self-Assessment**

An self-assessment process has started implemented for the Board of Directors. The assessment evaluates the performance of the Board of Directors, which enables to review the problems and obstacles encountered along with the progress made in the past year. Reflection of the review is used as reference and guideline for developing and modifying strategies and policies for the coming year.



## **Performance Evaluation of the Company's Board of Directors**

### **Criteria**

The Board's Self-Evaluation Form is a form used to evaluate the performance of the board of directors as a whole. The evaluation guideline was adapted and adjusted from the Stock Exchange of Thailand to suit the characteristics and structure of the board. The evaluation result has an important role to develop the efficient and effective performance and operation of the board. Topics of evaluation are:

1. Structure and qualifications of the board of directors
2. Board meetings
3. Roles, duties and responsibilities of the board of directors
4. Relationship with the management and Self-development of directors and development of executives

### **Procedure**

The Company secretary submits the evaluation form for all directors to evaluate themselves at the end of each year. The secretary will also collect and report the summary of results to the board meeting for consideration, acknowledgement and discussion every year.

In 2015, the summary of the board performance results in 4 topics showed that most activities were well / appropriately operated with the average point at the great level, equivalent to 79.12%

## **6) Board Board Meetings**

The Board of Directors has set a guideline for holding at least 4 meetings annually and calls for an extraordinary meeting when necessary. All members of the Board are required to attend meetings except in cases of emergency. The Chairperson and the Managing Director are responsible for determining the appropriate agendas and its sequence while allowing other Board Members to submit other agendas for consideration. The agenda of each Board meeting is clear and the Company sends agendas and related documents to the Board seven days prior to the meeting date so that Board members have sufficient time to study the issues beforehand. Additional information on each agenda can be sought from the Company's Secretariat.

The Chairman emphasizes due care and careful judgment and provides sufficient time for the thorough discussion and consideration of matters. The Company Secretary is charged with issuing invitations and supporting Board members with all necessary documentation in preparation for Board meetings. The minutes to all Board meetings are prepared by the Company Secretary, which must be approved by the Board of Directors prior to safekeeping and for future reference by stakeholders.

In 2015, the Board of Directors met in ordinary Board meeting total 4 times. Attendance record of Board members is disclosed in the "Management Structure".

#### **7) Training and Development for Directors and the Management**

It is a company's policy to encourage all members of the Board to undertake some training courses from Thai Institute of Directors (IOD) which are relating to their positions and responsibilities in order to enhance their knowledge and capability to efficiently govern the company. For the directors who have just been elected, each director shall be informed of the information of the company, rules and regulations, business model of the company, which is relevant to their duties. Moreover, various trainings shall be provided to such directors in order to continually enhance their knowledge. The training information shall be published on 56-1 and the annual report. For more details, please see "Directors' profile"

#### **8) Conflicts of Interests**

The Company has the policy to eliminate the conflicts of interest by allowing the audit committee to consider and approve the transactions. The audit committee will bring all issues to the Board of Directors' meeting for consideration where the stakeholders of the particular issue will be required not to vote for justice and best company's benefit purposes. The Company always operates the business according to the rules of the Stock Exchange of Thailand, and discloses details, value, contracts and other necessities in the annual report and Form 56-1. For the usage of inside information, the Company's policy indicates that the management must follow Section 59 of Stock & Stock Market Act, B.E.1992 and are not allowed to use inside information for personal benefits

#### **9) Business Ethics**

The Company's Board of Directors and management promote the employee's honesty and responsibility to the stakeholders, shareholders and all parties concerned. This is important in order to build an organizational culture with social responsibility. The Company has required that the executive board conform the Best Code of Practices based on SET's guidelines.

## Corporate Social Responsibility

Baan Rock Garden Public Company Limited is committed to code of conduct, good governance and social responsibilities.

The Company therefore emphasizes on “Corporate Social Responsibility”, as its main policy, together with business operation. The Company supported non-profit organizations and launched projects and activities benefiting the public.

### Community

Baan Rock Garden Public Company Limited, with the collaboration of Wang Thong Lang Police Station, donated gifts as prizes and gifts for children on the Child Day annually held at sport arena of Wang Thong Lang Police Station.



### Education

Baan Rock Garden PCL has recognized problems of visual impaired youth and children. To promote their learning, the Company grants scholarships, sport equipment and teaching materials to teachers and students of Thammik Wittaya School, Khaoyoi District, Petchaburi Province.





## Environment

Baan Rock Garden PCL, has activities to benefit the society and the environment at National Parks Namtok Chet Sao Noi, district Muak Lek, province Saraburi, With the staff of National Parks make to build check dams. The company aims to raise awareness on the conservation of water resources, and understand the benefits of build check dams. And promoting use water saving, to know the value of water, public relations sustainable tourism.



## Volunteer Spirit

- **Blessing to His Majesty the King**

To express the royalty to His Majesty the King, this activity is a part of the celebrations in honor of His Majesty the King's birthday anniversary and the Father's Day.

- **Energy Saving and Resource Reservation Campaign**

The Company promoted staff awareness on energy saving and resource reservation starting from internal initiatives such as reuse, reduction, recycle. The Company also encouraged staff behaviors on energy saving i.e. water energy or electricity energy by turning off after use.

- **Management and Staff Participation in Social Sharing Activities**

Participation in Social Sharing Activities is part of the Company's corporate social responsibility policy. The management and staff participated in donation money, computer equipment, books, clothing, electrical equipment, and the use of good condition to The Mirror Foundation, Child Protection Foundation, World Vision *Foundation* of Thailand, etc.



### Shareholder's Structure

Baan Rock Garden Public Company Limited is the listed company in the Stock Exchange of Thailand with the details of the authorized capital as follows:

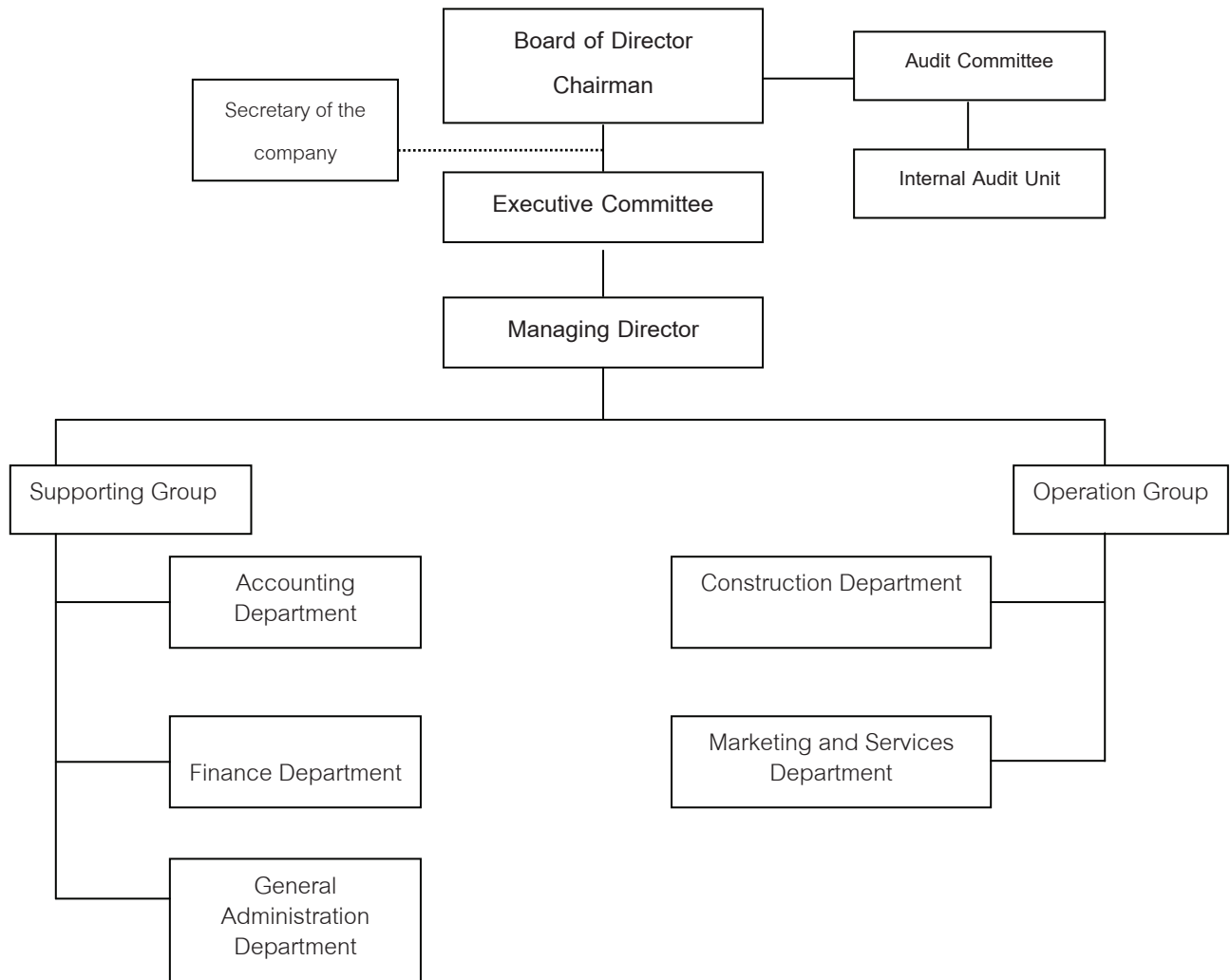
| Items              | No. of shares (Shares) | Amount (Baht)    |
|--------------------|------------------------|------------------|
| Authorized capital | 1,229,999,916          | 1,229,999,916.00 |
| Paid-up capital    | 1,024,999,930          | 1,024,999,930.00 |

As of the book closing date on 6 March 2015, the lists of 10 major shareholders are as follows:

| No.                  | Name of the person/ company     | No. of shares<br>(shares) | % of total shares |
|----------------------|---------------------------------|---------------------------|-------------------|
| 1                    | Mr.Virat Chinprapinporn         | 215,371,052               | 21.01%            |
| 2                    | Mrs.Nongnoi Silaparat           | 118,467,091               | 11.56%            |
| 3                    | Mrs.Naowanij Silaparat          | 83,719,950                | 8.17%             |
| 4                    | Mrs.Naowaratlalit Kasetuwan     | 82,972,293                | 8.10%             |
| 5                    | Ms.Naowaruji Silaparat          | 81,800,000                | 7.98%             |
| 6                    | Ms.Naowarat Suthamjariya        | 81,600,000                | 7.96%             |
| 7                    | Mrs.Naowanart Jamornmarn        | 81,379,893                | 7.94%             |
| 8                    | Mr.Sompong Chonkadeedamrongkul  | 61,826,900                | 6.03%             |
| 9                    | Mr.Pittaya Rungwatanasopon      | 12,030,000                | 1.17%             |
| 10                   | Ms.Kanittha Chonkadeedamrongkul | 10,000,000                | 0.98%             |
| Total holding shares |                                 | <b>829,167,179</b>        | <b>80.90%</b>     |
| Total all stock      |                                 | <b>1,024,999,930</b>      |                   |

## Management Structure

### Corporate Structure of Baan Rock Garden Public Company Limited



### The Company's Directors Structure

The Company's Directors structure consists of 3 committees, namely

- The Board of Directors 6 Persons
- The Independent and Audit Committee 3 Persons
- The Executive Committee 3 Persons

#### A) The Board of Directors

The Company's Board of Directors perform the duties by taking into account integrity, transparency, fairness and maintenance of the Company's interest.



**The duties and responsibilities of the Board of Directors**

1. Supervise and manage the Company's business operations according to the laws, objectives, articles of association of the Company and regulations of concerned agencies as well as the resolutions of the shareholders' meeting, and maintain the interest of the Company according to the business good governance principles. The Board of Directors must also disclose information in sufficient, correct, complete, standardized and transparent manner to shareholders and all relating parties.
2. Set out vision, mission, directions and strategies of the Company, consider and review such vision, mission and strategies regularly and grant approval every year to be in accordance with the Company's business plan.
3. Grant approval to important strategies and policies including the objectives, financial goals and plans of the Company; monitor and supervise to ensure that the Company's strategies and plans have been implemented.
4. Authorize the Chief Executive Officer to have the power to carry out the business operations of the Company as well as the power to appoint and remove the employees of the Company and determine the remuneration for working according to the policies of the Board of Directors; and authorize the employees with the operational powers in accordance with the business condition.
5. Determination duties and responsibilities of the Executive and Management Committee clearly.
6. Organize the annual ordinary general meeting of shareholders within 4 months from the closing date of the accounting year of the Company, and organize the extraordinary meeting of shareholders when necessary.
7. Organize the meeting of the Board of Directors every quarter and there must be not less than one half of the number of Directors attending the meeting; the decision of the meeting must be made by a majority vote; if there is a tie of votes, the Chairman can have a casting vote.
8. The Board of Directors may appoint a number of Directors and/or Executives, as appropriate, to form an Executive Committee and assign them to manage the Company on their behalf. The Board of Directors will appoint one among the Executive Committee to be the Chief Executive Officer. The Board of Directors may only empower the Executive Committee to manage the Company within their scope of authority and responsibilities, as stated by the law, and they must clearly specify the scope of authority and responsibilities of the Executive Committee.
9. The Directors may not initiate a business that directly competes with the Company. They also may not become partners in any ordinary partnerships, general partners in any limited partnerships, or directors of any companies that pose direct competition to the Company.
10. Arrange for disclosure of correct, clear, transparent, reliable and high standard information.
11. Arrange for a preparation of statements of financial position and income statements as at the ending date of the accounting year of the Company and the Board of Directors must arrange for an audit by the auditor before to be presented to the annual ordinary meeting of shareholders for approval.

12. Arrange for a report on important financial and general information to the shareholders in a correct, complete and sufficient manner; and confirm the verification of information reported.
13. The Board of Directors is responsible for the review and approval of the Company's periodical and annual financial statements, as well as ensuring that the financial statements are produced in accordance to the general accounting standard.
14. The Board of Directors must review the adequacy and appropriateness of the Company's internal control system and risk management procedures.
15. The Board of Directors must ensure that the Company's operation receive sufficient audition from the internal Auditor and external Certified Accountant.
16. The Board of Directors has the duty to propose remuneration for directors to be approved by the Annual Ordinary General Meeting of Shareholders.
17. The Board of Directors has the duty to evaluate the performance of Executive Management and set out remuneration in accordance with their performance.
18. The Company's directors have a duty to participate in a meeting of shareholders at all times, and shareholders can inquire the Chairman of the Board and the auditors of the Company on the issues involved.

To exercise their authority in the following Company's affairs, the Board of Directors must first receive the approval from the Board Meeting through the majority voting of attending Directors, and also from the Shareholder Meeting with the approval resolution produced by at least 75% of attending Shareholders with voices.

- (a) Sale or transfer of the entire or the significant portion of the Company's business to other parties.
- (b) Acquisition or transfer of other public or private company's business to become part of the Company's.
- (c) Amendments to the Company's Memorandum of Association or Articles of Association.
- (d) Increase or decrease of the Company's capitals, or issuance of debentures.
- (e) Corporate merger or dissolution.

The Board of Directors comprise of the following 6 directors:

| No.  | Board Members              | Positions  |
|--|----------------------------|--|
| 1.   | Mr. Virat Chinprapinporn   | Chairman of the Board of Director                      |
| 2.   | Mr. Surapol Satimanont     | Director / Independent and Chairman of Audit Committee |
| 3.   | Mr. Wanchai Mekasut        | Director / Independent and Audit Committee             |
| 4.   | Mr. Preecha Jenthanavijit  | Director / Independent and Audit Committee             |
| 5.   | Mrs. Naowanit Silaprarat   | Director and Managing Director                         |
| 6.   | Mrs. Naowarat Suthamjariya | Director   |
| Ms.Jantamat Hankimhunt is Corporate Secretary to the Board of Director until 17 December 2014. |                            |  |

The total number of Board Meetings and the number of Board Meetings each Director  
attended during the years 2014 and 2015

| No. | Board Members              | 2014  | 2015  |
|-----|----------------------------|---|---|
|     |                            | Number of Meetings<br>attended / total number | Number of Meetings<br>attended / total number |
| 1.  | Mr. Virat Chinprapinporn   | 4 / 4   | 4 / 4   |
| 2.  | Mr. Surapol Satimanont     | 4 / 4   | 4 / 4   |
| 3.  | Mr. Wanchai Mekasut        | 4 / 4   | 4 / 4   |
| 4.  | Mr. Preecha Jenthanavijit  | 4 / 4   | 4 / 4   |
| 5.  | Mrs. Naowanit Silaprarat   | 3 / 4   | 4 / 4   |
| 6.  | Mrs. Naowarat Suthamjariya | 4 / 4   | 4 / 4   |

**Authorized Directors**

The Authorized Directors comprise

| No. | Board Members              | Positions                                  |
|-----|----------------------------|--|
| 1.  | Mr. Virat Chinprapinporn   | Chairman of the Board                      |
| 2.  | Mrs. Naowanit Silaprarat   | Director and Managing Director             |
| 3.  | Mrs. Naowarat Suthamjariya | Director                                   |
| 4.  | Mr. Preecha Jenthanavijit  | Director / Independent and Audit Committee |

Any two of the above may sign along with the Company's seal affixed.

**Secretary of the Board**

The Board of Director passed a resolution to appoint Miss.Jantamat Hankimhunt to hold secretary office according to the meeting resolution of Board of Directors no.4/2014 on 13 November, 2014, has acted as the Company Secretary since December 17, 2014 to oversee Board activities and assist the Board and the Company in complying with related laws and regulations and in promoting good corporate governance, to oversee the organization of shareholders and Board meetings in conformity with laws and the Company's Articles of Association and procedures, and to oversee the preparation and storage of meeting support documents and follow up to ensure compliance with the shareholders' and Board resolutions. The Company has defined the Secretary's role, duties and responsibilities in the Corporate Governance Policy Manual, as it envisions the importance and necessity of secretary role in the development of its corporate governance system. The Secretary can be reached at Jantamat@rockgarden.co.th , investor@rockgarden.co.th or phone number 02-934-7000 ext. 216

**Required Qualifications and Experience for Company Secretary**

1. Being knowledgeable in and having an understanding of the laws and regulations concerning the company and regulatory body in relation to the law on public limited companies and the law on securities and stock exchange; passing a training course on company secretary duty performance.
2. Being knowledgeable and having an understanding of good corporate governance and corporate governance best practices.

**Company Secretary's scope of duties and responsibilities:**

1. To produce and keep
  - Record of Directors,
  - Notice of Board of Directors meeting, minutes of Board of Directors meeting and company's annual report,
  - Notices and minutes of all shareholders' meetings.
2. To keep all interest or conflicts of interest report reported by directors or any members of management team.
3. To perform any other action as determined by Capital Market Supervisory Board.

**B) The Executive Committee**

**Scope of Authority and Responsibilities of the Executive Committee**

1. The Executive Committee is responsible for the consideration of the annual budget allocation, proposed by the management team, before taking it to the Board of Directors for approval. The responsibilities also include the urgent review and approval of the amendments and the additions to the annual expense budget in the events of no scheduled Board Meeting. The executive decisions must, however, be informed to the Board of Directors in the soonest Board Meeting.
2. The Executive Committee is responsible for the consideration of the Company's policies, directions, strategies and management structure. The Executives must also set the guidelines for the operations that correspond to the circumstances of economy and market competition, as reported by the management team, before proposing them to the Board of Directors for approval.
3. The Executive Committee must ensure that the Company effectively operates in accordance with the policies and operational guidelines.
4. The Executive Committee has the authority to appoint the Managing Director, and to discharge personnel below the position of the Managing Director from their positions.
5. The Executive Committee is responsible for the allocation of gratuity, after the approval from the Board of Directors, to the employees, workers or anyone who act on the Company's best interest.
6. The Executive Committee is authorized, following the approval from the Board, to endorse the Company's financial transactions, such as account opening, loans, pledges, mortgages, as well as

land trading and registration of land ownership, providing the transactions are in line with the Company's objective, and performed to promote the Company's benefits.

7. The Executive Committee is responsible for carrying out any other assignments the Board of Directors entrusts it with. Nevertheless, the empowerment of the Board of Directors to the Executive Committee must be within the legal scope of authority and responsibilities of the Executive Committee.

The Executive Committee is not authorized to conduct any of the following affairs, or related matters, without first proposing to the Audit Committee for its opinion, and proposing to the Board of Directors and / or the Shareholder Meeting for approval: (a) connected transactions; (b) trading transactions of Company's significant assets; and / or (c) transactions that involve parties who have potential conflicts of interest with the Company and its subsidiaries, (if any).

Furthermore, in conducting the connected transactions or trading transactions of Company's significant assets, as defined in the regulations of the Stock Exchange of Thailand, as well as the above transactions involving other listed companies, the Executive Committee must first obtain approval from the Shareholders in a Shareholder Meeting, or by any other mean possible, according to the regulations of the Stock Exchange of Thailand.

The Executive Committee comprises the following 3 executive members:

| No.   | Executive Members           | Position                                |
|---|-----------------------------|---|
| 1.  | Mr. Virat Chinprapinporn    | Chief Executive Officer                 |
| 2.  | Mrs. Naowanit Silaprarat    | Director and Managing Director          |
| 3.  | Mr. Phisitsak Premprichayan | Department Head of Corporate Accounting |
| Mr. Phisitsak Premprichaya is the Department Head of Corporate Accounting until 13 November 2014. |                             |   |

### C) The Audit Committee

The Audit Committee is an independent party elected to join the Board of the Directors, with responsibilities to examine the financial information proposed to Shareholders and other related parties, to investigate the internal control system, to conduct internal audit processes, and to communicate with the Company's external auditor.

#### Scope of Authority and Responsibilities of the Audit Committee

1. The Audit Committee is responsible for investigating, in concert with the Company's external auditor, whether the Company's financial reports are accurately produced, with adequate disclosure. The Committee may voice its opinion to the Auditor, as well as review and investigate any transactions it sees fit.
2. The Audit Committee is responsible for investigating, in concert with the Company's external auditor and internal auditor, whether the Company's internal control and internal audit processes are appropriately in place and effectively performed.

3. The Audit Committee is to determine the scope of the investigation and the audit plans for the external auditor and internal auditor that are in accord, when investigating the financial transactions.
4. The Audit Committee is responsible for the selection and proposal of the Company's auditor and his compensation to the Board of Directors. The decision for appointment must come from the Shareholder Meeting.
5. The Audit Committee must consider the disclosure of corporate information regarding to related-party transactions or transactions inducing conflicts of interest with all due accuracy and completeness.
6. The Audit Committee is responsible for investigating whether the activities of the Company conform to all laws pertaining to securities and the stock exchange, the regulations of the Stock Exchange of Thailand, and the laws relevant to the Company's business.
7. The Audit Committee is responsible for other matters assigned to it by the Board of Directors and agreed by the Audit Committee itself. Examples include the reviews of financial management and risk management policies, the reviews of the Company's operation in accordance with the executive business ethics and the review, in concert with the Company's executive, of significant transactions that, as enforced by the laws, must be presented to the public, such as the executive reports and analyses.
8. The Audit Committee must organize a report on the activities of the Audit Committee, signed by the Chairman of the Audit Committee, which must be included in the Company's Annual Report. The contents of the report include the following:
  - (a) The Committee's opinions on the process of producing and information disclosure in the Company's financial reports, as to whether it is accurate, complete and reliable.
  - (b) The Committee's opinions on the adequacy of the Company's internal control system.
  - (c) The Committee's rationale for its confidence, such that it's appropriate to continue to appoint the current Company's auditor for another period.
  - (d) The Committee's opinions on the conformance of the Company's operations to all laws pertaining to securities and the stock exchange, the regulations of the Stock Exchange of Thailand, and the laws relevant to the Company's business.
  - (e) Any other matters that the Committee considers appropriate to inform the Shareholders and general investors, which do not exceed the scope of authority and responsibilities of the Committee assigned by the Board of Directors.

**The Audit Committee consists of the following 3 Directors**

| No. | Executive Members         | Position   |
|-----|---------------------------|--|
| 1.  | Mr. Surapol Satimanont    | Director / Independent and Chairman of Audit Committee |
| 2.  | Mr. Wanchai Mekasut       | Director / Independent and Audit Committee             |
| 3.  | Mr. Preecha Jenthanavijit | Director / Independent and Audit Committee             |

Mr. Phisitsak Premprichayan is the Department Head of Corporate Accounting, is the Secretary to the Audit Committee until 13 November 2014.

**The total number of Audit Committee Meetings and the number of Committee Meetings each  
 Member of the Committee attended during the years 2014 and 2015**

| No. | Board Members             | 2014  | 2015  |
|-----|---------------------------|---|---|
|     |                           | Number of Meetings<br>attended / total number | Number of Meetings<br>attended / total number |
| 1.  | Mr. Surapol Satimanont    | 4 / 4   | 4 / 4   |
| 2.  | Mr. Wanchai Mekasut       | 4 / 4   | 4 / 4   |
| 3.  | Mr. Preecha Jenthanavijit | 4 / 4   | 4 / 4   |

**Nomination the company's Directors , Audit , Independent**

**A) The Company's Directors**

The Company does not set up a Nomination Committee for the purpose of Board Member selection. Nevertheless, the Company has established guidelines and criteria for such selection process. The Board of Directors will determine qualified persons to become its members, based on their abilities, experiences, vision and reliability. The Company's Articles of Association state that one third of the Director positions must become vacant each year in the annual Shareholder General Meeting. In order to re-elect the Directors, whose terms have expired, the proposal must be approved in the Shareholder Meeting. The Articles also state the guidelines for the Shareholder Meeting to nominate the Company's Directors.

**Criteria the appointment the Company's Directors**

1. The Board of Directors shall compose of at least five Directors, and at least half must be of Thai nationality. Persons appointed to the Board of Directors must possess qualifications as stated in article 68 of The Public Company Act of 1992 and guidelines as set forth by the Securities and Exchange Commission. The qualifications of each candidate are reviewed including their experiences, knowledge and capability for the business, and present the name list to the shareholders' meeting for the final selection.
2. At least one third of the Company's Board of Directors must be independent board members.
3. At every annual general shareholders' meeting, one third of the Directors has to retire. If the number of Directors cannot be divided exactly by three the number closest to one third shall be retired.
4. The election of Directors will be voted at the shareholders' meeting under the following conditions and procedures:



- 4.1 The number of individual's vote equals to the number of shares s/he is holding.
- 4.2 Each individual's vote can be cast to vote for one or more nominees but the vote cannot be divided to preferred nominees.
- 4.3 After the vote, the nominated persons shall be ranked in descending order from the highest number of votes received to the lowest and shall be appointed as Directors in that order. The number of newly elected Directors must equal to the number of the vacating Directors. If two or more Directors are eligible for the same seat and earn the same number of votes, the Chairman has the power to make the final decision as to who will be elected.
5. In case of vacancy on the Board of Directors other than through retirement by rotation, the Board of Directors shall elect any person who is qualified and is not subject to prohibition under laws governing public companies as a substitute Director at the next Board meeting by a vote not less than three quarters of the number of Directors remaining, unless the remaining term of the said director is less than two months. The substitute director shall hold the position only for the remaining term of the director he replaces.
6. A resolution may be passed at the shareholders' meeting to remove directors from office prior to retirement by rotation, by a vote not less than three quarters of the number of shareholders attending the meeting who have the right to vote and who have shares totaling not less than half the number shares held by shareholders attending the meeting and having the right to vote.
7. According to Item 18 of the Regulation of the company, it is stated that in every Annual General Meeting of shareholders, one-third of the directors should be released from the post. If the number of the directors could not be equally divided into three parts, the number of directors left the post would be the nearest figure of one-third. For the first year and the second year after the registration of the company, directors would be released from the post by a luck draw. After that, directors with the longest period on the post shall be released from the post and such directors may be re-elected to the office.

#### Qualifications the Company's Directors

1. Each board member shall possess knowledge and capability, vision, honesty and integrity. Each member must possess high ethical standards, must possess a clean and transparent record of previous responsibilities and must have sufficient time to make meaningful contributions to the Company.
2. Each board member must possess the qualities and must not have been disqualified in relation to the guidelines set forth for publicly listed companies and/or any other applicable laws and regulations

3. Board members may serve as a board member for other Companies as long as such positions will not hamper the board member from fulfilling his/her duties as a member of the Company's board.
4. Board members must not operate, be partner in or be a shareholder in any business entity that operates in the same industry as that of the Company or is a competitor of the Company unless such position is disclosed to shareholders at the shareholders' meeting prior to the appointment to the Company's board.
5. The qualification of an independent director is similar to that of a member of the Audit Committee which complies with the Stock Exchange of Thailand's guidelines regarding the qualifications and responsibilities of members of the Audit Committee. The independent director's responsibility is to ensure that the interests of all shareholders are upheld. The independent directors are also to be allowed to freely provide thoughts and comments at Board meetings.
6. The Company provides for shareholders to nominate the names of directors advance.

#### **B) The Audit Committee**

The Board of Directors is responsible for nominating at least 3 Directors to join the Audit Committee. The Committee members will be selected from the Company's Independent Directors with appropriate qualities, as guided by the laws pertaining to securities and stock exchanges, including the announcement, rules and regulations of the Stock Exchange of Thailand, mandating the qualities and scope of authority of the Audit Committee. In addition, at least one of the Audit Committee members must have background in accounting and finance.

In addition, the Audit Committee is appointed by the resolution from the Shareholder Meeting, with 2-year term. The Committee's member whose term of office has ended may be reinstated.

#### **Selection criteria of Independent Director and Audit Committee Director**

- 1) Appointed by the Board of Directors or the shareholders of the Company to be the Audit Committee members and be independent directors.
- 2) Hold shares of not more than 1 percent of the voting shares of the Company, subsidiary companies, associated companies, or any juristic persons with potential conflict, including the shares held by related persons of such independent director and audit committee director.
- 3) Must not be nor have ever been a director with participation in management, a hired worker, an employee, an advisor with fixed salary, or a person with control over the Company, subsidiary companies, associated companies, or juristic persons with potential conflict, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director and audit committee director.

- 4) Must not be a person related by blood or by legal registration as father, mother, spouse, sibling, and offspring, including spouse of offspring of an executive or major shareholder, controlling person, or a person who will be nominated as executive or controlling person of the Company or subsidiary companies.
- 5) Must not have nor have ever had any business relationship with the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts to the extent that may obstruct the using of his/her independent discretion, and is not nor ever have been a major shareholder, a non-independent director and audit committee director or an executive of those with business relationship with the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts, unless having been relieved from such title for not less than 2 years before the date of filing an application with the Office of the Securities and Exchange Commission.
- 6) Must not be nor have ever been an auditor of the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts, and is not a major shareholder, a non-independent director and audit committee director, an executive, or a managing partner of the audit firm where the auditors of the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts are working for, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director and audit committee director.
- 7) Must not be nor have ever been a provider of any professional service, including a legal consultant or financial consultant, with remuneration in excess of Baht2 million per annum from the Company, subsidiary companies, associated companies, or juristic persons with potential conflicts. Where the provider of professional service is a juristic person, it shall include the major shareholders, non-independent director and audit committee director, executives, or managing partners of such professional service provider, unless having been relieved from such title for not less than 2 years before the date of appointment as independent director and audit committee director.
- 8) Must not be a director appointed as the representative of the Company directors, major shareholders, or any shareholders who are connected persons of the major shareholders of the Company.
- 9) Must not possess any other characteristics that will prevent the independent expression of opinions in respect of the operations of the Company.
- 10) The Independent Director and Audit Committee Director who are qualified according to 1 - 9 may be assigned by the Board of Directors to make decision on the operations of the Company, the operations of the subsidiaries, associated companies or juristic entities which may have a conflict. The decision could be made in the form of panel.

## Setting up remuneration

### A) Remunerations of the Company's Directors and Audit Committee Director

The Company attaches importance to good corporate governance system, it therefore has set a transparent policy to compensate all the Directors with remunerations and other benefits that are fair for their responsibilities and contributions.

The Chairman of the Board authorized the remunerations to be paid to the Company's Directors and Audit Committee in 2015 to be no greater than 1.5 million Baht, to be same the 2014. The Remuneration has determined from the remuneration generally paid in the same industry and expansion of the business.

The directors' remunerations and Audit Committee have not been set by the Remuneration Committee since the company has not had the Remuneration Committee. The Remuneration Committee were approved by the Board of Directors.

The remuneration of Directors and Audit Committee must be approved by the shareholders at all times. The shareholders' meeting approved by at least two-third of the number of shareholders present and vote at the meeting.

#### Remunerations of the Company's Directors

| Board Members              | Positions  | Remunerations<br>(Baht per year) |        |
|----------------------------|--|----------------------------------|--------|
|                            |  | 2014                             | 2015   |
| Mr. Virat Chinprapinporn   | Chairman of the Board                                  | 60,000                           | 60,000 |
| Mr. Surapol Satimanont     | Director / Independent and Chairman of Audit Committee | 60,000                           | 60,000 |
| Mr. Wanchai Mekasut        | Director / Independent and Audit Committee             | 60,000                           | 60,000 |
| Mr. Preecha Jenthanavijit  | Director / Independent and Audit Committee             | 60,000                           | 60,000 |
| Mrs. Naowanit Silaprarat   | Director and Managing Director                         | 45,000                           | 60,000 |
| Mrs. Naowarat Suthamjariya | Director   | 60,000                           | 60,000 |

#### Remunerations of Audit Committee Director

| Board Members             | Positions  | Remunerations<br>(Baht per year) |        |
|---------------------------|--|----------------------------------|--------|
|                           |  | 2014                             | 2015   |
| Mr. Surapol Satimanont    | Director / Independent and Chairman of Audit Committee | 60,000                           | 60,000 |
| Mr. Wanchai Mekasut       | Director / Independent and Audit Committee             | 60,000                           | 60,000 |
| Mr. Preecha Jenthanavijit | Director / Independent and Audit Committee             | 60,000                           | 60,000 |

**Note:** The Directors and the Members of the Audit Committee were paid 15,000 Baht for every meeting they attended.

## **B) Remunerations to management, managing officers, and staff**

### **Monetary remunerations**

The company has set the criteria on the remunerations which include salary, living expenses, wages, allowances, provident fund and bonus. The company has compared its remuneration structure with those of the companies in the same industry and has developed the key performance indicators so that the remunerations can be fair and transparent including being good incentives.

### **Non-monetary remunerations**

The company has placed great emphasis on the human resource of the company. As such, the company has developed and encouraged the bond and good attitude of the staff toward the company. The company has offered the staff the accident insurance for those with operational risks, medical care (annual check up), provident fund, accommodation and public utility for those who work in the provincial areas.

## **C ) Policy on dividend payment**

The Company and its subsidiaries follow a policy that limits the rate of annual dividend payment to many more 30% of the Company's net profit. Less corporate income tax. The consideration factors for dividend payment must include the Company's performance and financial position, its liquidity, expansion plan and other factors relevant to the Company's management. The dividend payment must be approved by the resolution of the shareholder's meeting, as appropriately agreed by the Board of Directors.

## **Board Self-Assessment**

An self-assessment process has started implemented for the Board of Directors. The assessment evaluates the performance of the Board of Directors, which enables to review the problems and obstacles encountered along with the progress made in the past year. Reflection of the review is used as reference and guideline for developing and modifying strategies and policies for the coming year.

## **Performance Evaluation of the Company's Board of Directors**

### Criteria

The Board's Self-Evaluation Form is a form used to evaluate the performance of the board of directors as a whole. The evaluation guideline was adapted and adjusted from the Stock Exchange of Thailand to suit the characteristics and structure of the board. The evaluation result has an important role to develop the efficient and effective performance and operation of the board. Topics of evaluation are:

1. Structure and qualifications of the board of directors
2. Board meetings
3. Roles, duties and responsibilities of the board of directors
4. Relationship with the management and Self-development of directors and development of executives

#### Procedure

The Company secretary submits the evaluation form for all directors to evaluate themselves at the end of each year. The secretary will also collect and report the summary of results to the board meeting for consideration, acknowledgement and discussion every year.

In 2015, the summary of the board performance results in 4 topics showed that most activities were well / appropriately operated with the average point at the great level, equivalent to 79.12%

#### **Board Board Meetings**

The Board of Directors has set a guideline for holding at least 6 meetings annually and calls for an extraordinary meeting when necessary. All members of the Board are required to attend meetings except in cases of emergency. The Chairperson and the Managing Director are responsible for determining the appropriate agendas and its sequence while allowing other Board Members to submit other agendas for consideration. The agenda of each Board meeting is clear and the Company sends agendas and related documents to the Board seven days prior to the meeting date so that Board members have sufficient time to study the issues beforehand. Additional information on each agenda can be sought from the Company's Secretariat.

The Chairman emphasizes due care and careful judgment and provides sufficient time for the thorough discussion and consideration of matters. The Company Secretary is charged with issuing invitations and supporting Board members with all necessary documentation in preparation for Board meetings. The minutes to all Board meetings are prepared by the Company Secretary, which must be approved by the Board of Directors prior to safekeeping and for future reference by stakeholders.

In 2015, the Board of Directors met in ordinary Board meeting total 4 times. Attendance record of Board members is disclosed in the "Management Structure".

Profile of Executive Directors and Management Team

Name - Last name : Mr. Virat Chinprapinporn  
Age : 56 Years  
Position : President Director / Authorized signatory  
% of Shareholding : 21.01 %  
Relationship : Husband of Mrs.Naowanit Silaprarat  
Education : - M.B.A. in Marketing of City University, USA  
- Director Accreditation Program DCP 40/2004  
by Thai Institute Of Directors (IOD)



Position in other listed companies : 1

Position in non - listed companies : 11

Working Experience :

|                |   |
|----------------|---|
| 2011 – Present | Director Nicena Propety Co.,Ltd.                              |
| 2007 – Present | Director Yamu Property Development Co.,Ltd.                   |
| 2003 – Present | Director Ratchada Power Plus Co.,Ltd.                         |
| 2003 – Present | Director Car 2 Buy Co.,Ltd.                                   |
| 2002 – Present | President & Chief Executive Office<br>Ratchthani Leasing PLC. |
| 1994 – Present | Director Kuylin Pang-nga Co.,Ltd.                             |
| 1993 – Present | Director Chaleamcheep Co.,Ltd                                 |
| 1993 – Present | Director Aom Noi Hattasat Co.,Ltd.                            |
| 1992 – Present | Director Phowatchara Co.,Ltd.                                 |
| 1990 – Present | President Baan Rock Garden PLC.                               |
| 1989 – Present | Director Chucheeep Housing Land Co.,Ltd.                      |
| 1987 – Present | Director City Wood Co.,Ltd.                                   |
| 1987 – Present | Director City and Associate Co.,Ltd.                          |



Name - Last name : Mr. Surapon Satimanont  
 Age : 55 Years  
 Position : Director / Independent /  
 Chairman of Audit Committee  
 % of Shareholding : 0.8 %  
 Relationship : No  
 Education : - M.B.A. of Webster University, U.S.A  
 - Master of Law , Howard University, U.S.A  
 - Master of Law , Southern Methodist University , U.S.A  
 - Director Accreditation Program DCP 40/2004  
 by Thai Institute Of Directors (IOD)  
 - Anti-Corruption for Executive 2014  
 For Directors and Executives in the Thanachart Group.



Position in other listed companies : 4

Position in non - listed companies : 2

|                    |   |                |  |
|--------------------|---|----------------|--|
| Working Experience | : | 2015 – Present | Audit Committee<br>Sumitomo Mitsui trust Bank (Thai) PLC.                |
|                    |   | 2014 – Present | Advisory Board<br>Ministry of Information and Communications Technology. |
|                    |   | 2014 – Present | Director Erawan Insurance PLC.   |
|                    |   | 2009 – Present | Sub-Committee on Law and contracts<br>State Railway of Thailand.         |
|                    |   | 2007 – Present | Director / Audit Committee 2S Metal PLC.                                 |
|                    |   | 2005 – Present | Director / Chairman of Audit Committee<br>Baan Rock Garden PLC.          |
|                    |   | 2002 – Present | Director / Audit Committee Ratchthani Leasing PLC.                       |
|                    |   | 2012 – 2014    | Director S & Manon Co.,Ltd.  |
|                    |   | 2011 – 2014    | Director N.U.I. International Co.,Ltd.                                   |
|                    |   | 2011 – 2014    | Director Tran Sun Co.,Ltd.   |
|                    |   | 2011 – 2014    | Director Fah Sai Haadngam Co.,Ltd.                                       |
|                    |   | 2008 – 2011    | Executive Vice President<br>Export – Import Bank of Thailand             |

Name - Last name : Mr. Wanchai Mekasut  
Age : 61 Years  
Position : Director / Independent /  
Audit Committee  
% of Shareholding : No  
Relationship : No  
Education : - Bachelor of Business Administration, Assumption  
- Director Accreditation Program DAP 97/2009  
by Thai Institute Of Directors (IOD)



Position in other listed companies : No  
Position in non - listed companies : 2  
Working Experience :  
2009 – Present Director / Audit Committee  
Baan Rock Garden PLC.  
1999 – Present Authorized signatory Executive Vice President  
Khaoyoi Furnitech Co.,Ltd.  
1994 – Present Director and authorized signatory & Executive  
Vice President Furni Thai Co.,Ltd

Name - Last name : Mr. Preecha Jenthanavijit

Age : 54 Years

Position : Director / Independent /  
Audit Committee / Authorized signatory

% of Shareholding : No

Relationship : No

Education : - Bachelor of Law  
Ramkhamhaeng University  
- Barrister at Law  
- Director Accreditation Program DAP 40/2005  
by Thai Institute Of Directors (IOD)



Position in other listed companies : No

Position in non - listed companies : No

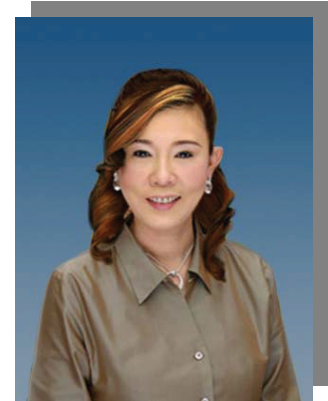
|                    |   |                |  |
|--------------------|---|----------------|--|
| Working Experience | : | 2011 – Present | Audit Committee<br>Baan Rock Garden PLC. |
|                    |   | 2005 – Present | Director<br>Baan Rock Garden PLC.        |
|                    |   | 1997 – 2012    | Director<br>RG Star Club Co.,Ltd.        |

Name - Last name : Mrs. Naowanij Sillaprarat  
Age : 55 Years  
Position : Director / Managing Director /  
Authorized signatory

% of Shareholding : 8.17 %

Relationship : Wife of Mr.Virat Chinrapinporn

Education : - Bachelor of Economics  
University of the Thai Chamber of Commerce  
- Bachelor of Law Kasem Bundit University  
- Master of Faculty of Political Science Ramkhamhaeng University  
- Director Accreditation Program DCP 54/2005  
by Thai Institute Of Directors (IOD)



Position in other listed companies : No

Position in non - listed companies : 9

Working Experience : 2007 – Present Director Yamu Property Development Co.,Ltd  
1991 – Present Director Rock garden Beach Co.,Ltd  
1991 – Present Director Kuylin Pang-nga Co.,Ltd  
1990 – Present Director and authorized signatory & Managing Director  
Baan Rock Garden PLC.  
1990 – Present Director Phukao Huachang Pang-nga Co.,Ltd  
1990 – Present Director C & CN Group Co.,Ltd  
1989 – Present Director Chuccheep Northern Group Co.,Ltd  
1989 – Present Director CS Real Estate Co.,Ltd  
1988 – Present Director Chuccheep Housing Land Co.,Ltd  
1987 – Present Director Rock Garden Group Co.,Ltd  
1997 – 2012 Director RG Star Club Co.,Ltd.



|                                    |   |   |
|------------------------------------|---|---|
| Name - Last name                   | : | Mr.Phisitsak Premprichayan  |
| Age                                | : | 40 Years  |
| Position                           | : | Department Head of Corporate Accounting   |
| % of Shareholding                  | : | No  |
| Relationship                       | : | No  |
| Education                          | : | - Mater Of MBA (Business Law)<br>Ramkhamhaeng University                                |
|                                    |   | - Bachelor of Management Administration (Account)<br>Ramkhamhaeng University            |
| Position in other listed companies | : | No  |
| Position in non - listed companies | : | No  |
| Working Experience                 | : | 11/2014 – Present      Department Head of Corporate Accounting<br>Baan Rock Garden PLC. |
|                                    |   | 2007 – Present      Senior Internal Audit<br>Baan Rock Garden PLC.                      |

Name - Last name : Miss Sittima Chanjirapong

Age : 54 Years

Position : Department Head of Corporate Finance

% of Shareholding : No

Relationship : No

Education : Bachelor of Faculty of Business Administration  
Ramkhamhaeng University

Position in other listed companies : No

Position in non - listed companies : No

Working Experience : 2007 – Present Department Head of Corporate Finance  
Baan Rock Garden PLC.

2005 – 2007 Purchasing Manager  
Baan Rock Garden PLC.

2004 – 2005 Purchasing Manager  
Baan Rock Garden Co.,Ltd.

2000 – 2003 Finance Manager  
Rock Garden Group Co.,Ltd



**Name - Last name** : Miss Jantamat Hankimhunt

**Age** : 48 Years

**Position** : Department Head of Corporate Marketing & Service

**% of Shareholding** : No

**Relationship** : No

**Education** : Bachelor of Economics  
Ramkhamhaeng University

**Position in other listed companies** : No

**Position in non - listed companies** : No

|                           |   |                   |  |
|---------------------------|---|-------------------|--|
| <b>Working Experience</b> | : | 12/2014 – Present | Department Head of Corporate Marketing & Service<br>Baan Rock Garden Plc.            |
|                           |   | 2011 – 2013       | Department Head of Corporate Administration &<br>Marketing Baan Rock Garden Plc.     |
|                           |   | 2008 – 2010       | Assistant Corporate Accounting & Administration<br>Chaba Cabana Beach Resort Co.,Ltd |
|                           |   | 2006 – 2008       | Department Head of Marketing & Service<br>Baan Rock Garden Plc.                      |
|                           |   | 1996 – 2006       | Acting: Corporate Document M.I.S.<br>Compute Tech Mico Sytem Co.,Ltd                 |

Present Projects

Table Existing Projects: BROCK's Current Real Estate (Houses and Land) Projects

1) Samuthpra-karn

| Projects                         | Locations                                 | Property Types      | Project Start Date | Opening Date | Investment Value (Bt. million) | Progress        |              | Price Range (Bt.million) | Project Size (Rai) | Project Total |                        | Remaining Units (As of Dec. 31, 2015) |                        | Sold Units (As of Dec. 31, 2015) |                        |       |
|----------------------------------|---|---------------------|--------------------|--------------|--------------------------------|-----------------|--------------|--------------------------|--------------------|---------------|------------------------|---------------------------------------|------------------------|----------------------------------|------------------------|-------|
|                                  |   |                     |                    |              |                                | Investment Paid | % Completion |                          |                    | Units         | Sales Value (Bt. mil.) | Units                                 | Sales Value (Bt. mil.) | Units                            | Sales Value (Bt. mil.) | Units |
| Baan Rock Garden Airport Phase 1 | Onnuch-Lackabang Road Amphur Bangsolthong | 2-storey townhouses | Jun. 2007          | Aug. 2007    | 136.44                         | 136.44          | 100.00       | 1.57-1.84<br>1.80-2.63   | 11-3-60.7          | 117           | 227.19                 | 117                                   | -                      | 196.31                           | -                      | -     |
|                                  |   | 12                  |                    |              |                                |                 |              |                          |                    | 12            |                        | -                                     | 30.88                  | -                                | -                      |       |
|                                  |   | 129                 |                    |              |                                |                 |              |                          |                    | 129           |                        | -                                     | 227.19                 | -                                | -                      |       |
| Baan Rock Garden Airport Phase 2 | Samuthprakarn                             | 2-storey duplexes   | Jun. 2007          | Mar. 2008    | 213.60                         | 213.60          | 100.00       | 2.35-2.6<br>3.25-3.6     | 17-3-14            | 102           | 399.05                 | 51                                    | 119.60                 | 135.57                           | 5                      | 13.40 |
|                                  |   | 35                  |                    |              |                                |                 |              |                          |                    | 19            |                        | 50.40                                 | 2                      | 7.52                             |                        |       |
|                                  |   | 137                 |                    |              |                                |                 |              |                          |                    | 70            |                        | 170.00                                | 7                      | 208.13                           | 20.92                  |       |
| Total                            |   |                     |                    |              |                                |                 |              |                          | 29-2-74.70         | 266           | 624.24                 | 199                                   | 170.00                 | 435.32                           | 7                      | 20.92 |

2) Phuket

| Projects                     | Locations                              | Property Types  | Project Start Date | Opening Date | Investment Value (Bt. million) | Progress        |              | Price Range (Bt. mil.) | Project Size (Rai) | Project Total             |                       | Remaining Units (As of Dec. 31, 2015) |                             | Sold Units (As of Dec. 31, 2015) |  |                       |                       |
|------------------------------|--|---|--------------------|--------------|--------------------------------|-----------------|--------------|------------------------|--------------------|---------------------------|-----------------------|---------------------------------------|-----------------------------|----------------------------------|--|-----------------------|-----------------------|
|                              |  |   |                    |              |                                | Investment Paid | % Completion |                        |                    | Units                     | Sales Value (Bt.mil.) | Units                                 | Sales Value (Bt. mil.)      | Units                            | Sales Value (Bt.mil.)                      | Units                 | Sales Value (Bt.mil.) |
|                              |  |   |                    |              |                                |                 |              |                        |                    |                           |                       |                                       |                             |                                  |  |                       |                       |
| Baan Rock Garden Bypass 3    | Phuket Bypass Road. (Baan Tung-Ka-Baan | Duplexes<br>1-storey houses<br>2-storey houses<br>2.5-storey home office<br>Total | Mar. 2005          | Nov. 2005    | 102.00                         | 102.00          | 100.00       | 1,49-3.2               | 14-1-56.7          | 54<br>9<br>17<br>10<br>90 | 180.32                | -<br>-<br>-<br>-<br>-                 | -<br>-<br>-<br>-<br>-       | 54<br>9<br>17<br>10<br>90        | 84.60<br>22.14<br>46.03<br>27.55<br>180.32 | -<br>-<br>-<br>-<br>= | -<br>-<br>-<br>-<br>= |
| Baan Rock Garden Bypass 4*** | Sapum Road) near Chalempriakiet Road)  | Duplexes<br>1-storey houses<br>2-storey houses<br>2.5-storey home office<br>Total | May. 2005          | Jul. 2006    | 93.94                          | 93.94           | 100.00       | 1,49-3.2               | 11-2-38.3          | 52<br>6<br>9<br>15<br>82  | 166.89                | -<br>-<br>-<br>-<br>1                 | -<br>-<br>-<br>2.90<br>2.90 | 52<br>6<br>9<br>14<br>81         | 84.70<br>14.86<br>26.23<br>38.20<br>163.99 | -<br>-<br>-<br>-<br>- | -<br>-<br>-<br>-<br>- |
| Baan Rock Garden Bypass 6    | Amphur Muang Phuket                    | 2-storey detached<br>Total  | Aug. 2008          | Aug. 2009    | 175.28                         | 175.28          | 100.00       | 4,29-5.20              | 29-2-10,22         | 49<br>49                  | 221.41<br>221.41      | 6<br>6                                | 26.52<br>26.52              | 43<br>43                         | 194.89<br>194.89                           | -<br>=                | -<br>=                |
| Total                        |  |   |                    |              |                                |                 |              |                        | 55-2-5,22          | 221                       | 568.62                | 7                                     | 29.42                       | 214                              | 539.20                                     | -                     | -                     |

\*\*\* Baan Rock Garden Bypass 4 home office value 1 unites .it's location the office of Baan Rock Garden Pcl., Phuket

**Revenue Structure**

The records highlight the Company's revenues, classified by project development, from 2013 to 2015 as follows:

**Table: Revenue Structure of BROCK and Subsidiaries, Classified by Project Development**

| Revenue Types  | Generating Projects        | 2013                   |        | 2014                   |        | 2015                  |        |
|--|----------------------------|------------------------|--------|------------------------|--------|-----------------------|--------|
|  |                            | Total                  |        | Total                  |        | Total                 |        |
|  |                            | Revenues<br>(Bt. mil.) | %      | Revenues<br>(Bt. mil.) | %      | Revenues<br>(Bt.mil.) | %      |
| 1 Revenues from development projects   |                            |                        |        |                        |        |                       |        |
| 1.1 Sales of semi-detached houses, detached houses , 2 storey houses and home office building (2 unit in 2013) | Baan Rock Garden Bypass 3  | 5.40                   | 7.71   | -                      | -      | -                     | -      |
| 1.2 Sales of semi-detached houses, detached houses, 2 storey houses and home office building                   | Baan Rock Garden Bypass 4  | -                      | -      | -                      | -      | -                     | -      |
| 1.3 Sales of 2 storey houses (4 units in 2013, 7 Units in 2014 and 4 Units in 2015)                            | Baan Rock Garden Bypass 6  | 23.10                  | 32.98  | 31.34                  | 35.62  | 19.14                 | 23.64  |
| 1.4 Sales of town houses and semi-detached houses (3 units in 2013 and 3 units in 2014)                        | Baan Rock Garden Airport 1 | 7.63                   | 10.89  | 8.02                   | 9.12   | -                     | -      |
| 1.5 Sales of semi-detached houses and 2 storey houses (9 units in 2013, 13 units in 2014 and 16 units in 2015) | Baan Rock Garden Airport 2 | 27.70                  | 39.55  | 42.20                  | 47.96  | 51.20                 | 63.22  |
| 2. Other Revenues  |                            | 6.21                   | 8.87   | 6.42                   | 7.30   | 10.64                 | 13.14  |
| Total Revenues   |                            | 70.04                  | 100.00 | 87.98                  | 100.00 | 80.98                 | 100.00 |

## Risk Factors

### 1. Business operation risks

#### 1.1 Risk of Declining Economy

The overview of the real estate sector in 2015, would still be affected by several risk factors from the previous year, such as political situation on the instability of country's politics and tourism sector that is sensitive to political situation. More importantly, the trend of higher household debt that will tighten liquidity in the financial system. As a result, financial institutions are very careful in lending for housing plus other factors that have direct impact on the real estate sector, for example, adjustment of wages by law and reappraisal by government that have resulted in higher price of real estate due to the increasing cost of production which, somehow, contradicts with the rise in household debt situation through housing loan, and inevitably affect the real estate business in one way or another.

In addition, for some real estate segments which have faced oversupply situation due to real estate developers competed to one another strongly in launching many new projects, making the consumers to have variety of choices while demand of consumers are limited, resulting in a high competition in prices accordingly.

#### 1.2 Risks from dependence on contractors and construction labors

The Company does not own a subsidiary contractor; therefore, it has to hire contractors, along with labors. This poses some risks as the contractors may fail to complete the projects in time for the Company's delivery to the customers. To avert such risks, the Company has adopted an open auction, based on the project blueprint – (B.O.Q.) - for its contractor selection process. The Company's Project Construction Department will set a benchmark prices, then organize an open auction where interested contractors can equally participate. The Project Construction Department will then review all the submitted proposals for details of labor and material costs in order to determine which contractors offer the most cost effective proposal. The Company always requires that selected contractor sign work agreement with the Company, with the condition that the Company can fine the contractor in case of construction delay, and also claim for any damages caused by the contractor. In addition, the contractor must provide certain amount of deposits as guarantee of the work quality. Should the contractor abandons the unfinished project, the Company will take that amount of deposit, combined with the unpaid balance of the contract amount, to select new a contractor to continue the construction of the project to completion.

Furthermore, the Company generally minimizes the risk of dependence on any individual contractors by dividing the construction work among a number of contractors. To ensure the quality of contractors' construction as required. The work schedules were allocated more effectively to support contractors' liquidity, so that they can all meet the requirement, which will enable the Company to deliver the house to the consumer as planned.

### **1.3 Risks from joint venture**

By the resolution from the Shareholder's General Meeting, held on April 6<sup>th</sup>, 2007, the Company was authorized to take possession of all assets and liabilities of Navathep, Co., Ltd., (Navathep), a subsidiary in which the Company held 100% shares, and to liquidate Navathep's account. The decision was made to aid the Company's expansion and to improve management effectiveness. The transfers of assets and liabilities from Navathep took place on June 29<sup>th</sup>, 2007, at the book value. The assets included a 500-rai vacant coastal land in Amphur Talang, Phuket, on which the Company planned to develop a yacht marina, along with a condominium, a luxurious beach hotel and a resort. The Company planned to develop the project on this land under a joint venture with a group of foreign investors. On June 2<sup>nd</sup>, 2007, the Company purchased 50% of common shares of Yamu Property Development, Co., Ltd., which amounted to Bt. 1.0 million, in order to participate in the joint venture with a group of Swedish investors. To reduce the risk and operating cost, the company has sold its shares in Yamu Property Development Co., Ltd. to Mrs. Naowanart Jamornmarn as the company was inactive. However, all the risks under the responsibility of the Directors still remained, i.e. Mr. Virat Chinprapinporn or Mrs. Naowanit Silaparat still have the power to co-sign with directors from the Swedish investors group.

Therefore, the company may be at risk of losing the opportunity to develop a land project of approximately 500 Rai. However, the said 500 Rai of land is the company's property which has no debt obligation under possession. . As such, there is no financial cost as well as any obligation although the said joint venture may not be able to be implemented.

### **1.4 Risk from change in rules, regulations or laws related to real estate business**

The possible risks that may occur include limitation of area usage for some types of buildings, height limitation area, setback distance, including dispute with owners of adjacent lands, complaint during construction or land expropriation for public utility construction. The risks cover from changed laws, notifications and regulations after the company has land ownerships and is requesting for approval of related authorities. However, the Company has planned to reduce such risks. Before a project development, legal limitations and regulations of related authorities which may affect the project will be checked. However, these laws have no retrospective effects, thus the Company's current projects will continue to progress as planned. Moreover, the "Baan Rock Garden Bypass 6" project, which comprises of 10 phases, that the Company started to develop in 2007 on Phuket Bypass Road, is expected to generate sufficient income for the Company for the next 3 – 5 years. The project has already been permitted to be built by Phuket's local authority. In addition, the Company also plans to develop "Baan Rock Garden Airport, Phase 3" in Samut Prakarn province, near the Suvarnabhumi Airport, as a continuation from the "Baan Rock Garden Airport, Phase 1-2," which is currently in the process of document submission for approval by the authority. The Company plans to develop all these new projects by taking all the new laws into consideration, as well as regularly studying real estate market conditions. The Company believes it will be able to expand its operations in compliance with all the laws and regulations.



## **2. Production and project construction risk**

### **2.1 Risk from price fluctuation of construction materials**

With new real estate supply by developers as well as high oil prices, construction material prices rose, adversely affecting construction project costs. Nevertheless, the company has made contracts with contractors regarding all construction materials, covering foundation – roof materials, irons and toilet ware, of the projects such as Baan Rock Garden By-pass 3 project - Baan Rock Garden By-pass 6 phase 1, Baan Rock Garden Airport phase 1 - phase 2, including forthcoming projects which are Baan Rock Garden By-pass 6 phase 2-10 and Baan Rock Garden Airport phase 3, including other projects in Bangkok and up-countries. These material costs were included in employment contracts in advance. Hence, the company is able to reduce its risks from any increase in construction material prices or uncertain conditions of construction materials. The company is able to manage such risks at a certain level and forecast expenses in advance. The company then adjusts costs in a timely manner so such changes will not affect its profit.

## **3. Financial risks**

### **3.1 Risks associated with the Company's cash flow**

The expansion of our business in recent years was expanded by using funds from shareholders or borrowing from related parties with and without interest charge and was subject to a conservative investment management policy, carried out by management in the initial stage of the real estate development. Anyway, the company's expansion in the future which includes "Baan Rock Garden Airport 3" project which has value of investment of about 800 million Baht and "Baan Rock Garden Bypass 6" project, worth about 2,400 million Baht, which required substantial capital of same, as well. Such investments may make the company vulnerable in terms of financial cost and impact on the consequence of Company's liquidity due to the possibility that the company will use loans from financial institutions in addition to source of funds derived from cash flow from company's operation to invest in such various projects. The company may also have a higher burden of interest on the loan, derived from any debt burden incurred in the future.

However, in consideration of the company's financial structure, as well as amount of cash flow from operation, it will be sufficient to pay the obligations that may arise. In addition, in terms of financing from financial institutions, the company still have a good contact with some local financial institutions on a regular basis in providing credit to customers in various projects of the company. Moreover, the company also has assets that can be used as collateral for the loan in the form of land during...

## 4. Management risks

### 4.1 Risks from Company's directors taking executive positions

The Company is currently under the management of the Silaprarat family, with Mr. Virat Chinprapinporn, an associate to the family, as the President, and Mrs. Naowanit Silaprarat as the Managing Director. The Company bears a certain level of risk, as both persons are, jointly, authorized Directors with authority to execute all of the Company's financial and legal transactions. In order to promote an adequate balance of authority, the Company operates under the following guidelines:

1. The Company appointed Audit Committee, comprising of 3 Independent Directors, to monitor its business conduct.

2. The Executive Board and the Managing Director have no authority over connected transactions, acquisition or sale of the Company's important assets, and any transactions that may be a potential for conflict of interest involving the Company and its subsidiaries. If such transactions are necessary, they must be proposed for approval to the Company's Board of Directors or, (as appropriate), in the Shareholders Meeting.

3. The Company has established an Internal Audit Unit, comprising external individuals provided with appropriate rights to monitor the Company's operation. They report directly to the Audit Committee. The Internal Audit Unit conducts a review, with the Audit Committee, of the Company's operation every quarter, ensuring that it has effective and comprehensive internal control system and internal audit process. (More details are described in Section 2, topic "Internal Control")

Details of Related Transaction

Details of Related Transaction at the end of December 31, 2014 and December 31, 2015

| Related Parties (Person / Juristic Person) with Potential Conflicts                   | Nature of Relationship  | Transactions / Agreement   | (Million Baht) |              | Pricing and Conditions   | Necessity and Rational of Transactions   |
|---|---|--|----------------|--------------|--|--|
|   |   |  | Dec 31, 2014   | Dec 31, 2015 |  |  |
| a) Baan Rock Garden, Plc., Ltd. (BROCK) and Rock Garden Group, Co., Ltd. (ROCK GROUP) | <p>- ROCK GROUP is an associate company of BROCK and its subsidiaries, with common Executives and Major Shareholders.</p> <p>- Common Executives and Major Shareholders:</p> <p>1. Mr. Virat Chinpapimpom: Holding 122,500 shares of ROCK GROUP (0.61% of paid-up registered capital)</p> <p>2. Mrs. Naowant Silaparat: Holding 550,000 shares of ROCK GROUP (2.75% of paid-up registered capital)</p> <p>3. Mrs. Naowarat Suthamjanya: Holding 100,000 shares of ROCK GROUP (0.50% of paid-up registered capital)</p> <p>- Common Shareholders:</p> <p>1. Mrs. Nongnoi Silaparat: Holding 9,072,500 shares of ROCK GROUP (45.36% of paid-up registered capital)<sup>a)</sup></p> <p>2. Mrs. Naowaruij Silaparat: Holding 7,980,000 shares of ROCK GROUP (39.90% of paid-up registered capital)</p> | <p>1. Office rental</p> <p>1.1 Office rental for Head Office</p> | <p>1.40</p>    | <p>1.40</p>  | <p>- BROCK is currently renting 3-floor space from ROCK GROUP, spanning 690 square meters, at 170 Baht per-square-meter rental rate per month (Increased from 150 Baht per square-meter rental rate per month since May 1,2008), Total amount is 117,300 Baht per month. The contract lasts 1 year, starting May 1, 2014, and can be renewed times 1 year.</p> <p>- BROCK pays ROCK GROUP for service charge spanning 690 square meters, at 85.60 Baht per-square meter rental rate per month (Increased from 74.90 Baht per square meter rental rate per month since May 1, 2008) Total amount is 59,064 Baht per month. This service is including water, security guard, and other services.</p> <p>- ROCK GROUP installed an electrical meter and charged the fee is based on actual usage.</p> | <p>- The current rental rate of 170 Baht per square meter per month that the Company pays ROCK GROUP is comparable to the rental of nearby office buildings.</p> <p>- The service charge rate of 85.60 Baht per square meter per month is comparable to the rate charged by other office buildings in the same area.</p> <p>- the fee is based on actual usage and rate charged by other office buildings in the same area</p> <p>* The Audit Committee considers the rental and the service charge rational. Furthermore, after the installation of the electrical meters, so that the Company can pay per actual usage just as other tenants do, the Audit Committee also determines that the electrical charge is reasonable.</p> |

| Related Parties (Person / Juristic Person) with Potential Conflicts   | Nature of Relationship   | Transactions / Agreement                   | (Million Baht) |              | Pricing and Conditions   | Necessity and Rational of Transactions   |
|---|--|--|----------------|--------------|--|--|
|   |  |  | Dec 31, 2014   | Dec 31, 2015 |  |  |
| b) Baan Rock Garden, Plc., Ltd. (BROCK) and Executives/ Shareholders/ Other persons with potential conflict of interest | The person with potential conflict of interest is hereby identified as Mr. Virat Chinpaporn. | 1. Estimated accrued interest on this loan | 6.62           | 6.62         | <p>- BROCK was not to pay for the cost of this fund in cash. Instead, a vacant land of equal value had to be transferred to the lender by November 30, 2006. Hence the Company must transfer its land of 5 rai in size, located in T. Koh-Kaew, A. Muang, Phuket, valued at 6.62 million Baht, to person with potential conflict. The land was equal in value to the loan interest rate of 2.21% and 3.93% per year.</p> | <p>- The Company required such loan from Mr. Saksom Jamornmarn and Mrs. Nongnoi Silaparat to use as its working capital. The transaction was considered to be beneficial to the Company's financial status, as the cost of fund was equivalent to an interest rate of 2.21% and 3.93% per year. October 5, 2010 Mr. Saksom Jamornmarn and Mrs. Nongnoi Silaparat get make a book transfer the right in right of real estate ownership modifies aforementioned_ to Mr. Virat Chinpaporn . The loan was paid in full amount as of December 31, 2013. And end of December 31, 2014 The Company has not transferred the land to the lender.</p> <p>* The Audit Committee perceived that the loan transaction provided the Company with financial advantage, compared to loans that the Company would, otherwise, have borrowed from elsewhere. The transfer of its land as repayment had no effect on sales of the Company's projects. Hence the transaction was necessary and sensible.</p> |

| Related Parties (Person / Juristic Person) with Potential Conflicts | Nature of Relationship  | Transactions / Agreement | (Million Baht) |              | Pricing and Conditions  | Necessity and Rational of Transactions  |
|---|---|--------------------------|----------------|--------------|---|---|
|   |   |                          | Dec 31, 2014   | Dec 31, 2015 |   |   |
| C. between Baan Rock Garden PCL. and Ratchthani Leasing PCL.        | - Ratchthani Leasing PCL. is the related company and have the same directors and management which can be summarized as follows:<br><br>1. Mr. Virat Chimpapimpon, holding 1,599,999 shares of Ratchthani PCL. or accounting of 0.19% of paid-up registered capitals<br><br>2. Mr. Surapol Satimanont, holding 1,666,663 shares of Ratchthani PCL. or accounting of 0.20% of paid-up registered capitals | 1. short-term investment | 180.00         | 195.00       | - this is the short-term deposits in the form of promissory notes with conditions to pay back at call and interest rate of December 31, 2014 : 4.10-4.25% per annum (December 31, 2013 : 4.25% per annum) as returns whereby this is the same condition that Ratchthani Leasing PCL. offers to their general customers. Therefore, this transaction is considered to be general transaction of the company. | - Such short-term investment is the deposit in the form of promissory notes with conditions to pay back at call and interest rate of 4.10-4.25% per annum (December 31, 2013 : 4.25% per annum). This investment is to manage cash on hand for its maximum benefit under the recession economy with higher returns than the market rate (currently, market interest rate is approximately 0.75-1.50% per annum). If the company needs to use this investment, the company can call back anytime. Moreover, since Ratchthani Leasing PCL. has strong financial status, this causes the interest payment and repayment to be at low risk. |
|   |   |                          |                |              |   | * The Audit Committee has approved this transaction by stating that such transaction is a treasury transaction with financial institution whereby it has low risk and good returns which is reasonable and benefit the company.   |

## Management Discussion and Analysis (MD&A)

### Business performance overview

In 2013, the real estate sector declined due to several factors such as sluggish economy, political turmoil at the end of the year and higher household debt burdens, etc. With such factors, the loan approval of customers dropped and application rejection rose from 5% to 10%. Increasing household debts were caused by first-car scheme, credit card loan, and personal loan. Some customers were approved but credit lines were cut so the Company's target groups have not decided to purchase houses. However, the Company has a strong commitment to develop projects and maintain quality standards of our brand "Baan Rock Garden" to create customer trust. In 2013, the Company sold 18 houses of Baan Rock Garden Bypass 3, Baan Rock Garden Bypass 6 Phase 1 and Baan Rock Garden Airport 1 and 2.

In 2014 real estate business grew in a constantly declining period due to the political risk factor at the early of the year that affected consumer decisions; stringent financial institution loan granting and hence lower granted loans due to the household debts remaining high, declining of household incomes, financial institutions' granted non-performing loans, and indetermination of the economic environment. The real estate business also experienced the problem of excessive supplies caused by new project launches, thus increasing the competitions. With the overall impact posed by such economic environment, we remained focused on project development and maintaining our quality standards. In 2014, we were able to sold 23 houses in Rock Garden Bypass 6 Phase 1 and Rock Garden Airport 1 and 2 Projects.

For the year 2015 real estate business is during the restoration out of political calm down, resulting the decisions of consumers are progress, depending on several factors, such as a household economic conditions and the stringency of the financial institutions are more cautious in lending. In addition, the expansion of the real estate from the prices higher rating result consumers delay their decision to purchase housing a little. This has a positive impact on market conditions in real estate sales, due to fiscal and monetary measures of the government with reducing legal fees. As a result, end of the year the consumer was decided faster, the year 2015 the company sold the house 20 from project baan rock garden bypass 6 phase 1 and project baan rock garden airport phase 2.



## Revenues

The Company had the sales revenue of 63.83 million Baht, 81.56 million Baht and 70.34 million Baht in 2013, 2014 and 2015, respectively. The sales revenues from housing projects could be summarized as follows:

| Sales Volume of Projects          | 2013      |              | 2014      |              | 2015      |              |
|-----------------------------------|-----------|--------------|-----------|--------------|-----------|--------------|
|                                   | Units     | Bt. Million  | Units     | Bt. Million  | Units     | Bt. Million  |
| Baan Rock Garden Bypass 3         | 2         | 5.40         | -         | -            | -         | -            |
| Baan Rock Garden Bypass 4         | -         | -            | -         | -            | -         | -            |
| Baan Rock Garden Bypass 6 Phase 1 | 4         | 23.11        | 6         | 31.34        | 4         | 19.14        |
| Baan Rock Garden Airport 1        | 3         | 7.63         | 3         | 8.02         | -         | -            |
| Baan Rock Garden Airport 2        | 9         | 27.69        | 13        | 42.20        | 16        | 51.20        |
| <b>Total</b>                      | <b>18</b> | <b>63.83</b> | <b>18</b> | <b>81.56</b> | <b>20</b> | <b>70.34</b> |

In 2013, the Company has the sales revenue of 63.83 Million Baht, a decrease by approximately 54.61 Million Baht (46.11%) due to slowdown economy. With such factors, the loan approval of customers dropped and application rejection rose from 5% to 10%. Increasing household debts were caused by first-car scheme, credit card loan, and personal loan. Some customers were approved but credit lines were cut so the Company's target groups have not decided to purchase houses.

In 2014, the Company has the sales revenue of 81.56 Million Baht, increasing by approximately 17.73 Million Baht or 27.77%. The revenue was mainly generated from Baan Rock Garden Airport phase 2 and Baan Rock Garden Bypass 6 Phase 1. Simultaneously, the Company has sold out and close the project of Baan Rock Garden Airport Phase 1 completed in 2014.

In 2015, the Company has the sales revenue of 70.34 Million Baht, decreasing by approximately 11.22 Million Baht or 13.75%. The revenue was mainly generated from Baan Rock Garden Airport phase 2 and Baan Rock Garden Bypass 6 Phase 1.

In 2013, the Company had other incomes of 6.21 Million Baht comprising of interest income of approximately 5.26 Million Baht, and common fee charge of approximately 0.24 Million Baht.

In 2014, the Company had other incomes of 6.42 Million Baht, comprising of interest incomes of approximately 6.11 Million Baht.

In 2015, the Company had other incomes of 10.64 Million Baht, comprising of interest incomes of approximately 7.53 Million Baht.

Cost of sales and expensesCost of Sales

The costs of sales are summarized in the table below.

(Unit: million Baht)

| Projects   | 2013         | 2014         | 2015         |
|--|--------------|--------------|--------------|
| <b>Baan Rock Garden Bypass 3 :</b>                     |              |              |              |
| Cost of land   | 0.14         | -            | -            |
| Cost of project development                            | 1.62         | -            | -            |
| Cost of allocation of public properties in the project | 0.20         | -            | -            |
| <b>Baan Rock Garden Bypass 4 :</b>                     |              |              |              |
| Cost of land   | -            | -            | -            |
| Cost of project development                            | -            | -            | -            |
| Cost of allocation of public properties in the project | -            | -            | -            |
| <b>Baan Rock Garden Bypass 6 Phase 1 :</b>             |              |              |              |
| Cost of land   | 0.91         | 1.18         | 0.74         |
| Cost of project development                            | 6.46         | 10.85        | 6.19         |
| Cost of allocation of public properties in the project | 2.15         | 2.19         | 1.55         |
| <b>Baan Rock Garden Airport 1 :</b>                    |              |              |              |
| Cost of land   | 0.65         | 0.75         | -            |
| Cost of project development                            | 3.00         | 4.23         | -            |
| Cost of allocation of public properties in the project | 0.69         | 0.76         | -            |
| <b>Baan Rock Garden Airport 2 :</b>                    |              |              |              |
| Cost of land   | 2.63         | 3.87         | 4.72         |
| Cost of project development                            | 10.37        | 17.42        | 22.51        |
| Cost of allocation of public properties in the project | 1.82         | 2.46         | 2.80         |
| <b>Total</b>   | <b>30.64</b> | <b>43.71</b> | <b>38.51</b> |

In 2013, the cost of sales was recorded at 30.64 Million Baht, declined by approximately 25.31 Million Baht (45.24%) from the last year figure. It was correspondent to the decrease in sales volume in 2013. The cost to sales volume ratio was at 48.00%, compared to 47.24% in 2012. The ratio increased because costs of ownership transfer of the project in Samutprakarn were higher than that of other projects in Phuket.

In 2014, the cost of sales was recorded at 43.71 Million Baht, increased by approximately 13.07 Million Baht or 42.65%, since in 2014 has been revenue recognized more than in 2013 and the revenue was mainly generated from Baan Rock Garden Airport phase 2, which is higher than the cost of other projects of the company.

In 2015, the cost of sales was recorded at 38.51 Million Baht, decreased by approximately 5.20 Million Baht or 11.90%, since in 2015 has been revenue recognized more than in 2014 as a result costs decreased proportionately.

#### Selling and administrative expenses

In 2013, the Company had the selling and administrative expenses of approximately 48.27 Million Baht, an increase of approximately 20.67 Million Baht from the 2012 figure. The main selling and administrative expenses comprised (1) commission fee of approximately 3.98 Million Baht, specific business tax of approximately 1.67 Million Baht, marketing and advertising expenses of approximately 3.64 Million Baht, (2) salaries of management and employees of approximately 7.44 Million Baht, (3) office rental fees of 2.41 Million Baht and lawsuit allowance of 18.84 Million Baht, respectively.

In 2014, the Company had the selling and administrative expenses of approximately 28.97 Million Baht, a decrease of approximately 19.30 Million Baht from the 2013 figure. The main cost in 2014 include (1) commission fee of approximately 3.20 Million Baht (2) salaries of management and employees of approximately 6.03 Million Baht (3) specific business tax of approximately 2.30 Million Baht (4) office rental fees of 2.38 Million Baht.

In 2015, the Company had the selling and administrative expenses of approximately 32.11 Million Baht, a increase of approximately 3.14 Million Baht or 10.84% from the 2014 figure. The main cost in 2015 include (1) commission fee of approximately 2.37 Million Baht (2) marketing and advertising expenses of approximately 2.03 Million Baht (3) salaries of management and employees of approximately 6.13 Million Baht (4) specific business tax of approximately 1.35 Million Baht (5) office rental fees of 2.36 Million Baht.

#### Interest expenses

In 2013, 2014 and 2015 the interest expense was recorded at 0.02 Million Baht, 0.03 Million Baht and 0.02 Million Baht respectively due to liabilities under financial lease agreement. The figures proved that the Company attempted to use own funds most, the make debt to least. To reduce the risk of the Company's liquidity. Which is an important factor in managed services..

#### Gross profit

In 2013, the Company's gross profit margin valued at 33.19%, an decrease of -0.47% from the last year. The Company has revenue from Baan Rock Garden Airport. The cost of the project higher proportion than elsewhere in Baan Rock Garden Bypass. The overall gross margin decreased compared to the previous year.

In 2014, the Company's gross profit margin valued of approximately 37.85 Million Baht, an increase of approximately 4.66 Million Baht from the 2013, or of approximately 14.04%, due to higher revenues than in 2013, resulting in a profit margin as a proportion.

In 2015, the Company's gross profit margin valued of approximately 31.83 Million Baht, an decrease of approximately 6.01 Million Baht from the 2014, or of approximately 15.89%, due to lower revenues than in 2014, resulting in a profit margin as a proportion.

**Operating profit and net profit**

In 2013, the Company had the operating profit and the net profit by approximately (8.87) Million Baht and (12.14) Million Baht, respectively, due to lower sales volume. The Company also recorded lawsuit allowance and loss sharing of a non-operating joint venture.

In 2014, the Company had the operating profit and the net profit by approximately 15.24 Million Baht and 12.14 Million Baht, respectively, the Company with a turnover of more than the year 2013, Due to loss sharing of a non-operating joint venture.

In 2015, the Company had the operating profit and the net profit by approximately 10.35 Million Baht and 8.26 Million Baht, respectively, the company's turnover decreased from 2014 due to the economic conditions and the decisions of lower customer.

**Return to shareholders**

In 2013, the Company's return to equity ratio decreased to (1.26%) due to lower sales volume and net profit, compared to the 2012 figure.

In 2014, the Company's return to equity ratio increased to 0.99% due to higher sales volume and net profit, compared to the 2013 figure.

In 2015, the Company's return to equity ratio decreased to 0.66% due to lower sales volume and net profit, compared to the 2014 figure.

## Financial Statement Analysis

### Assets

The main components of the Company's assets in 2013, 2014 and 2015 were development costs and undeveloped-land costs, accounting for about 87.42%, 83.60% and 81.04% of the total assets, respectively. In 2015, the development costs and undeveloped land costs were at 10.59% and 70.44% of the total assets, respectively. The details of the aforementioned costs were summarized below:

(Unit: Bt. million)

| Costs of property development :  | 2013 *        | 2014          | 2015          |
|--|---------------|---------------|---------------|
| ● Project under development – net: Baan Rock Garden Bypass 3                                     | -             | -             | -             |
| ● Project under development – net: Baan Rock Garden Bypass 4                                     | -             | -             | -             |
| ● Project under development – net: Baan Rock Garden Bypass 6<br>Phase 1-10                       | 33.93         | 19.77         | 12.58         |
| ● Project under development – net: Baan Rock Garden Airport 1                                    | 5.33          | -             | -             |
| ● Project under development – net: Baan Rock Garden Airport 2                                    | 165.46        | 145.38        | 121.91        |
| ● Project under development – net: Baan Rock Garden Airport 3                                    | -             | -             | -             |
| <b>Total</b>   | <b>204.72</b> | <b>165.15</b> | <b>134.49</b> |
| Undeveloped land :   |               |               |               |
| ● Vacant land: 40 rais – Bangsaothong Sub-district, Samuthprakarn<br>Province                    | -             | 90.62         | 90.62         |
| ● Vacant land: 3.5 rais – Soi Vacharapol, Bangkok Metropolis                                     | 38.18         | 38.18         | 38.18         |
| ● Vacant land: approximately 506 rais –Pa Klog Sub-district, Talang<br>District, Phuket Province | 507.8         | 704.31        | 704.31        |
| ● Vacant land: 104 rais – Baan Pae Sub-district, Muang District,<br>Rayong Province              | 61.18         | 61.18         | 61.18         |
| <b>Total</b>   | <b>607.16</b> | <b>894.29</b> | <b>894.29</b> |

At the end of 2013, the Company's cost of the property development reduced to 204.72 million Baht, or 302.75 million Baht (59.66%) lower than that of 2012. The Company had no new development project but continued to develop the Baan Rock Garden Airport 2, Baan Rock Garden Airport 3 project and Baan Rock Garden Bypass 6 project. Then, the revenue was recognized from all 5 projects i.e. Baan Rock Garden Bypass 3, 4 Baan Rock Garden Bypass 6, Baan Rock Garden Airport 1 and Baan Rock Garden Airport 2 projects.

At the end of 2014, the Company's cost of the property development reduced to 165.15 million Baht, or 39.57 million Baht (19.33%) lower than that of 2014. The Company had no new development project but

continued to develop the Baan Rock Garden Airport 2, Baan Rock Garden Airport 3 project and Baan Rock Garden Bypass 6 Phase 1 project.

At the end of 2015, the Company's cost of the property development reduced to 134.49 million Baht, or 30.66 million Baht (18.56%) lower than that of 2015. The Company had no new development project but continued to develop the Baan Rock Garden Airport 2, Baan Rock Garden Airport 3 project and Baan Rock Garden Bypass 6 Phase 1 project.

## Account receivables

The Company recognizes revenues after right transfer and making of sales agreements. First down payments and installments which are not counted as revenues will be recorded as deposits from properties sales. Therefore, the Company normally has no account receivable from properties sales.

## Cash flow and liquidity

In 2013, the Company had cash inflow from operating activities in an amount of 8.29 million Baht because the Company did not launch any new projects but continued to develop the existing ones, resulting in cash inflow in 2013.

In 2014, the Company had cash inflow from operating activities in an amount of 44.42 million Baht because the Company did not launch any new projects but continued to develop the existing ones, resulting in cash inflow in 2014.

In 2015, the Company had cash inflow from operating activities in an amount of 25.84 million Baht because the Company did not launch any new projects but continued to develop the existing ones, resulting in cash inflow in 2015.

In 2013, the Company's cash flow for investment activities was approximately 25.40 million Baht. The overall investment in 2013 covered (1) short-term investment of 30 million Baht, (2) cash payment for equipment purchase of about 0.66 million Baht, (3) cash receipt from asset disposal by about 0.50 million Baht and (4) interest receipt of about 5.26 million Baht, respectively.

In 2014, the Company's cash flow for investment activities was approximately 44.00 million Baht. The overall investment in 2014 covered (1) short-term investment of 50 million Baht, (2) cash payment for equipment purchase of about 0.12 million Baht and (3) interest receipt of about 6.11 million Baht, respectively.

In 2015, the Company's cash flow for investment activities was approximately 7.87 million Baht. The overall investment in 2015 covered (1) short-term investment of 15 million Baht, (2) cash payment for equipment purchase of about 0.41 million Baht and (3) interest receipt of about 7.53 million Baht, respectively.

In 2013, the Company had cash outflow from financing of 3.14 million Baht. The overall investment in 2013 covered (1) Dividend paid 3 million Baht (2) Cash paid for liabilities under finance lease and interest 0.14 million Baht.

In 2013, the Company had the liquidity ratio of 11.92 times



In 2014, the Company had cash outflow from financing of 0.22 million Baht, From Cash paid for liabilities under finance lease.

In 2014, the Company had the liquidity ratio of 12.34 times, increasing from the 2013 approximately 3.52%, due to the higher the assets in 2014.

In 2015, the Company had cash outflow from financing of 0.22 million Baht, From Cash paid for liabilities under finance lease.

In 2015, the Company had the liquidity ratio of 12.56 times, due to the higher the assets in 2014 and the lower the liability in 2014.

#### Sources of funds

#### -Liabilities-

As of 31 December 2013, the Company had the total liabilities of 38.24 million Baht, increasing by approximately 10.68 million Baht. The details of major liabilities, as of 31 December 2013, could be summarized as follows.

- (1) Accounts payable of 5.57 million Baht (normal accounts payable or other parties)
- (2) Estimate from prosecuted cases of 18.84 million Baht.
- (3) Loan interest of approximately of 6.63 million Baht (The Company paid interest of long-term loans to creditors in a form of land.)
- (4) Performance bond of 5.75 million Baht
- (5) Obligation under finance lease of 0.48 and
- (6) Employee benefit obligation of 0.52 million Baht

As of 31 December 2014, the Company had the total liabilities of 38.24 million Baht, decreasing by approximately 2.02 million Baht (5.28%), could be summarized as follows.

- (1) Accounts payable of 3.51 million Baht (normal accounts payable or other parties)
- (2) Tax liabilities of 1.24 million Baht.
- (3) Loan interest of approximately of 6.63 million Baht (The Company paid interest of long-term loans to creditors in a form of land.)
- (4) Performance bond of 5.44 million Baht

As of 31 December 2015, the Company had the total liabilities of 30.23 million Baht, decreasing by approximately 5.93 million Baht (16.41%), could be summarized as follows.

- (1) Accounts payable of 3.70 million Baht (normal accounts payable or other parties)
- (2) Tax liabilities of 0.66 million Baht.
- (3) Loan interest of approximately of 6.63 million Baht (The Company paid interest of long-term loans to creditors in a form of land.)

At the end of 2013, the Company had no interest payment. In 2013, the Company had interest coverage ratio at 134.64 times because the Company had interest expense from liabilities under financial lease agreement. The ratio represented high interest coverage of the Company because most capitals were funded by the shareholders. However, to have any liabilities in the future, the Company will consider its financial structure, including sufficient cash flow from operation. Regarding funding from financial institutions, the Company has maintained good relationships with some domestic financial institutions. Transactions include credits to the Company's customers. Additionally, the Company possesses the assets to be used as loan collaterals, such as developing land. Thus, the Company is confident in its liquidity to support future expansion.

For the year 2014, the Company had debt to equity ratio of 0.03 times, that the Company has risk of the ability is less repayment because of the Company's policy, financing investment in equity of shareholders more than creating liabilities in financing investment for operations.

For the year 2015, the Company had debt to equity ratio of 0.02 times, that the Company has risk of the ability is less repayment because of the Company's policy, financing investment in equity of shareholders more than creating liabilities in financing investment for operations.

**- Shareholders' equity -**

As of 31 December 2013, the Company had the shareholders' equity of 1,218.90 million Baht, decreasing by approximately 15.33 million Baht due to the decreasing net loss. The shareholders' equity at the end of 2013 comprised the paid-up capital of 1.25 billion Baht, the premium on common stocks of 32.12 million Baht, adjustment on merger and acquisition of 1.15 million Baht, the legal reserves of 17.70 million Baht and the retained earnings of 142.92 million Baht, respectively.

As of 31 December 2014, the Company had the shareholders' equity of 1,231.03 million Baht, increasing by approximately 12.13 million Baht, comprised the common stock of 1,025 million Baht, the surplus on common stocks of 32.12 million Baht, the surplus on adjustment on merger and acquisition of 1.15 million Baht, the legal reserves of 18.40 million Baht which increasing of 0.70 million Baht from the year 2013 and the retained earnings of 142.92 million Baht, respectively.

As of 31 December 2015, the Company had the shareholders' equity of 1,239.29 million Baht, increasing by approximately 8.20 million Baht, comprised the common stock of 1,025 million Baht, the surplus on common stocks of 32.12 million Baht, the surplus on adjustment on merger and acquisition of 1.15 million Baht, the legal reserves of 18.85 million Baht which increasing of 0.45 million Baht from the year 2014 and the retained earnings of 162.17 million Baht, respectively.

**-Capital structure -**

The debt to equity ratios as of 31 December 2013, 2014 and 2015 were at 0.03, 0.03 and 0.02 times, respectively. The same Reflects the policy of funding that do not focus on debt in the economy has started to grow in a better direction.

(TRANSLATION)

**INDEPENDENT AUDITOR'S REPORT**

To the Shareholders and Board of Directors of BAAN ROCK GARDEN PUBLIC COMPANY LIMITED

I have audited the accompanying financial statement of BAAN ROCK GARDEN PUBLIC COMPANY LIMITED, which comprise the statement of financial position in which the equity method is applied and separate statement of financial position as at 31 December 2015, and the related statement of comprehensive income in which the equity method is applied and separate statement of comprehensive income, the statement of changes in shareholders' equity in which the equity method is applied and separate statement of changes in shareholders' equity and the statement of cash flows in which the equity method is applied and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

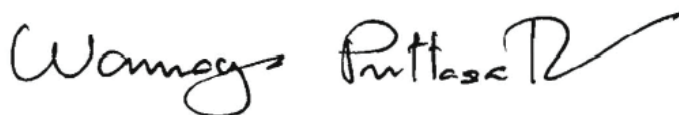
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In my opinion, separate financial statement referred to above present fairly, in all material respects, the financial position of BAAN ROCK GARDEN PUBLIC COMPANY LIMITED as at 31 December 2015, and its financial performance and cash flow for the year then ended in accordance with Thai Financial Reporting Standards.



(Miss Wanraya Puttasatien)

Certified Public Accountant Registration No. 4387

CWWP COMPANY LIMITED

Bangkok,

18 February 2016

BAAN ROCK GARDEN PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

| SEPARATE FINANCIAL STATEMENTS      |       |                         |                         |                         |
|------------------------------------|-------|-------------------------|-------------------------|-------------------------|
|                                    | Notes | 31 December 2015        | 31 December 2014        | 1 January 2014          |
|                                    |       | Baht                    | Baht                    | Baht                    |
| <b>ASSETS</b>                      |       |                         |                         |                         |
| <b>CURRENT ASSETS</b>              |       |                         |                         |                         |
| Cash and Cash Equivalents          | 6     | 36,100,050.29           | 18,342,163.51           | 18,147,795.50           |
| Temporary Investments              | 26.2  | 195,000,000.00          | 180,000,000.00          | 130,000,000.00          |
| Other Receivables                  | 7     | 1,299,218.62            | 1,439,405.70            | 1,604,898.81            |
| Cost of Real Estate Development    | 8     | 134,487,619.84          | 165,148,697.05          | 204,721,624.93          |
| <b>TOTAL CURRENT ASSETS</b>        |       | <b>366,886,888.75</b>   | <b>364,930,266.26</b>   | <b>354,474,319.24</b>   |
| <b>NON-CURRENT ASSETS</b>          |       |                         |                         |                         |
| Investment in Joint Venture        | 9     | -                       | -                       | -                       |
| Long-term Loans to Joint Venture   | 26.2  | -                       | -                       | -                       |
| Land Held for Development          | 10    | 894,299,742.63          | 894,299,742.63          | 894,299,742.63          |
| Property, Plant and Equipment      | 11    | 4,628,514.11            | 4,654,724.66            | 5,048,353.05            |
| Deposit at Bank used as Collateral | 12    | 414,985.98              | 411,079.26              | 405,849.70              |
| Deferred Tax Assets                | 13    | 2,873,056.05            | 2,502,735.06            | 2,486,286.65            |
| Other Non-Current Assets           |       | 417,301.50              | 454,241.50              | 419,667.50              |
| <b>TOTAL NON-CURRENT ASSETS</b>    |       | <b>902,633,600.27</b>   | <b>902,322,523.11</b>   | <b>902,659,899.53</b>   |
| <b>TOTAL ASSETS</b>                |       | <b>1,269,520,489.02</b> | <b>1,267,252,789.37</b> | <b>1,257,134,218.77</b> |

Notes to financial statements are an integral part of these statement.

BAAN ROCK GARDEN PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

| SEPARATE FINANCIAL STATEMENTS                  |       |                      |                      |                      |
|--|-------|----------------------|----------------------|----------------------|
|  | Notes | 31 December 2015     | 31 December 2014     | 1 January 2014       |
|  |       | Baht                 | Baht                 | Baht                 |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>    |       |                      |                      |                      |
| <b>CURRENT LIABILITIES</b>                     |       |                      |                      |                      |
| Trade and Other Payables                       | 14    | 3,704,010.79         | 8,955,760.07         | 12,158,595.23        |
| Current Portion of Liabilities under Financial |       |                      |                      |                      |
| Lease Agreements                               | 16    | 207,014.13           | 197,213.15           | 187,850.26           |
| Accrued Income Taxes                           |       | 658,540.75           | 1,238,781.04         | -                    |
| Provision-Accrued Interest                     | 26.2  | 6,627,996.31         | 6,627,996.31         | 6,627,996.31         |
| Estimate from Prosecuted Cases                 | 15    | 18,000,000.00        | 18,000,000.00        | 18,000,000.00        |
| <b>TOTAL CURRENT LIABILITIES</b>               |       | <b>29,197,561.98</b> | <b>35,019,750.57</b> | <b>36,974,441.80</b> |
| <b>NON-CURRENT LIABILITIES</b>                 |       |                      |                      |                      |
| Financial Lease Agreements Liabilities         | 16    | 71,190.23            | 278,204.36           | 475,443.47           |
| Employee Benefit Obligation                    | 17    | 695,801.85           | 606,378.99           | 523,388.91           |
| Other Non-Current Liabilities                  |       | 261,588.72           | 254,953.18           | 263,364.19           |
| <b>TOTAL NON-CURRENT LIABILITIES</b>           |       | <b>1,028,580.80</b>  | <b>1,139,536.53</b>  | <b>1,262,196.57</b>  |
| <b>TOTAL LIABILITIES</b>                       |       | <b>30,226,142.78</b> | <b>36,159,287.10</b> | <b>38,236,638.37</b> |

Notes to financial statements are an integral part of these statement.



**BAAN ROCK GARDEN PUBLIC COMPANY LIMITED**

**STATEMENTS OF FINANCIAL POSITION**

**As at 31 December 2015**

| <b>SEPARATE FINANCIAL STATEMENTS</b>              |              |                         |                         |                         |
|---|--------------|-------------------------|-------------------------|-------------------------|
|   | <b>Notes</b> | <b>31 December 2015</b> | <b>31 December 2014</b> | <b>1 January 2014</b>   |
|   |              | <b>Baht</b>             | <b>Baht</b>             | <b>Baht</b>             |
| <b>SHAREHOLDERS' EQUITY</b>                       |              |                         |                         |                         |
| Share Capital                                     |              |                         |                         |                         |
| Authorized Share Capital                          | 18           |                         |                         |                         |
| 1,229,999,916 Ordinary Shares @ Baht 1.00         |              | 1,229,999,916.00        | 1,025,000,000.00        | 1,025,000,000.00        |
| Issued and Paid-Up Share Capital                  |              |                         |                         |                         |
| 1,024,999,930 Ordinary Shares @ Baht 1.00         |              | 1,024,999,930.00        | 1,024,999,930.00        | 1,024,999,930.00        |
| Share Premiums                                    |              |                         |                         |                         |
| Premiums On Ordinary Shares                       |              | 32,123,085.07           | 32,123,085.07           | 32,123,085.07           |
| Retained Earnings                                 |              |                         |                         |                         |
| Appropriated                                      |              |                         |                         |                         |
| Legal Reserve                                     |              | 18,850,000.00           | 18,400,000.00           | 17,700,000.00           |
| Unappropriated                                    |              | 162,171,864.34          | 154,421,020.37          | 142,925,098.50          |
| Other Components of Equity                        |              | 1,149,466.83            | 1,149,466.83            | 1,149,466.83            |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                 |              | <b>1,239,294,346.24</b> | <b>1,231,093,502.27</b> | <b>1,218,897,580.40</b> |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> |              | <b>1,269,520,489.02</b> | <b>1,267,252,789.37</b> | <b>1,257,134,218.77</b> |

Notes to financial statements are an integral part of these statement.

BAAN ROCK GARDEN PUBLIC COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

|  | Notes | FINANCIAL STATEMENTS IN WHICH<br>THE EQUITY METHOD IS APPLIED |                      | SEPARATE<br>FINANCIAL STATEMENTS |                      |
|--|-------|---|----------------------|----------------------------------|----------------------|
|  |       | 31 December 2015  | 31 December 2014     | 31 December 2015                 | 31 December 2014     |
|  |       | Baht  | Baht                 | Baht                             | Baht                 |
| Revenue from Sale                            |       | 70,344,918.00   | 81,560,000.00        | 70,344,918.00                    | 81,560,000.00        |
| Cost of Sales                                |       | (38,511,562.52)   | (43,712,756.49)      | (38,511,562.52)                  | (43,712,756.49)      |
| <b>GROSS PROFIT</b>                          |       | <b>31,833,355.48</b>  | <b>37,847,243.51</b> | <b>31,833,355.48</b>             | <b>37,847,243.51</b> |
| Other Income                                 |       | 10,638,916.28   | 6,422,009.71         | 10,638,916.28                    | 6,422,009.71         |
| Selling Expenses                             |       | (9,865,891.80)  | (10,640,224.51)      | (9,865,891.80)                   | (10,640,224.51)      |
| Administrative Expenses                      |       | (22,242,222.70)   | (18,326,148.58)      | (22,242,222.70)                  | (18,326,148.58)      |
| Finance Costs                                |       | (18,750.85)   | (28,087.78)          | (18,750.85)                      | (28,087.78)          |
| <b>PROFIT BEFORE PARTICIPATION LOSS</b>      |       | <b>10,345,406.41</b>  | <b>15,274,792.35</b> | <b>10,345,406.41</b>             | <b>15,274,792.35</b> |
| <b>IN JOINT VENTURE</b>                      |       |   |                      |                                  |                      |
| Participating Profit (Loss) in Joint Venture |       | 59,958.99   | (36,127.39)          | -                                | -                    |
| <b>PROFIT BEFORE INCOME TAX</b>              |       | <b>10,405,365.40</b>  | <b>15,238,664.96</b> | <b>10,345,406.41</b>             | <b>15,274,792.35</b> |
| Income Tax (Expense) Revenue                 | 21    | (2,144,562.44)  | (3,102,702.05)       | (2,144,562.44)                   | (3,102,702.05)       |
| <b>PROFIT FOR THE YEAR</b>                   |       | <b>8,260,802.96</b>   | <b>12,135,962.91</b> | <b>8,200,843.97</b>              | <b>12,172,090.30</b> |
| <b>OTHER COMPREHENSIVE INCOME (EXPENSES)</b> |       | <b>-</b>  | <b>-</b>             | <b>-</b>                         | <b>-</b>             |
| <b>TOTAL COMPREHENSIVE INCOME (EXPENSES)</b> |       |   |                      |                                  |                      |
| <b>FOR THE YEAR</b>                          |       | <b>8,260,802.96</b>   | <b>12,135,962.91</b> | <b>8,200,843.97</b>              | <b>12,172,090.30</b> |
| <br>BASIC EARNINGS PER SHARE                 |       | <br>0.01  | <br>0.01             | <br>0.01                         | <br>0.01             |

Notes to financial statements are an integral part of these statement.

BAAN ROCK GARDEN PUBLIC COMPANY LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY IN WHICH THE EQUITY METHOD IS APPLIED

For the year ended 31 December 2015

| Note  | Issued and<br>Paid-up<br>Share Capital | Premiums<br>on<br>Ordinary Shares | Retained Earnings | Surplus from<br>Reorganisation under<br>the Common Control | Total Other<br>Components of<br>Share holders | Total            |
|---|--|-----------------------------------|-------------------|--|---|------------------|
|   | Baht                                   | Baht                              | Baht              | Baht   | Baht  | Baht             |
| <b>Balance as at 1 January 2014</b>                                     | 1,024,999,930.00                       | 32,123,085.07                     | 17,700,000.00     | 142,925,098.50   | 1,149,466.83                                  | 1,218,897,580.40 |
| <b>Total Comprehensive Income (Expenses) for the Period</b>             |  |                                   |                   |  |   |                  |
| Profit for the period   | -                                      | -                                 | -                 | 12,135,962.91  | -   | 12,135,962.91    |
| <b>Total Comprehensive Income (Expenses)</b>                            | -                                      | -                                 | -                 | 12,135,962.91  | -   | 12,135,962.91    |
| <b>Transactions with owners</b>   |  |                                   |                   |  |   |                  |
| <b>Contributions by and distributions to owner of the Company</b>       |  |                                   |                   |  |   |                  |
| Appropriated Legal Reserve  | -                                      | -                                 | 700,000.00        | (700,000.00)   | -   | -                |
| <b>Total Contributions by and distributions to owner of the Company</b> | -                                      | -                                 | 700,000.00        | (700,000.00)   | -   | -                |
| <b>Transactions with owners</b>   |  |                                   |                   |  |   |                  |
| Balance as at 31 December 2014  | 1,024,999,930.00                       | 32,123,085.07                     | 18,400,000.00     | 154,361,061.41   | 1,149,466.83                                  | 1,231,033,543.31 |
| <b>Total Comprehensive Income (Expenses) for the year</b>               |  |                                   |                   |  |   |                  |
| Profit for the year   | -                                      | -                                 | -                 | 8,260,802.96   | -   | 8,260,802.96     |
| <b>Total Comprehensive Income (Expenses) for the year</b>               | -                                      | -                                 | -                 | 8,260,802.96   | -   | 8,260,802.96     |
| <b>Transactions with owners</b>   |  |                                   |                   |  |   |                  |
| <b>Contributions by and distributions to owner of the Company</b>       |  |                                   |                   |  |   |                  |
| Appropriated Legal Reserve  | -                                      | -                                 | 450,000.00        | (450,000.00)   | -   | -                |
| <b>Total Contributions by and distributions to owner of the Company</b> | -                                      | -                                 | 450,000.00        | (450,000.00)   | -   | -                |
| <b>Transactions with owners</b>   |  |                                   |                   |  |   |                  |
| Balance as at 31 December 2015  | 1,024,999,930.00                       | 32,123,085.07                     | 18,850,000.00     | 162,171,864.37   | 1,149,466.83                                  | 1,239,294,346.27 |

Notes to financial statements are an integral part of these statement.

BAAN ROCK GARDEN PUBLIC COMPANY LIMITED  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY SEPARATE FINANCIAL STATEMENTS

For the year ended 31 December 2015

| Note   | Issued and Paid-up Share Capital | Premiums on Ordinary Shares | Retained Earnings          |                | Surplus from Reorganisation under the Common Control | Total Other Components of Share holders | Total            |
|--|----------------------------------|-----------------------------|----------------------------|----------------|--|---|------------------|
|  |                                  |                             | Appropriated Legal Reserve | Unappropriated |  |   |                  |
|  | Baht                             | Baht                        | Baht                       | Baht           | Baht   | Baht                                    | Baht             |
| Balance as at 1 January 2014                                     | 1,024,999,930.00                 | 32,123,085.07               | 17,700,000.00              | 142,948,930.07 | 1,149,466.83   | 1,149,466.83                            | 1,218,921,411.97 |
| Total Comprehensive Income (Expenses) for the Period             |                                  |                             |                            |                |  |   |                  |
| Profit for the period  | -                                | -                           | -                          | 12,172,090.30  | -  | -                                       | 12,172,090.30    |
| Total Comprehensive Income (Expenses)                            | -                                | -                           | -                          | 12,172,090.30  | -  | -                                       | 12,172,090.30    |
| Transactions with owners   |                                  |                             |                            |                |  |   |                  |
| Contributions by and distributions to owner of the Company       |                                  |                             |                            |                |  |   |                  |
| Appropriated Legal Reserve                                       | -                                | -                           | 700,000.00                 | (700,000.00)   | -  | -                                       | -                |
| Total Contributions by and distributions to owner of the Company | -                                | -                           | 700,000.00                 | (700,000.00)   | -  | -                                       | -                |
| Total transactions with owners                                   | -                                | -                           | 700,000.00                 | (700,000.00)   | -  | -                                       | -                |
| Balance as at 31 December 2014                                   | 1,024,999,930.00                 | 32,123,085.07               | 18,400,000.00              | 154,421,020.37 | 1,149,466.83   | 1,149,466.83                            | 1,231,093,502.27 |
| Total Comprehensive Income (Expenses) for the year               |                                  |                             |                            |                |  |   |                  |
| Profit for the year  | -                                | -                           | -                          | 8,200,843.97   | -  | -                                       | 8,200,843.97     |
| Total Comprehensive Income (Expenses) for the year               | -                                | -                           | -                          | 8,200,843.97   | -  | -                                       | 8,200,843.97     |
| Transactions with owners   |                                  |                             |                            |                |  |   |                  |
| Contributions by and distributions to owner of the Company       |                                  |                             |                            |                |  |   |                  |
| Appropriated Legal Reserve                                       | -                                | -                           | 450,000.00                 | (450,000.00)   | -  | -                                       | -                |
| Total Contributions by and distributions to owner of the Company | -                                | -                           | 450,000.00                 | (450,000.00)   | -  | -                                       | -                |
| Total transactions with owners                                   | -                                | -                           | 450,000.00                 | (450,000.00)   | -  | -                                       | -                |
| Balance as at 31 December 2015                                   | 1,024,999,930.00                 | 32,123,085.07               | 18,850,000.00              | 162,171,864.34 | 1,149,466.83   | 1,149,466.83                            | 1,239,294,346.24 |

Notes to financial statements are an integral part of these statement.

BAAN ROCK GARDEN PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOW

For the year ended 31 December 2015

|  | FINANCIAL STATEMENTS IN WHICH<br>THE EQUITY METHOD IS APPLIED |                  | SEPARATE<br>FINANCIAL STATEMENTS |                  |                  |
|--|---|------------------|----------------------------------|------------------|------------------|
|  | Notes   | 31 December 2015 | 31 December 2014                 | 31 December 2015 | 31 December 2014 |
|  |   | Baht             | Baht                             | Baht             | Baht             |
| CASH FLOW FROM OPERATING ACTIVITIES                                    |   |                  |                                  |                  |                  |
| Profit before Income Tax   |   | 10,405,365.40    | 15,238,664.96                    | 10,345,406.41    | 15,274,792.35    |
| Adjustment to Profit before Income Taxes for Cash Received (Paid)      |   |                  |                                  |                  |                  |
| from Operations  |   |                  |                                  |                  |                  |
| Doubtful Debts   |   | 156,991.87       | -                                | 156,991.87       | -                |
| Loss from Unrefunded Withholding Tax                                   |   | -                | 73,342.02                        | -                | 73,342.02        |
| Loss on Decline in Value of Inventories                                |   | 1,762,182.09     | -                                | 1,762,182.09     | -                |
| Depreciation   |   | 485,865.02       | 508,590.39                       | 485,865.02       | 508,590.39       |
| Gain from Sales of Investment in Joint Venture                         |   | (10,000.00)      | -                                | (10,000.00)      | -                |
| Profit from amortization Performance Retention Receipt from Contractor |   | (3,234,359.66)   | -                                | (3,234,359.66)   | -                |
| Loss on Written-off of Fixed Asset                                     |   | -                | 104.00                           | -                | 104.00           |
| Participating Loss in Joint Venture                                    |   | (59,958.99)      | 36,127.39                        | -                | -                |
| Cost of Real Estate Development Reduced to be Cost of Goods Sold       |   | 38,511,562.52    | 43,712,756.49                    | 38,511,562.52    | 43,712,756.49    |
| Employee Benefits Obligation   |   | 89,422.86        | 82,990.08                        | 89,422.86        | 82,990.08        |
| Interest Revenue   |   | (7,529,255.61)   | (6,112,918.50)                   | (7,529,255.61)   | (6,112,918.50)   |
| Interest Expenses Under Financial Lease                                |   | 18,750.85        | 28,087.78                        | 18,750.85        | 28,087.78        |
| Profit from Operating Activities before Changes in Operating Assets    |   | 40,596,566.35    | 53,567,744.61                    | 40,596,566.35    | 53,567,744.61    |
| and Liabilities  |   |                  |                                  |                  |                  |
| (Increase) Decrease in Operating Assets                                |   |                  |                                  |                  |                  |
| Other Receivables  |   | (16,804.79)      | 92,151.09                        | (16,804.79)      | 92,151.09        |
| Cost of Real Estate Development  |   | (9,666,152.40)   | (4,139,828.61)                   | (9,666,152.40)   | (4,139,828.61)   |
| Other Non-Current Assets   |   | 36,940.00        | (34,574.00)                      | 36,940.00        | (34,574.00)      |
| Increase (Decrease) in Operating Liabilities                           |   |                  |                                  |                  |                  |
| Trade and Other Payables   |   | (2,017,389.62)   | (3,202,835.16)                   | (2,017,389.62)   | (3,202,835.16)   |
| Other Non-Current Liabilities  |   | 6,635.54         | 15,420.56                        | 6,635.54         | 15,420.56        |
| Cash Received (Paid) from Operating Activities                         |   | 28,939,795.08    | 46,298,078.49                    | 28,939,795.08    | 46,298,078.49    |
| Cash Payment in Income Tax   |   | (3,095,123.72)   | (1,880,369.42)                   | (3,095,123.72)   | (1,880,369.42)   |
| NET CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES                  |   | 25,844,671.36    | 44,417,709.07                    | 25,844,671.36    | 44,417,709.07    |

Notes to financial statements are an integral part of these statement.

BAAN ROCK GARDEN PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOW

For the year ended 31 December 2015

|  | Notes    | FINANCIAL STATEMENTS IN WHICH<br>THE EQUITY METHOD IS APPLIED |                        | SEPARATE<br>FINANCIAL STATEMENTS |                        |
|--|----------|---|------------------------|----------------------------------|------------------------|
|  |          | 31 December 2015  | 31 December 2014       | 31 December 2015                 | 31 December 2014       |
|  |          | Baht  | Baht                   | Baht                             | Baht                   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                     |          |   |                        |                                  |                        |
| Cash Payment from Temporary Investments                        |          | (15,000,000.00)   | (50,000,000.00)        | (15,000,000.00)                  | (50,000,000.00)        |
| Cash Paid for Purchases of Fixed Assets                        |          | (406,169.47)  | (115,066.00)           | (406,169.47)                     | (115,066.00)           |
| Cash Received from Sales of Investment                         |          | 10,000.00   | -                      | 10,000.00                        | -                      |
| (Increase) Decrease in Deposit at Bank Used as Collateral      |          | (3,906.72)  | (5,229.56)             | (3,906.72)                       | (5,229.56)             |
| Received from Interest Revenue                                 |          | 7,529,255.61  | 6,112,918.50           | 7,529,255.61                     | 6,112,918.50           |
| <b>NET CASH PROVIDED FROM (USED IN) INVESTING ACTIVITIES</b>   |          | <b>(7,870,820.58)</b>   | <b>(44,007,377.06)</b> | <b>(7,870,820.58)</b>            | <b>(44,007,377.06)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                     |          |   |                        |                                  |                        |
| Cash Payment from Liabilities under Financial Lease Agreements |          | (215,964.00)  | (215,964.00)           | (215,964.00)                     | (215,964.00)           |
| <b>NET CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES</b>   |          | <b>(215,964.00)</b>   | <b>(215,964.00)</b>    | <b>(215,964.00)</b>              | <b>(215,964.00)</b>    |
| <b>NET CASH AND CASH EQUIVALENTS INCREASE (DECREASE)</b>       |          | <b>17,757,886.78</b>  | <b>194,368.01</b>      | <b>17,757,886.78</b>             | <b>194,368.01</b>      |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>  | <b>6</b> | <b>18,342,163.51</b>  | <b>18,147,795.50</b>   | <b>18,342,163.51</b>             | <b>18,147,795.50</b>   |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>        | <b>6</b> | <b>36,100,050.29</b>  | <b>18,342,163.51</b>   | <b>36,100,050.29</b>             | <b>18,342,163.51</b>   |

Notes to financial statements are an integral part of these statement.

**BAAN ROCK GARDEN PUBLIC COMPANY LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**31 December 2015**

**1. General Information**

Baan Rock Garden Public Company Limited (“the Company”) is a public limited company and is incorporated in Thailand. The Company is listed on Stock Exchange of Thailand. The address of the Company’s registered office is 601 Ramkhamheang 39 Pracha-Uthit Road, Wangthonglang, Bangkok Thailand.

The Company’s major shareholder is the Silaprarat family, holding 27.71% (2014: 27.73%) Chamaraman family is a shareholder, holding 7.94% (2014:8.95%) and Chinprapinporn family is a shareholder, holding 21.07% (2014: 21.01%) of the issued and Paid-Up share capital of the Company.

The principal activities of the Company involve the business of real estate development in type of allotted houses so as for disposal while there is the project of completed development and being development in progress at Bangkok, Phuket and Samutprakran.

**2. Basis of Preparation**

- 2.1 The financial statements have been prepared in accordance with Financial Reporting Standards of Thailand including related interpretations and guidelines promulgated by the Federation of Accounting Professions, applicable rules and regulations of the Securities and Exchange Commission and The Stock Exchange of Thailand.
- 2.2 The financial statements were presented in compliance with the notification of Department of Business Development regarding “Brief particulars must be contained in financial statements B.E. 2554” dated on 28 September 2011, notified according to Accounting Act B.E. 2543.
- 2.3 In order to prepare the financial statements to comply with financial reporting standards, the Company’s management had to make some estimates and suppositions which may have an effect on the amount shown for revenues, expenses, assets and liabilities and also on the disclosures concerning assets and contingent liabilities, therefore the actual result may differ from the estimated amount.



- 2.4 The financial report in Thai language is the official statutory financial report of the Company. The financial report in English language has been translated from the Thai language financial report.
- 2.5 As at 31 December 2015, the Company has not presented the statements of financial position in which the investment using the equity method. The Company has sold shares its investment in Yamu Property Property Investments Ltd, a joint venture on 17 February 2015.

### 3. The Adoption of New Accounting Policies

The Company adopted Conceptual framework for financial statements, the new accounting standards, financial reporting standards, interpretations accounting standards, interpretations financial reporting standards and accounting guidance, which are effective for accounting periods beginning on or after 1 January 2015, with no impact to the current financial statements.

### 4. New Financial Reporting Standards Not Yet Effective

Accounting standards, financial reporting standards, interpretations accounting standards, interpretations financial reporting standards and new accounting practices, which are not yet effective for the current accounting periods that the Company has not adopted, are as follows:

Effective for the accounting period beginning on or after 1 January 2016

|                       |  |
|-----------------------|--|
| 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 Estimate 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                         |

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|                        |   |
|------------------------|---|
| 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   |
| TFRS 2 (revised 2015)  | Share-based Payments  |
| TFRS 3 (revised 2015)  | Business Combinations   |
| TFRS 4 (revised 2015)  | Insurance Contracts   |
| TFRS 5 (revised 2015)  | Non-current Assets Held for Sale and Discounted Operations                  |
| TFRS 6 (revised 2015)  | Exploration for and Evaluation of Mineral Resources                         |
| 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  |
| SIC 10 (revised 2015)  | Government Assistance-No Specific Relation to Operating Activities          |
| SIC 15 (revised 2015)  | Operating Leases-Incentives   |
| SIC 25 (revised 2015)  | Income Taxes-Changes in the Tax Status of an Enterprise or its Shareholders |
| SIC 27 (revised 2015)  | Evaluating the Substance of Transactions in the Legal Form of a Lease       |
| SIC 29 (revised 2015)  | Service Concession Arrangements: Disclosures                                |
| SIC 31 (revised 2015)  | Revenue-Barter Transactions involving Advertising Services                  |
| SIC 32 (revised 2015)  | Intangible Assets-Web Site Costs  |
| 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 IAS 29 (revised 2015) Financial Reporting in Hyperinflationary Economies |
| TFRIC 10 (revised 2015)  | Interim Financial Reporting and Impairment   |
| TFRIC 12 (revised 2015)  | Service Concession Arrangements  |
| TFRIC 13 (revised 2015)  | Customer Loyalty Programmer  |
| TFRIC 14 (revised 2015)  | IAS 19 (revised 2015) - The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction  |
| 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   |
| Accounting Guidance for Measurement and Recognition of Bearer Plants |  |

The management of the Company believes that above financial reporting standards will not have any significant impact on the financial statements when they are applied.

## 5. Significant Accounting Policies

### 5.1 Measurements bases used in the Preparation of Financial Statements

Measurement bases used in the preparation of financial statements are historical cost measurement basis and combination of variety measurement bases used. Some assets and liabilities that use other measurement bases have been disclosed the measurement bases used in the particular accounting policies.

### 5.2 Financial Instruments

Financial assets which shown in the statement of financial position include cash and cash at banks, investments and trade and other receivables. Financial liabilities which shown in the statement of financial position include trade and other payables. The specific accounting policies for each item are disclosed in the respective accounting policies.

### 5.3 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less and free from restrictions.

5.4 Other Receivables and Allowance for Doubtful

Other receivables are stated at net realizable value. Allowance for doubtful receivables are estimated by percentage of accounts receivable which is assessed primarily on analysis of payment histories and review of all outstanding amounts at the end of the reporting period.

5.5 Cost of Real Estate Development

Cost of real estate development is reflected according to the cost price or net realizable value whichever is lower. Cost price is composed of cost of land acquisition, land development, project construction cost and public utility system. The Company records the cost of real estate development as cost of goods sold by appropriating the whole cost of development anticipated to incur (by taking the actual cost) to the houses plus land sold in accordance with the basis of area sales.

5.6 Investments in Joint Venture

Joint venture is the entity the Company is materially influential or mutually in the decision making in respect of investment policy and operation but not yet control in such policy. Investment in joint venture is reflected in the financial statements which reflected by investment according to equity method by using equity method. Such method will record participating profit or loss after acquisition on behalf of the Company in joint venture in the profit or loss. The accumulated result of the change after the acquisition will be adjusted against book value of investment. Investment in joint venture in the separate financial statements is recorded by cost method after deducting allowance for impairment of investment.

5.7 Land Development Cost

Land development cost means the land the Company aims to hold for the future benefit and recorded as non current asset by reflecting according to the cost price which may adjust by allowance for asset impairment. The cost price is composed by land fee and other related expense so as to acquire the land.

5.8 Property, Plant and Equipment

Land is recorded at cost price. Plant and equipment are recorded at cost price after deduction of accumulated depreciation, accumulated loss on impairment (if any) and

calculated depreciation on a straight-line method over their approximate useful life as follows:

|                                   |          |
|-----------------------------------|----------|
| Building                          | 20 years |
| Fixture and building improvements | 10 years |
| Vehicles                          | 5 years  |
| Office equipment                  | 5 years  |

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

Gain or loss on disposal of property, plant and equipment is computed from discrepancy between net proceed and carrying amount and recognized as revenue or expense in the profit or loss.

#### 5.9 Intangible Assets and Amortization

Intangible assets are stated at initial cost deducted by accumulated amortization and accumulated loss on impairment (if any). Amortization is calculated by straight-line method over the estimated useful life for the period of 5 years.

#### 5.10 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production or development of each project an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Company will record to deferred interest and present as a part of inventories of each project. The Company will cease the record when the project is complete or sold or faced with problem of delay while the proceeding of further development incurs. For the interest incurred from loan to acquire land pending for development but not yet developed. The Company will record such interest expense as expense in the statement of income.

#### 5.11 Impairment of Assets

The carrying amounts of assets are assessed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated of asset or its cash-generating unit to which the

asset is included in the recognition of an impairment loss when the recoverable amount less than the carrying amount of the asset or its cash generating unit.

Impairment loss is recognized as expenses in profit or loss immediately.

#### Calculation of Recoverable Amount

- The recoverable amount is the higher of the asset's fair value less cost to sell of asset or the cash- generating unit or its value in use.
- In assessing value in use of an asset by estimating the present value of future cash flows generated by the asset, discounted using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the asset.
- The asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### Reversals of Impairment Loss

- The loss on impairment of assets recognized in the prior period will be reversed if the estimation for indicated net realizable value changes since the last impairment loss was recognized. The carrying amount of the asset not exceed just to be the carrying amount that would have been (net of accumulated depreciation or amortization), if no impairment loss had been recognized.
- Reversals of impairment loss will be recognized as income in profit or loss immediately.

#### 5.12 Trade and Other Payables

Trade and other payables were shown in cost value.

#### 5.13 Employees Benefit

##### Defined Contribution Plan

The Company operates a provident fund which is funded by payments from employees and by the Company. The assets for which are held in a separate trust fund. Contributions to the provident fund are recognized in profit or loss in the period in which they are incurred.

##### Defined Benefit Plan

The Company has the employee benefit obligation in case of retirement or termination under the labor law. The Company hires an actuary to calculate on an actuarial technique the said employee benefit obligation. The said employee benefit obligation is discounted using the projected unit credit method by reference to an interest rate of a government bond to determine the present value of the employee benefit obligation, related past service cost and current service cost. All actuarial gains and losses are recognized immediately in profit or loss.

#### 5.14 Provision

The Company recognized provision when it is probable that there is a present legal or constructive obligation as a result of past events and an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. The reimbursement is recognized as a separate asset when, and only when, the reimbursement is virtually certain after the provision is settled.

#### 5.15 Leases

The Company is the lessee

Long term leases which substantially transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations less finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period. The assets acquired under finance leases while depreciation is carried throughout the useful life of leased asset. However, if there is uncertainty in the right of ownership when the contract is terminated, depreciation is carried according to useful life of leased assets or life of leased contract whichever the period is lower.

Long-term leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operation leases (net of any incentives received from the lesser) are charged to profit or loss on a straight-line basis over the period of the lease.



When an operating lease is terminated before the lease period has expired, any payment required to be made to the lesser by way of penalty is recognized as an expense in the period in which termination takes place.

#### 5.16 Recognition of Revenue

The Company recognizes the whole revenue from the sale of real estate as revenue when the sellers have transferred the material risk and benefit in such real estate to purchasers. When there is the arrangement of the contract of purchase and sell which is enforceable according to the law, the first down payment and installment fee which received but not yet counted to recognize as revenue will be recorded as deposit receipt from the sale of real estate.

Interest income is recognized over the period by calculated from the outstanding principal.

#### 5.17 Recognition of Cost

The Company are recognized cost of land and houses, the Company allocates cost of the entire development anticipated to incur of each project (considering actual cost) to land plus house add in accordance with selling area of each project and recognized as cost of goods sold in percentage of sold area of each project.

#### 5.18 Income Taxes

Income tax comprises current tax and deferred tax. Income tax is recognized in the profit or loss except to the extent that related to items recognized in other comprehensive income or recognized directly in the shareholders' equity which will recognize in other comprehensive income or recognized directly in equity as same as that item.

##### **Current Tax**

The Company recorded current tax at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation, using the tax rates enacted at the end of reporting period.

##### **Deferred Tax**

The Company recorded deferred tax on the liability on the statement of financial position method which calculated from temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of reporting period.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that the related tax benefit will be realized.

#### 5.19 Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss with the weighted average number of issued and paid-up ordinary shares.

There is not calculate the fully diluted earnings per share because it does not have ordinary share equivalents.

#### 5.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

#### 5.21 Significant Accounting Judgments and Estimates

In order to prepare the financial statements to comply with financial reporting standards, the Company's management had to make some judgment and estimates which may have an effect on the amount shown in financial statements and notes to financial statements, therefore the actual result may differ from the estimated amount. Significant estimates and provisions are as follows:

#### **Lease**

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

#### **Allowance for Doubtful Accounts**

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

#### **Project Development Costs Estimation**

In calculating cost of land and houses sold, the Company have to estimate all project development costs, comprising land and land improvement costs, design and construction costs, public utility costs, borrowing costs and other related costs. The management estimates these costs based on their business experience and revisit the estimations on a periodical basis or when the actual costs incurred significantly vary from the estimated costs.

#### **Property, Plant and Equipment/ Land Held to Development**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Company's 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 and land held to development for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### **Intangible Assets and Amortization**

Intangible assets are systematically amortized over their estimated useful lives, and are subject to impairment if there is an indication they may be impaired.

#### Post-Employment Benefits

The obligation under defined benefit plan is determined based on actuarial valuations. Inherent within these calculations are assumptions as to discount rates, future salary increases and other demographic factors. In determining the appropriate discount rate, management selects an interest rate that reflects the current economic situation. Actual post-retirement costs may ultimately differ from these estimates.

#### Litigation

The Company has contingent liabilities as a result of litigation. The management has used judgment to assess the results of the litigation and believes that losses incurred will not exceed the recorded amounts as at the end of reporting period.

### 6. Cash and Cash Equivalents

Consist of:

|                          | Separate financial statements |                      |
|--------------------------|-------------------------------|----------------------|
|                          | As at                         | As at                |
|                          | 31 December 2015              | 31 December 2014     |
|                          | Baht                          | Baht                 |
| Cash                     | 114,090.08                    | 110,270.08           |
| Saving Deposit Accounts  | 25,166,934.86                 | 9,968,320.14         |
| Current Deposit Accounts | 10,819,025.35                 | 8,263,573.29         |
| Total                    | <u>36,100,050.29</u>          | <u>18,342,163.51</u> |

## 7. Other Receivables

Consist of:

|  | Separate financial statements |                  |
|--|-------------------------------|------------------|
|  | As at                         | As at            |
|  | 31 December 2015              | 31 December 2014 |
|  | Baht                          | Baht             |
| Other Receivables                        | 110,421.84                    | 42,097.66        |
| Advance-subcontractor                    | 2,454,553.61                  | 2,454,553.61     |
| Advance-staff                            | 86,599.75                     | 29,674.75        |
| Prepaid Expense                          | 1,039,623.82                  | 1,148,068.21     |
| Total                                    | 3,691,199.02                  | 3,674,394.23     |
| <u>Less</u> Allowance for Doubtful Debts | (2,391,980.40)                | (2,234,988.53)   |
| Net                                      | 1,299,218.62                  | 1,439,405.70     |

For the year ended 31 December 2015 and 2014, the movement of allowance for doubtful was as follows :

|                           | Separate financial statements |                    |
|---------------------------|-------------------------------|--------------------|
|                           | For the year ended            | For the year ended |
|                           | 31 December 2015              | 31 December 2014   |
|                           | Baht                          | Baht               |
| Beginning carrying amount | (2,234,988.53)                | (2,234,988.53)     |
| Increased during the Year | (156,991.87)                  | -                  |
| Reversed during the Year  | -                             | -                  |
| Ending carrying amount    | (2,391,980.40)                | (2,234,988.53)     |

## 8. Cost of Real Estate Development

Consist of:

|   | Separate financial statements |                  |
|---|-------------------------------|------------------|
|   | As at                         | As at            |
|   | 31 December 2015              | 31 December 2014 |
|   | Baht                          | Baht             |
| Land Development  | 28,722,373.23                 | 37,090,678.48    |
| Construction in Progress                                  | 107,527,428.70                | 128,058,018.57   |
| Total   | 136,249,801.93                | 165,148,697.05   |
| <u>Less</u> Allowance for decline in value of inventories | (1,762,182.09)                | -                |
| Net   | 134,487,619.84                | 165,148,697.05   |

## 9. Investment in Joint Venture

As at 31 December 2014, the Company had investments in joint venture as follows:

|  | Paid-up Share<br>Capital | % Share-<br>Holding | Separate financial statements |                  |
|--|--------------------------|---------------------|-------------------------------|------------------|
|  |                          |                     | Cost Method                   |                  |
|  |                          |                     | As at                         | As at            |
| <u>Name of Company</u>                             |                          |                     | 31 December 2015              | 31 December 2014 |
| Yamu Property Development Co., Ltd.                | 2,000,000                | 50                  | -                             | 1,000,000.00     |
| <u>Less</u> Allowance for impairment of investment |                          |                     | -                             | (1,000,000.00)   |
| Net  |                          |                     | -                             | -                |

In accordance with Board of Directors No. 1/2015 held on 17 February 2015, has unanimously approved the sale of shares in Mitsubishi Yamu Property Development Co.,Ltd. At the price of 10,000 baht to shareholders of the Company has sold shares on 9 March 2015.

**10. Land Held for Development**

Consist of:

|                                      | Separate financial statements |                       |
|--------------------------------------|-------------------------------|-----------------------|
|                                      | As at                         | As at                 |
|                                      | 31 December 2015              | 31 December 2014      |
|                                      | Baht                          | Baht                  |
| Cost of land                         | 899,579,042.63                | 899,579,042.63        |
| <u>Less</u> Allowance for impairment | <u>(5,279,300.00)</u>         | <u>(5,279,300.00)</u> |
| Net                                  | <u>894,299,742.63</u>         | <u>894,299,742.63</u> |

As at 31 December 2015 and 2014, the Company has the land development with cost of Baht 38.18 million is mortgaged as collateral for credit facilities of bank overdraft, long-term loans and letter of guarantee from bank, moreover two directors of the company have guaranteed in full amount of credit line.

In year 2004, the Company borrows loan from two shareholders while the contract is agreed to repay the interest by transferring land after development in number of 5 Rais to such borrowers on 30 November 2006 (date which is due for loan repayment). Moreover, on 5 October 2010, two shareholders have prepared letter of land ownership transfer in number of 5 Rais to one director who is solely ownership in such land without any remuneration fee. Such land, carried the value of Baht 6.63 million, equally, has not been transferred to the shareholders. However, the Company has estimated the accrued interest payable in amount of Baht 6.63 million as in Note 26.2.



# 11. Property, Plant and Equipment

Consist of:

|   | Separate financial statements |                     |                         |                                   |                     | Total                    |
|---|-------------------------------|---------------------|-------------------------|-----------------------------------|---------------------|--------------------------|
|   | Land                          | Building            | Machinery and Equipment | Fixture and building improvements | Vehicles            | Construction in Progress |
|   | Baht                          | Baht                | Baht                    | Baht                              | Baht                | Baht                     |
| <b>As at 31 December 2013</b>                       |                               |                     |                         |                                   |                     |                          |
| Costs   | 92,836.04                     | 2,010,414.49        | 3,413,185.17            | 946,873.04                        | 6,627,910.82        | 13,091,219.56            |
| Less Accumulated Depreciation                       | -                             | (198,822.62)        | (2,828,288.59)          | (750,271.23)                      | (4,265,484.07)      | (8,042,866.51)           |
| <b>Carrying Amount</b>                              | <b>92,836.04</b>              | <b>1,811,591.87</b> | <b>584,896.58</b>       | <b>196,601.81</b>                 | <b>2,362,426.75</b> | <b>5,048,353.05</b>      |
| Transactions during the year ended 31 December 2014 |                               |                     |                         |                                   |                     |                          |
| Purchase  | -                             | -                   | 37,322.00               | 77,744.00                         | -                   | 115,066.00               |
| Transfer in (Transfer out)                          | -                             | -                   | (348,021.68)            | (35,762.36)                       | -                   | (383,784.04)             |
| Depreciation for the year                           | -                             | (207,825.17)        | (153,959.66)            | (53,405.56)                       | (93,400.00)         | (508,590.39)             |
| Depreciation Sale (Transfer out)                    | -                             | -                   | 347,960.68              | 35,719.36                         | -                   | 383,680.04               |
| <b>Ending Carrying Amount</b>                       | <b>92,836.04</b>              | <b>1,603,766.70</b> | <b>468,197.92</b>       | <b>220,897.25</b>                 | <b>2,269,026.75</b> | <b>4,654,724.66</b>      |
| <b>As at 31 December 2014</b>                       |                               |                     |                         |                                   |                     |                          |
| Costs   | 92,836.04                     | 2,010,414.49        | 3,102,485.49            | 988,854.68                        | 6,627,910.82        | 12,822,501.52            |
| Less Accumulated Depreciation                       | -                             | (406,647.79)        | (2,634,287.57)          | (767,957.43)                      | (4,358,884.07)      | (8,167,776.86)           |
| <b>Ending Carrying Amount</b>                       | <b>92,836.04</b>              | <b>1,603,766.70</b> | <b>468,197.92</b>       | <b>220,897.25</b>                 | <b>2,269,026.75</b> | <b>4,654,724.66</b>      |

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Separate financial statements

|  | Land             | Building            | Machinery and<br>Equipment | Fixture and<br>building<br>improvements | Vehicles            | Construction in<br>Progress | Total               |
|--|------------------|---------------------|----------------------------|---|---------------------|-----------------------------|---------------------|
| <b>As at 31 December 2014</b>  | Baht             | Baht                | Baht                       | Baht                                    | Baht                | Baht                        | Baht                |
| Costs  | 92,836.04        | 2,010,414.49        | 3,102,485.49               | 988,854.68                              | 6,627,910.82        | -                           | 12,822,501.52       |
| Less Accumulated Depreciation  | -                | (406,647.79)        | (2,634,287.57)             | (767,957.43)                            | (4,358,884.07)      | -                           | (8,167,776.86)      |
| <b>Carrying Amount</b>   | <b>92,836.04</b> | <b>1,603,766.70</b> | <b>468,197.92</b>          | <b>220,897.25</b>                       | <b>2,269,026.75</b> | <b>-</b>                    | <b>4,654,724.66</b> |
| Transactions during the year ended 31 December 2015                                    |                  |                     |                            |   |                     |                             |                     |
| Purchase   | -                | -                   | 46,065.99                  | 22,010.00                               | -                   | 391,578.48                  | 459,654.47          |
| Depreciation for the year  | -                | (207,825.17)        | (127,486.16)               | (57,153.69)                             | (93,400.00)         | -                           | (485,865.02)        |
| <b>Ending Carrying Amount</b>  | <b>92,836.04</b> | <b>1,395,941.53</b> | <b>386,777.75</b>          | <b>185,753.56</b>                       | <b>2,175,626.75</b> | <b>391,578.48</b>           | <b>4,628,514.11</b> |
| As at 31 December 2015   |                  |                     |                            |   |                     |                             |                     |
| Costs  | 92,836.04        | 2,010,414.49        | 3,148,551.48               | 1,010,864.68                            | 6,627,910.82        | 391,578.48                  | 13,282,155.99       |
| Less Accumulated Depreciation  | -                | (614,472.96)        | (2,761,773.73)             | (825,111.12)                            | (4,452,284.07)      | -                           | (8,653,641.88)      |
| <b>Ending Carrying Amount</b>  | <b>92,836.04</b> | <b>1,395,941.53</b> | <b>386,777.75</b>          | <b>185,753.56</b>                       | <b>2,175,626.75</b> | <b>391,578.48</b>           | <b>4,628,514.11</b> |
| Depreciation for the year ended 31 December 2015 (Included in Administrative Expenses) |                  |                     |                            |   |                     |                             | 485,865.02          |
| Depreciation for the year ended 31 December 2014 (Included in Administrative Expenses) |                  |                     |                            |   |                     |                             | 508,590.39          |

As at 31 December 2015, certain equipment of the Company have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 8.36 million. (2014: Baht 7.93 million)

Vehicle under finance leases, where the Company is lessee with net book value as at 31 December 2015 and 2014 of Baht 0.87 million and Baht 0.90 million.

## 12. Deposit at Bank used as Collateral

As at 31 December 2015 and 2014, the Company constitutes Baht 0.41 million fixed deposit with a commercial bank as collateral against its electricity usage, transformers and maintenance fees for public utilities or public services.

## 13. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences, using the liability method and applying a principal tax rate of 20%. The deferred taxation related to the temporary differences between the carrying amounts and the tax bases of assets and liabilities of the Company are summarised belows:

|                                 | Separate financial statements |   |  |                           |
|---------------------------------|-------------------------------|---|--|---------------------------|
|                                 | As at<br>31 December 2014     | Recognized<br>in the<br>profit (loss)<br>for the year | Recognized<br>in the other<br>comprehensive<br>profit (loss) | As at<br>31 December 2015 |
|                                 | Baht                          | Baht  | Baht   | Baht                      |
| Cost of Real Estate Development | -                             | 352,436.42  | -  | 352,436.42                |
| Land Held for Development       | 1,055,860.00                  | -   | -  | 1,055,860.00              |
| Provision Accrued Interest      | 1,325,599.26                  | -   | -  | 1,325,599.26              |
| Employee Benefit Obligation     | 121,275.80                    | 17,884.57   | -  | 139,160.37                |
| Total                           | 2,502,735.06                  | 370,320.99  | -  | 2,873,056.05              |

**14. Trade and Other Payables**

Consist of:

|                | Separate financial statements |                     |
|----------------|-------------------------------|---------------------|
|                | As at                         | As at               |
|                | 31 December 2015              | 31 December 2014    |
|                | Baht                          | Baht                |
| Trade Payables | 18,167.70                     | 853,396.28          |
| Other Payables | 3,685,843.09                  | 8,102,363.79        |
| Total          | <u>3,704,010.79</u>           | <u>8,955,760.07</u> |

Other Payables consist of:

|   | Separate financial statements |                     |
|---|-------------------------------|---------------------|
|   | As at                         | As at               |
|   | 31 December 2015              | 31 December 2014    |
|   | Baht                          | Baht                |
| Deposit from Disposal of Real Estate                            | 2,208,940.23                  | 5,443,299.89        |
| Deposits Received from Sales of Cost of Real Estate Development | 60,000.00                     | 615,000.00          |
| Accrued Expenses  | 1,310,569.17                  | 1,872,999.81        |
| Other Payables  | 106,333.69                    | 171,064.09          |
| Total   | <u>3,685,843.09</u>           | <u>8,102,363.79</u> |

**15. Estimate from Prosecuted Cases**

As at 31 December 2015 and 2014, the Company's estimated liability in the lawsuit. Being sued for the whole amount during the year 2010, the Company has been sued by 13 purchasers of houses for the total of Baht 36.48 million in compensation of the damage incurred from the inconvenience in usage of the common roads because the purchasers thought the common area of the Rock Garden Village Project has no obligation and the Company has the ownership of the said common area per the advertisement of the Company. However, the ownership of the said project's common area belongs to related and outside persons whom have registered the servitude of access for the land in the said project to use as access roads. The real estate agents responsible for the sales of

land together with housing in the project have already informed the plaintiff about the said information. On 8 February 2013, the civil court has adjudged to acquit the case. In May 2013, the 12 purchasers of the houses lodged appeals to the Court of Appeals claiming compensation of the damage at the total amount of Baht 41.43 million, bearing interest (one of the purchasers has filed the request to withdraw the litigation to the Court). On 20 December 2013, the Court of Appeals adjudged to reverse the judgment and the Company lost the case. Under this judgment, the Company shall proceed to clear the servitude of access for the common area of the said project. In the event the Company unable to complete the said procedure, the Company shall pay the compensation of the damage to the purchasers of houses at Baht 18.00 million. In January 2014, the Company has appointed a new legal counsel to submit an appeal to the Supreme Court against the adjudication of the Court of Appeals. Currently the case is under consideration of the Supreme Court.

As at 31 December 2015 and 2014, the Company's has recognized the allowance for damage at Baht 18.00 million, which the Court of Appeals has adjudged for the Company to pay the said compensation for the damage to the purchasers of houses, in the financial statements, equally.

## 16. Liabilities under Financial Lease Agreements

Consist of:

|  | Separate financial statements |                  |
|--|-------------------------------|------------------|
|  | As at                         | As at            |
|  | 31 December 2015              | 31 December 2014 |
|  | Baht                          | Baht             |
| Minimum Lease Payments under Finance Lease |                               |                  |
| Agreements                                 | 287,952.00                    | 503,916.00       |
| <u>Less</u> Deferred Interest              | (9,747.64)                    | (28,498.49)      |
| Liabilities under Finance Lease Agreements | 278,204.36                    | 475,417.51       |
| <u>Less</u> Current Portion                | (207,014.13)                  | (197,213.15)     |
| Net  | 71,190.23                     | 278,204.36       |

The minimum lease payments under finance lease agreements were as the follows:

|                                  | Separate financial statements |                   |
|----------------------------------|-------------------------------|-------------------|
|                                  | As at                         | As at             |
|                                  | 31 December 2015              | 31 December 2014  |
|                                  | Baht                          | Baht              |
| Within 1 year                    | 215,964.00                    | 215,964.00        |
| Over 1 year but not over 5 years | 71,988.00                     | 287,952.00        |
| Total                            | <u>287,952.00</u>             | <u>503,916.00</u> |

#### 17. Employee Benefits Obligation

Employee benefits obligation has detail as follows:

|   | Separate financial statements |                    |
|---|-------------------------------|--------------------|
|   | For the year ended            | For the year ended |
|   | 31 December 2015              | 31 December 2014   |
|   | Baht                          | Baht               |
| Present Value of the Obligation as at 1 January   | 606,378.99                    | 523,388.91         |
| Current Service Cost                              | 59,332.86                     | 56,767.08          |
| Interest Expenses                                 | 30,090.00                     | 26,223.00          |
| Present Value of the Obligation as at 31 December | <u>695,801.85</u>             | <u>606,378.99</u>  |

The above expenses which are recognized in the profit or loss are included in the items as follows:

|                         | Separate financial statements |                    |
|-------------------------|-------------------------------|--------------------|
|                         | For the year ended            | For the year ended |
|                         | 31 December 2015              | 31 December 2014   |
|                         | Baht                          | Baht               |
| Administrative Expenses | 89,422.86                     | 82,990.08          |

The Key assumptions used for the purposes of the actuarial valuation were as follows:

|   | Separate financial statements |                |
|---|-------------------------------|----------------|
|   | 2015                          | 2014           |
| Discount rate                                       | 4.52%                         | 4.52%          |
| Future salary increase                              | 2.68%                         | 2.68%          |
| Proportion of employees opting for early retirement | 0.00% - 20.00%                | 0.00% - 20.00% |

## 18. Share capital

Consist of:

|   | For the year ended 31 December 2015 |                          |                         | For the year ended 31 December 2014 |                          |                         |
|---|-------------------------------------|--------------------------|-------------------------|-------------------------------------|--------------------------|-------------------------|
|   | Par Value<br>Baht                   | Number of Share<br>Share | Amount<br>Baht          | Par Value<br>Baht                   | Number of Share<br>Share | Amount<br>Baht          |
| <b>Authorized Share Capital</b>         |                                     |                          |                         |                                     |                          |                         |
| Beginning Ordinary Shares               | 1                                   | 1,025,000,000            | 1,025,000,000.00        | 1                                   | 1,025,000,000            | 1,025,000,000.00        |
| <u>Less</u> Decrease in Share Capital   | 1                                   | (70)                     | (70.00)                 | -                                   | -                        | -                       |
| <u>Add</u> Capital Increase             | -                                   | 204,999,986              | 204,999,986.00          | -                                   | -                        | -                       |
| Ending Ordinary Shares                  | <u>1</u>                            | <u>1,229,999,916</u>     | <u>1,229,999,916.00</u> | <u>1</u>                            | <u>1,025,000,000</u>     | <u>1,025,000,000.00</u> |
| <b>Issued and Paid-up Share Capital</b> |                                     |                          |                         |                                     |                          |                         |
| Beginning Ordinary Shares               | 1                                   | 1,024,999,930            | 1,024,999,930.00        | 1                                   | 1,024,999,930            | 1,024,999,930.00        |
| <u>Add</u> Issue of Ordinary Shares     | -                                   | -                        | -                       | -                                   | -                        | -                       |
| Ending Ordinary Shares                  | <u>1</u>                            | <u>1,024,999,930</u>     | <u>1,024,999,930.00</u> | <u>1</u>                            | <u>1,024,999,930</u>     | <u>1,024,999,930.00</u> |

The resolution of the Annual General Meeting of Shareholders No. 1/2558 on 2 April 2015 has unanimity approved:

- The decrease of Company's registered capital from Baht 1,025,000,000 to Baht 1,024,999,930 , by cancelling 70 authorized but unissued shares at the par value of Baht 1 per share as proposed.

- The increase of Company's registered capital from the current registered capital of Baht 1,024,999,930 to the new registered capital of Baht 1,229,999,916 by issuing for 204,999,986 ordinary shares at the par value of Baht 1 per share as proposed to issuance and allocation of the exercise BROCK-W1 to be allocated to the existing shareholders of the Company pro rata to their respective shareholding.



## 19. Legal reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net income, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of its registered share capital. The statutory reserve is not available for dividend distribution.

For the year ended 31 December 2015 and 2014, the Company has appropriated net income amounting to Baht 0.45 millions and Baht 0.70 millions respectively to the statutory reserve.

## 20. Capital Management

The objectives of the Company's capital management are to maintain its ability to continue as a going concern and to maintain an appropriate capital structure.

As at 31 December 2015 and 2014, separate financial statements presents the debt to equity ratio in 0.021:1 and 0.03:1 respectively.

## 21. Income Tax (Expense) Revenue

Income tax is recognized in the profit (loss) for the years, consist of:

|   | Financial statement in which the equity method<br>is applied Separate/financial statements |  |
|---|--|--|
|   | For the year ended<br>31 December 2015   | For the year ended<br>31 December 2014 |
|   | Baht   | Baht                                   |
| Current Tax Expense   |  |  |
| Current Tax (Expense) Revenue   | (2,514,883.43)   | (3,119,150.46)                         |
| Deferred Tax (Expense) Revenue relating to the origination<br>and reversal of temporary differences | 370,320.99   | 16,448.41                              |
| Income Tax (Expense) Revenue recognized in the profit (loss)<br>for the year                        | (2,144,562.44)   | (3,102,702.05)                         |

The difference between income tax (expense) revenue which was calculated from accounting profit at the tax rate for the years ended 31 December 2015 and 2014, in 20%, equally for two years, can be presented as follow.

|   | Financial statement in which the<br>equity method is applied |  |
|---|--|--|
|   | For the year ended<br>31 December 2015                       | For the year ended<br>31 December 2014 |
|   | Baht   | Baht                                   |
| Profit before Income Tax  | 10,405,365.40  | 15,238,664.96                          |
| Income Tax (Expense) Revenue calculated at<br>the tax rate of 20%     | (2,081,073.08)   | (3,047,732.99)                         |
| Expenses that are not deductible for income tax                       | (415,925.78)   | (54,969.06)                            |
| Income Tax (Expense) Revenue recognized<br>in the profit for the year | (2,496,998.86)   | (3,102,702.05)                         |

|   | Separate financial statements          |  |
|---|--|--|
|   | For the year ended<br>31 December 2015 | For the year ended<br>31 December 2014 |
|   | Baht                                   | Baht                                   |
| Profit before Income Tax  | 10,345,406.41                          | 15,274,792.35                          |
| Income Tax (Expense) Revenue calculated at<br>the tax rate of 20%     | (2,069,081.28)                         | (3,054,958.47)                         |
| Expenses that are not deductible for income tax                       | (427,917.58)                           | (47,743.58)                            |
| Income Tax (Expense) Revenue recognized<br>in the profit for the year | (2,496,998.86)                         | (3,102,702.05)                         |

Deferred tax assets which are not recognized in the financial statements as at 31 December 2015 and 2014 consist of:

|                                  | Financial statement in which the equity method is applied |                  | Separate financial statements |                  |
|----------------------------------|---|------------------|-------------------------------|------------------|
|                                  | As at   | As at            | As at                         | As at            |
|                                  | 31 December 2015  | 31 December 2014 | 31 December 2015              | 31 December 2014 |
|                                  | Baht  | Baht             | Baht                          | Baht             |
| Deductible Temporary Differences | 4,078,396.08  | 4,814,193.58     | 4,078,396.08                  | 5,014,193.58     |

The Company has not recognized the above deferred tax assets because it is not probable that future taxable profit will be available which the Company can utilize the tax benefits there from.

## 22. Warrant

The resolution of the Annual General Meeting of Shareholders No. 1/2558 on 2 April 2015 has unanimity approved to issuance and allocation of the Company's Warrants to purchase ordinary shares of Baan Rock Garden Public Company Limited, No.1 ("BROCK-W1 Warrants"), which the detail is as follows:

| Issue and offer ate<br>of warrants | Exercise price<br>(Baht per share) | Exercise ratio<br>(warrant per<br>ordinary share) | Exercised<br>ordinary share<br>(shares) | Remaining reserve<br>ordinary share<br>(shares) | Expire date<br>of warrants |
|------------------------------------|------------------------------------|---|---|---|----------------------------|
| 2 June 2015                        | 3.50                               | 1:1   | -                                       | 204,969,911                                     | 1 June 2018                |

**23. Expenses by Nature**

|  | Financial statement in which the<br>equity method is applied/ Separate financial statements |                      |
|--|---|----------------------|
|  | For the year ended  | For the year ended   |
|  | 31 December 2015  | 31 December 2014     |
|  | Baht  | Baht                 |
| Construction in progress and labour        | 7,850,485.31  | 4,139,828.61         |
| Change in construction in progress         | 30,661,077.21   | 39,572,927.88        |
| Depreciation                               | 485,865.02  | 508,590.39           |
| Reversal doubtful debts                    | 156,991.87  | -                    |
| Employee benefit expenses                  | 4,850,696.99  | 4,610,623.31         |
| Management benefit expenses                | 4,298,825.25  | 4,057,049.00         |
| Consideration for the sale and advertising | 4,399,411.89  | 5,912,732.52         |
| Other                                      | 17,916,323.48   | 13,877,377.87        |
| Total                                      | <u>70,619,677.02</u>  | <u>72,679,129.58</u> |

**24. Segment Information**

The Company operates in only one main sector, namely business of real estate development in type of allotted house for sale, which is Thailand. Thus all income and assets as shown on the financial statements were related to the business sector and geographical area as already said.

**25. Financial Instruments****25.1 Financial Risk Management and Policies**

The Company does not hold or issue any derivative instruments for speculative or trading purposes.

**25.2 Risk from interest rates**

The Company constitutes risk from interest rates since there is deposit and liability which has to repay interest; however, the Company believes that fluctuation of future interest rate in the market will not materially affect to results of operation and cash flow of the Company as follows:

(Unit : Baht)

| Separate financial statements      |                                    |                                 |               |                |                       |
|------------------------------------|------------------------------------|---------------------------------|---------------|----------------|-----------------------|
| 2015                               |                                    |                                 |               |                |                       |
|                                    | Interest Rates of<br>Floating rate | Interest Rates<br>of Fixed rate | no interest   | Total          | Interest Rates<br>(%) |
| <u>Financial assets</u>            |                                    |                                 |               |                |                       |
| Cash and Cash Equivalents          | 25,166,934.86                      | -                               | 10,933,115.43 | 36,100,050.29  | 0.30% - 1.25%         |
| Temporary Investments              | -                                  | 195,000,000.00                  | -             | 195,000,000.00 | 3.90%                 |
| Deposit at Bank used as Collateral | -                                  | -                               | 414,985.98    | 414,985.98     | -                     |
| <u>Financial liabilities</u>       |                                    |                                 |               |                |                       |
| Financial Lease Agreements         |                                    |                                 |               |                |                       |
| Liabilities                        | -                                  | 278,204.36                      | -             | 278,204.36     | 2.45%                 |

(Unit : Baht)

| Separate financial statements      |                                    |                                 |              |                |                       |
|------------------------------------|------------------------------------|---------------------------------|--------------|----------------|-----------------------|
| 2014                               |                                    |                                 |              |                |                       |
|                                    | Interest Rates of<br>Floating rate | Interest Rates<br>of Fixed rate | no interest  | Total          | Interest Rates<br>(%) |
| <u>Financial assets</u>            |                                    |                                 |              |                |                       |
| Cash and Cash Equivalents          | 9,968,320.14                       | -                               | 8,373,843.37 | 18,342,163.51  | 0.30% - 1.25%         |
| Temporary Investments              | -                                  | 180,000,000.00                  | -            | 180,000,000.00 | 4.10%                 |
| Deposit at Bank used as Collateral | -                                  | -                               | 411,079.26   | 411,079.26     | -                     |
| <u>Financial liabilities</u>       |                                    |                                 |              |                |                       |
| Financial Lease Agreements         |                                    |                                 |              |                |                       |
| Liabilities                        | -                                  | 475,417.51                      | -            | 475,417.51     | 2.45%                 |

### 25.3 Risk from credit provision

The Company constitutes low risk from credit provision since given the sale of property is sale which determined that liability from customers is fully repayable before the delivery of property is fulfilled.

### 25.4 Fair Value

The methods and assumptions used by the Company in estimating the fair value of financial instruments for financial assets and liabilities which have short-term maturity, their carrying amounts in the statement of financial position approximate their fair value.

## 26. Transactions with Related Parties

The Company had significant business transactions with related person and company. Such transactions, which have been concluded on commercial terms and bases, agreed upon between the Company, and related person and company and are in ordinary course of business are summarized below:

### 26.1 Inter-Revenues and Expenses

|  |                         | Financial statement in which the equity method is applied / Separate financial statements |                    |
|--|-------------------------|---|--------------------|
|  |                         | For the year ended  | For the year ended |
|  |                         | 31 December 2015  | 31 December 2014   |
|  | Pricing Policies        | Baht  | Baht               |
| <b>Inter-Transaction with Related Company</b>  |                         |   |                    |
| Interest Income                                | Annual Interest Rate    |   |                    |
|  | at 3.90-4.10%           | 7,424,753.44  | 5,994,342.50       |
| Rental and Service Fee                         | Contract Price          | 2,364,968.00  | 2,381,418.00       |
| Entertainment Expense                          | Cost Price Plus Margin  | 1,214,748.00  | 995,983.90         |
| <b>Inter-Transaction with Related Person</b>   |                         |   |                    |
| Gain from Sales of Investment in Joint Venture | At the rate agreed upon | 10,000.00   | -                  |

### 26.2 Inter-Assets and Liabilities

|  | As at            | As at            |
|--|------------------|------------------|
|  | 31 December 2015 | 31 December 2014 |
|  | Baht             | Baht             |
| <b>Temporary Investments</b>                     |                  |                  |
| <b>Related Company</b>                           |                  |                  |
| <b>Ratchthani Leasing Public Company Limited</b> |                  |                  |
| Beginning Balance                                | 180,000,000.00   | 130,000,000.00   |
| Increase during the year                         | 15,000,000.00    | 50,000,000.00    |
| Decrease during the year                         | -                | -                |
| Ending Balance                                   | 195,000,000.00   | 180,000,000.00   |

|   | As at<br>31 December 2015 | As at<br>31 December 2014 |
|---|---------------------------|---------------------------|
|   | Baht                      | Baht                      |
| Long-term Loan Joint Venture              |                           |                           |
| Yamu Property Development Company Limited |                           |                           |
| Beginning Balance                         | 3,885,979.38              | 3,885,979.38              |
| Increase during the year                  | -                         | -                         |
| Decrease during the year                  | (3,885,979.38)            | -                         |
| Total                                     | -                         | 3,885,979.38              |
| <u>Less</u> Allowance for Doubtful Debts  | -                         | (3,885,979.38)            |
| Ending Balance                            | -                         | -                         |
| Provision-Accrued Interest                |                           |                           |
| Related Persons                           |                           |                           |
| Beginning Balance                         | 6,627,996.31              | 6,627,996.31              |
| Increase during the year                  | -                         | -                         |
| Decrease during the year                  | -                         | -                         |
| Ending Balance                            | 6,627,996.31              | 6,627,996.31              |

The Board of Directors Meeting No. 2/2010 on 12 May 2010, approved the Company to invest in temporarily promissory note issued by Ratchthani Leasing Public Company Limited.

As at 31 December 2015 and 2014, such the promissory note has three months maturity and carried interest rate of 3.90% and rate 4.10%, respectively.

Long-term loan to joint venture has contract without repayment schedule and no interest charged. For the nine months period ended 30 September 2015, the Company amortized a long - term loan to a joint venture in full.



Provision-accrued interest, the Company estimates of the loans from shareholders as in Note 10

### 26.3 Key Management Personnel Compensation

|                              | Financial statement in which the equity method is applied |                    |
|------------------------------|---|--------------------|
|                              | /Separate financial statements                            |                    |
|                              | For the year ended  | For the year ended |
|                              | 31 December 2015  | 31 December 2014   |
|                              | Baht  | Baht               |
| Short-term Employee Benefits | 4,263,000.00  | 4,012,687.00       |
| Post-Employment Benefits     | 35,825.25   | 44,362.00          |
| Total                        | 4,298,825.25  | 4,057,049.00       |

### 26.4 Commitments with related parties

As at 31 December 2015 and 2014, the Company has entered into lease agreements for office space and service with one related company for 1 year with options to renew. The Company constitutes obligation commitment that has to repay for such rental under these agreements amounting to approximately Baht 0.17 million per month.

### 26.5 Relationship with the Company

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company's major shareholder is the Silaprarat family, holding 27.71% (2014: 27.73%) Chamaraman family is a shareholder, holding 7.94% (2014:8.95%) and Chinprapinporn family is a shareholder, holding 21.07% (2014: 21.01%) of the issued and Paid-up share capital of the Company. Transactions related to companies in which the Silaprarat family, Chamaraman family and Chinprapinporn family are the principal shareholders or directors are recognized as related parties to the Company.

| <u>Parties' Name</u>                | <u>Relationship</u>  |
|-------------------------------------|--|
| Yamu Property Development Co.,Ltd.  | Common directors and shareholders (The Company sold all shares on 9 February 2015, to shareholder) |
| Ratchthani Leasing Public Co., Ltd. | Common directors and some shareholders   |
| Mr. Virat Chinprapinporn            | Directors  |
| Mrs. Naowanart Chamaraman           | Shareholder  |

## 27. Non-Cash Flow Transactions

Financial statement in which the equity method is applied  
/Separate financial statements

|  | For the year ended<br>31 December 2015 | For the year ended<br>31 December 2014 |
|--|--|--|
|  | Baht                                   | Baht                                   |
| Transfer Cost of Real Estate Development |  |  |
| to Property, Plant and Equipment         | 53,485.00                              | -                                      |

## 28. Obligations

In addition to the liabilities presented in the statements of financial statements, as at 31 December 2015 and 2014, the Company has obligations as follows:

- 28.1 The Company constitutes obligation commitment in the project development and property construction by amount of Baht 5.44 million and amount of Baht 7.40 million, respectively.
- 28.2 The Company constitutes letter of guarantee which issued by a bank to guarantee the repayment of electricity and land allotment by total Bath 12.14 million and Bath 12.52 million, respectively.

- 28.3 The Company constitutes credit line of bank overdraft account which has not been withdraw in amount of Baht 5.00 million which there is land development are collateral and there is the Company's directors guarantee.
- 28.4 The Company has engaged the hiring contract in light of marketing and selling with person and two company while there is the period of 1 year. The Company has obliged to repay the commission for the project in Samutprakarn as specified in rate 0.50 % and rate 4.00% of house's selling prices.
- 28.5 The Company has security contracts with several companies. A period of one year, the Company has an obligation to pay compensation at the rate of Baht 0.06 million per month.
- 28.6 The Company has design contracts for the project New Rock Gardens Housing Prototype. The obligation to pay under the agreement is in amount of Baht 0.90 million.

## 29. Reclassification

The Company had reclassified some items in comparative financial reporting in order to comply with the current classification, which does not have any effects on net profit for the period or shareholders' equity which were already presented. The details of reclassification were as follows:

|  | As Previously<br>Reported<br>Baht | Reclassification<br>Baht | As Newly<br>Reported<br>Baht |
|--|-----------------------------------|--------------------------|------------------------------|
| <b>Separate financial statements</b>                                 |                                   |                          |                              |
| As at 1 January 2014   |                                   |                          |                              |
| Trade and Other Payables   | 4,931,130.96                      | 7,227,464.27             | 12,158,595.23                |
| Deposits Received from Sales of Cost<br>of Real Estate Development   | 7,227,464.27                      | (7,227,464.27)           | -                            |
| As at 31 December 2014   |                                   |                          |                              |
| Trade and Other Payables   | 3,512,460.18                      | 5,443,299.89             | 8,955,760.07                 |
| Deposits Received from Sales of Cost<br>of Real Estate Development   | 5,443,299.89                      | (5,443,299.89)           | -                            |
| <b>Financial statement in which the equity<br/>method is applied</b> |                                   |                          |                              |
| For the year ended 31 December 2014                                  |                                   |                          |                              |
| Selling Expenses   | 8,118,023.51                      | 2,522,201.00             | 10,640,224.51                |
| Administrative Expenses  | 20,848,349.58                     | (2,522,201.00)           | 18,326,148.58                |

**30. Event after the Reporting Period**

At the board of directors' meeting of the Company held No. 1/2016 on 18 February 2016, the directors approved the appropriation of dividends from the net profit of 2015 for the dividend payment in the rate of Baht 0.02 per share, in amount of Baht 20.50 million.

**31. Approval of Financial Information**

These financial statements have been approved by company's Board of Directors of the Company on 18 February 2016.

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# BAAN ROCK GARDEN

PUBLIC COMPANY LIMITED

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