

ENJOY EVERYDAY

DNa



Annual Report 2016

DNA 2002 Public Company Limited



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DNa



bun パン





mr bun™ FRESH FROM D'OVEN!



DNA Retail Link





Prime time EVERY TIME IS YOUR PRIMETIME



smallroom Bangkok Pop Music label





VISION

“Leading in creativity and modern technology
in various forms for sustainable growth”

Customers...



Observing customer's behavior and all
market's change in order to
support customer's need



Members of Staff...



Creating shared value organization by
improving staff's capacity, as well as retaining
qualified staff via giving opportunity for career
path along with a good quality of life



Partners and Joint Ventures...



Expanding cooperation scope, partner
relationship management, business alliance
and taking care of stakeholders with
transparency, integrity and equitable
benefit sharing



Society...



Promoting a sense of social responsibility
aimed to maintain not only human value and
quality of life but also sustainability in living
and working peacefully



FINANCIAL HIGHLIGHTS

| Information from Consolidated Financial Statements (Million Baht) | 2016 | 2015 | 2014 |
|---|----------|----------|----------|
| Assets | 670.87 | 1,191.85 | 1,144.11 |
| Liabilities | 284.82 | 476.33 | 553.85 |
| Shareholder's Equity | 386.04 | 715.52 | 590.26 |
| Registered Capital | 327.36 | 376.11 | 376.11 |
| Paid Up Capital | 264.58 | 264.58 | 188.33 |
| Statements of Comprehensive Income (Million Baht) | 2016 | 2015 | 2014 |
| Total revenues | 726.28 | 722.90 | 1,528.38 |
| Total Expenses | (982.98) | 1,205.96 | 1,574.87 |
| EBITDA | (256.44) | (422.55) | 16.52 |
| Net Loss | (311.91) | (502.51) | (50.21) |
| Net Loss per share (Baht) | (0.05) | (0.09) | (0.07) |
| Financial Ratio | 2016 | 2015 | 2014 |
| Net Profit to Total Revenue Ratio | (0.43%) | (0.70%) | (3.63%) |
| Return on Equity (ROE) | (0.81%) | (0.70%) | (8.58%) |
| Return on Assets (ROA) | (0.46%) | (0.42%) | (4.44%) |
| Debt to Equity Ratio (time) D/E | 0.74 | 0.67 | 0.94 |
| Dividend per Share (Baht) | 0.00* | 0.00* | 0.00* |
| Dividend Payout to Net Profit Ratio | N/A | N/A | N/A |
| Book Value per Share (Baht) | 0.07 | 0.14 | 0.78 |

*To offer to Board of Directors for approval.



Information of Directors



MR.SOMKIAT CHUASIRIPHATTANA

Position

- Director

Education

- MPA., Ramkhamhaeng University
- B.Econ Chulalongkorn University

Training Courses

- Director Accreditation Program

MR.CHATTHAPHUM KHANTIVIRIYA

Position

- Director
- Remuneration Committee

Education

- M.B.A., Kasetsart University
- B.A. (Accounting), Chulalongkorn University

Training Courses

- Director Certification Program
- Role of the Compensation Committee
- Audit Committee Program
- Company Secretary Program

MR.SIRISAK PIYATHASSRIKUL

Position

- Director
- Managing Director

Education

- M.B.A., Hawaii Pacific University
- B.B.A, Assumption University

Training Courses

- Director Accreditation Program

POL.MAJ.GEN.LATTASANYA PIANSOMPARN

Position

- Chairman of the Board of Directors
- Chairman of the Audit Committee
- Independent Director

Education

- M.Phil (Public Administration), National Institute of Development Administration
- LL.M. Ramkhamhaeng University

Training Courses

- Director Accreditation Program
- Audit Committee Program
- Role of Chairman Program

Information of Directors



DR.ARICHAIRUCHTHAM

Position

- Director
- Independent Director

Education

- PhD., Financial and Economics Claremont Graduate School, The United States of America
- MS in Financial and Economics Claremont Graduate School The United States of America
- BA. in Economics and Business Administration Eastern Washington University, The United States of America

Training Courses

- Director Accreditation Program
- Role of the Chairman Program
- Audit Committee Program

MR.CHALERMPONGMAHAVANIDVONG

Position

- Audit Committee
- Chairman of Remuneration Committee
- Independent Director

Education

- M.B.A., University of Leicester
- B.B.A, Assumption University
- Certificate of commerce, Assumption Commercial college

Training Courses

- Director Accreditation Program
- Audit Committee Program
- Role of the Compensation Committee

MR.SAMARTCHUASIRIPHATTANA

Position

- Director
- Chairman of Executive Committee

Education

- B.B.A., Ramkhamhaeng University

Training Courses

- Director Accreditation Program

FLT.LT.DR. SUCHETSUNDARAVEJ,DPA

Position

- Audit Committee
- Remuneration Committee
- Director

Education

- PhD (Public Administration), Atendo De Davao University
- M.B.A., Rangsit University

Training Courses

- Director Accreditation Program
- Audit Committee Program
- Role of the Compensation Committee



MESSAGE FROM CHAIRMAN OF THE BOARD OF DIRECTORS

2016 was an exceptional year for DNA 2002 Public Company Limited and we made a big step forwards. The company has been restructured to achieve and establish long term development to be able to handle all changes in business. The company strongly operates the business under good cooperate governance.

The company restructuring and new strategies are suited to today's business climate, including the development of other managerial tasks for the most effective operation according to good governance. The company strongly believes that the change will bring success to the company and create a sustainable and reliable business.

On behalf of the Board of Directors we would like to thank all of our employees for your contribution, diligence and responsibility which is the core competency of the company to sustain growth and reach a milestone.

Pol. Maj. Gen. Lattasanya Piansomporn
CHAIRMAN OF THE BOARD OF DIRECTORS
DNA 2002 Public Company Limited

Message from ExecutiveChairman

The DNA 2002 Public Company Limited's emphasis is on new business opportunities. In 2016 the company restructured the business model to strengthen the company and stabilize operations. Non performing businesses were cut loose, and at the same time investment was made in a new business; utility and technology. The goal is for company growth and long term dividends for the shareholders.

On behalf of the Board of Directors and employees, we would like to thank you, our shareholders, for your continuing support, your confidence and above all for your trust. Rest assured that our passion in business will continue to generate sustainable profitable returns with good governance and loyalty.



Mr. Samart Chuasiriphattana

Executive Chairman

DNA 2002 Public Company Limited





Message from Managing Director

Last year, the Company was dedicated to achieving a goal under good governance with the pronounced restructuring of the entertainment business, utilities business and technology business, which is a new business. With extensive experience and expertise in team work, the company delivered over expectations.

On behalf of the Board of Directors and the management team we would like to thank the management and employees for your commitment and your hard work. Your alignment to strategy and total dedication enabled us to achieve our goal.

Mr. Sirisak Piyathatsikun

Managing Director

DNA 2002 Public Company Limited



General Information

The DNA 2002 Public Company Limited founded in 2003 by Mr. Samart Chuasiriphattana under the name of Media Network Retail Co., Ltd. and later changed its name to DNA 2002 Co., Ltd. in 2010. The Company aimed to produce and distribution Home Entertainment products including movies, music, copyright format Blu-ray, DVD, VCD and CD, and publications such as newspapers, monthly, weekly and bi-weekly magazines, as well as pocket Books. Since 2016, the Company has expanded its business target to Communication Technology by being a distributor of Mobile Phone and its equipment's which is said to be the main products of the Group.

| | |
|-----------------------------|---|
| Website : | www.dna2002.com |
| Contact : | investor@dna2002.com |
| Head Office : | Room B, 21st floor, 191 Silom Complex Building, Silom, Bangrak, Bangkok 10500 |
| Telephone : | +66 (0) 2231-3555 |
| Fax : | +66 (0) 2231-3554 |
| Registered Capital : | 327,359,150 Bath |
| Paid Up Capital : | 264,583,296 Bath |
| Type of Stock : | Common Stock 5,291,665,920 shares. Par value 0.05 Baht |
| Registrar : | Thailand securities Depository (Thailand) Co., Ltd. 93 Rachadapisek Road, Din Daeng, Bangkok 10400 |
| Telephone : | +66 (0) 2009-9000 |
| Fax : | +66 (0) 2009-9991 |

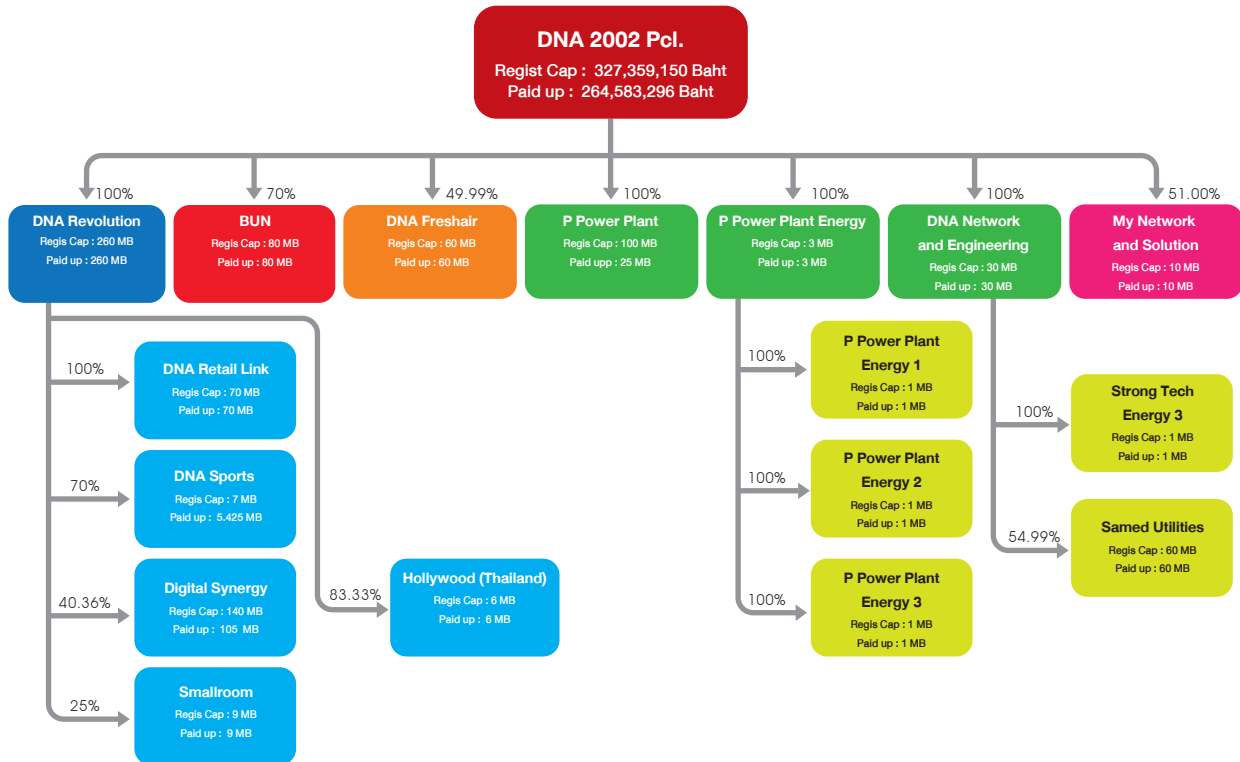
| | | |
|------------------|-------------------------------|------------------------|
| Auditor : | : MR. Boonlert Kamolchanokgul | Audit License No.5339 |
| | : MR. Paiboon Tangul | Audit License No.4298 |
| | : MR. Prasit Yuengsrigul | Audit License No.4174 |
| | : MR. Vichean Kingmontri | Audit License No. 3977 |

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Type of Business

The shareholding structure of the Group as at 31 December 2016



“DNA 2002 Public Company Limited has been found in 2003, under the name of “Media Network Retail Company Limited”, which is later changed to “DNA 2002 Company Limited” in 2010, aimed to distribute Home Entertainment products which are Movies and Music with the copyright, in forms of Blu-ray, DVDs, VCDs, and CDs, as well as Printing products such as Newspaper, Monthly, Biweekly, and Weekly Magazines, and Pocket books. Since 2016, The Company has expanded its business target to Communication Technology by being a distributor of Mobile Phone and its equipment’s which is said to be the main products of the Group. Target groups are those who are interested in modern technology, equipment and devices with cost controllable.



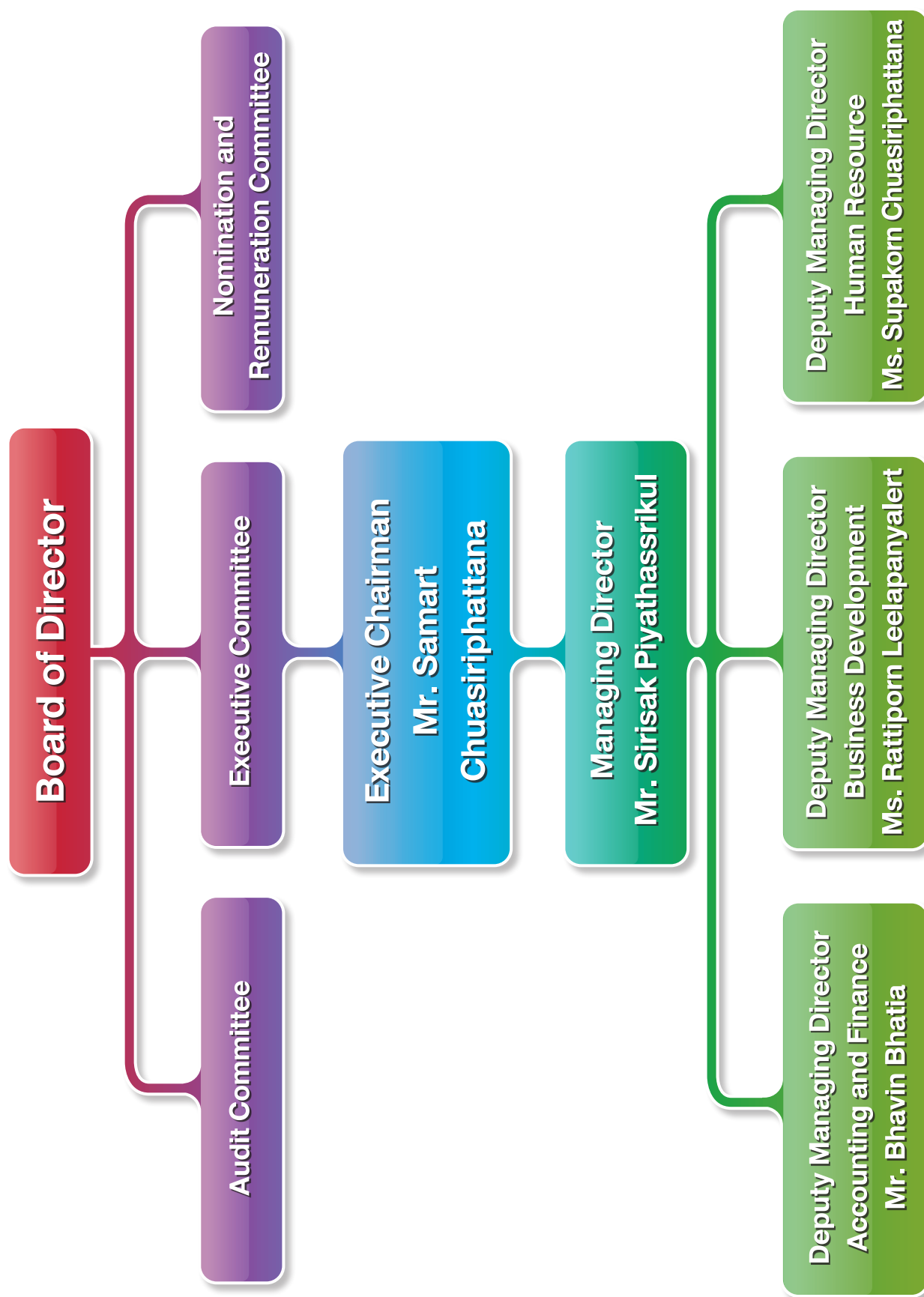
Since the newest company's products are based upon modern trends, therefore, physical distribution management is the most important strategy, emphasized on place utility and time utility, for the company to increase its market penetration and market development which will finally lead to overall business growth. In the year ended 2016, the group company has 37 counter units in various shopping centers and department stores.

Moreover, the Group has operated in Food and Beverage business such as desert and bakery. Increasing distributing point technique and strategy has been used in order to support customer's need owing to the company's product types. By doing this, it will increase the company potential in reaching target customers. Thus, in the year ended 2016, the Group has 64 distributing points which included shop retails, in various department stores, and franchise shops.





Organization Chart



Risk Factors



Pirate Products Risk (Copyright Violation)

Home Entertainments products such as Movies or Songs in form of DVD, CD etc., that have the copyright, are the products that have an impact on the Pirate products which nowadays have been widely spread out from either freely shared via internet downloading or sold illegally. Such violation may affect the sales and the earning capability of the company.

However, the Board believes that the current direct consequence may not have the great effect to the company, due to the following fact :

1. **The selling price of Home Entertainments including Movie and Song, in forms of DVD, VCD, and CD,** is obviously decreasing from the past. Large DVD manufacturers has use various strategies to compete with pirate products such as selling only Thai dubbed DVD (Vanilla version) which is cheaper than normal DVD. Also, the format of "All-in-One" software that combine up to 7 movies in one DVD, or the copyright of the songs in MP3 format, caused the decrease in gap price between the authorized and the violated product. In addition, the copyrighted products have continually improved their packaging designed to attract customers' attention. As a result, it creates the demand of purchasing the copyrighted product to the consumers.

2. **The period of distributing the copyrighted movies have been changed from 2-3 months** after shown in movie to 1-2 months. Therefore, some customers who once purchase the pirate products may prefer to purchase the copyrighted product that have a better quality at almost the same price as they used to spend for the pirate ones.

3. **The company sets its physical distribution management** which concentrate in all regions throughout the country in order to support customers' need and expand its selling opportunity.

4. **Target customers of the company are the Working Class whose** have purchasing power and their lifestyle focus on convenience and flexibility. This group of customers mostly prefers to purchase quality software with copyright, at the affordable price, rather than the pirate products or downloading from the internet.

5. **According to the continually changed in technology and customer's behavior, the Board plans** to expand its distribution by selling copyright products via internet downloading so as to retain its competitiveness.



Lease Agreement Risk

Since the group company's distribution center, both retailing shop and Joint-venture business, is located on business partner's area, where more than 50% of company revenue, mostly from retail shops, is gained from this area. Thus, the company may be in a risk situation if there is any change in policy of commercial area management within the partner's company both in term of A) Allocate the area to other partners and B) Solely manage the area that may affect the capability of earning the income of the company.

Nevertheless, considering the other competitors who are in the same business field, comparing with size, cost management capacity and organization management, only 1 or 2 companies were found to be the group company competitor. As a result, the company's management anticipates no chance or only a few chance of lose in distribution.

Moreover, department stores nowadays are trying to manage its area and products which are sold. However, home entertainment products are various types and seasonal demand trend which an efficient management for product turnover is required. Therefore, the group company believes that there is a time required for the department stores in dealing with its new business partner, inventory management and so on which means that during that period, the group company will be able to adjust their marketing plan. In addition, lease agreement signed between the group company and their business partners are 3 years contract which has only little effect to the company. Besides, if this situation happens it

will reduce the company risk for monopoly with any specific business partner. As a result, the risk pertinent to this issue will be minimized.

Obsolescence Risk

As many of the products, e.g. movies, song, mobile phone and devices and other related communication accessories, are related to the lifestyle, trend or preference of the customers and may have an effect on overall company cash flow, thus the company has to set up the cost of inventory obsolescence and cost of depreciation.

However, such kind of situation may take place only with the copyright products are belonged to the companies group, while other products can be returned to the owners whose originally own the copyright. Anyway, in 2016, the Group has changed its target business to the field of mobile phone and device which means that all copyright products are now the inventory obsolescence and the cost of depreciation need to be estimated from these products. Although, Mobile phone and devices products, obsolescence risk will occur when inventory management is not appropriate with the market trend and customer's interest. The management has already set up the marketing plan and products promotion as well as sales and stock analysis plan that aimed to control its loss.

During the end of the year 2016, the Company has set up the provision for obsolete stocks and it's Depreciation for copyright products at the total amount of Baht 14.39 Million, or 28.89% of the total finished products during that period.



Solely Management Risk

The group company achievement so far has solely derived from experience and business management skills of Mr. Samart Chuasitiphattana, the company founder and chief executive. Therefore, depending on his solely experience, skills and ability may influence on an overall management, financial status, and the performance of the companies in the future.

Nevertheless, based on the organization chart under the current Management team that decentralizing to the lower level such as Assistant Managing Directors in different Division under the supervision of the group of the founders, it makes all Management team clearly realize and understand the business direction and policy of the companies, that reduces the risk or any situation that may take place if Mr. Samart may no longer manage the companies. In addition, Group of the companies pay the attention on developing the human resources in every section and motivate the staff to be part of the growth of the companies, by providing the opportunity to express their capabilities and supporting them to propose the comments or ideas that are beneficial to the companies, and allowing Middle Management to get involved with decision making process, that will enhance Group of the companies to have the efficient Management team with more independence.



Consumer Behavior: Risk of making a purchase

Nowadays, consumer behavior has been changed. As a result of economic crisis, some of customers are more carefully with their spending which directly affected on home entertainment product since the product itself was classified as luxury goods and that automatically caused direct effect to the company revenue.

Nevertheless, the company has realized that some effects may possibly occur so the company has changed its business field from home entertainment product to mobile phone and device. In order to control the company risk management and diversification, the company also conducts the feasibility study for a new field of investment rather than count on only one main business.

Technology Development Risk

Due to the development of IT, consumers, especially in Bangkok and big cities, are given an opportunity to access news and entertainments easily via many channels such as internet access. This development has an influence on the company revenue and overall management since home entertainment was the major product of the company. Thus,

the company determines to change its business field from home entertainment products to mobile phone and devices.

Apart from risk management planning, the company also sets up the marketing plan and products promotion as well as sales and stock analysis plan that aimed to control its loss and to support the need of their target customer's.

Investment Risk

Since the company is looking for new opportunities to reduce the risk from selling only home entertainment products, to generate income in long term for the company in the future. However, the expanding into other business, not the former main business, would be effect to the company because of lacking of proficiency, understanding in new business. Therefore, it may cause eventually unsuccessful or lose in such business.

Nevertheless, the company has realized that possibly occur so all the feasibility study will have been done before invests in new business. In addition, the company plans to hire executive staff that has experience and understanding in related field of the new business to prevent the risk which may occur in operation process.

Shareholder Structure

Asset of the Company

As of 31st December 2016, the company had the registered capital amounting 327,359,150 Baht with paid-up capital 264,583,296 Baht and 5,291,665,920 ordinary shares at par value of 0.05 Baht per share.

Shareholders

As of 30 December 2016, the major shareholders detail of the company as following;

| No. | Shareholders | Number of Shares (Share) | Percent |
|-----|---|-----------------------------|---------|
| 1 | Chuasiriphattana Family | 1,205,153,500 | 22.77 |
| | - Mr. Samart Chuasiriphattana | 1,125,000,000 | 21.26 |
| | - Mrs. Supakorn Chuasiriphattana | 80,153,500 | 1.51 |
| 2 | UOB KAY HIAN PRIVATE LIMITED | 998,750,000 | 18.87 |
| 3 | Mr. Amarit Klomjitjaroen | 527,202,425 | 9.96 |
| 4 | Mr. Warong Phattarachaikul | 306,714,600 | 5.80 |
| 5 | Mr. Sirisak Piyatassrikul | 300,000,000 | 5.67 |
| 6 | Mr. Nopadol Srisuwan | 260,000,000 | 4.91 |
| 7 | Diamond Jubilant Corporation | 250,000,000 | 4.72 |
| 8 | Thailand Securities Depository Co., Ltd. for depositors | 210,100,000 | 3.97 |
| 9 | Mr. Pathompop Chuenpanichkit | 186,371,100 | 3.52 |
| 10 | Ms. Alida Chinnawat | 140,532,000 | 2.66 |
| 11 | Other shareholders | 906,842,295 | 17.14 |

Dividend Policy

The company has the dividend policy by paying in the amount not less than 40 percent of Net Profit in accordance with its Financial Statement after deduction of Corporate Income Tax, Legal Reserve and other Reserves. However, the company may pay the dividend less than the mentioned rate on the condition that the company may need the revolving capital to operate the business as well as to expand the business, and other conditions that may relate to the operation and management of the company.

The decision of the Board of Director to approve the dividend payment must be proposed to the shareholders for the approving. Nevertheless, the board of director would be able to approve by themselves to pay for the Interim dividend. Then the Board of Director shall later report to the shareholders in next general shareholder meeting.



Management Structure

Management structure comprises of 4 committees namely; Board of Director, Board of Executive, Audit Committee, and Remuneration Committee.

The Board of Directors

As of 31st December 2016, the Board of Directors comprises of 8 members as follows:

| Name | Position |
|--|--|
| 1. Pol. Maj. Gen. Lattasanya Piansomparn | Chairman, Chairman of Audit Committee and Independent Director |
| 2. Mr. Chalermpong Mahavanidvong | Audit Committee and Independent Director |
| 3. FLT. LT. DR. Suchet Sundaravej | Director |
| 4. Mr. Samart Chuasiriphattana | Director |
| 5. Mr. Somkiat Chuasiriphattana | Director |
| 6. Mr. Chatthaphum Khantiviriya | Director |
| 7. Mr. Sirisak Piyathassrikul | Managing Director |
| 8. DR. Arichai Ructham | Independent Director |

Authorized Signatory

The Directors who is appointed as the authorized signatories of the Company is Mr. Samart Chuasiriphattana or Mr. Somkiat Chuasiriphattana jointly sign with Mr. Sirisak Piyathassrikul or Mr. Chatthaphum Khantiviriya all as two persons, with the company's seal.

Authority and Responsibilities of the Board of Directors

1. Conduct business at the maximum benefit to the shareholders (Fiduciary Duty) with shrewdness, integrity, and compliance with laws, objectives, Article of Association, and the shareholder's resolution, under the good Corporate Governance Principles and Ethics, including Disclosure of the information to the shareholders and stakeholders respectively.
2. Corporate with the Management to impose company's Vision, Mission, and Policy to ensure efficient and effective based-business management as well as to promote profit-sharing plan for all related parties including increase the shareholders' value continuously for the company's sustainable growth.
3. Determine the organization structure, power of authority which included promoting, employment, transfer, recruitment, remuneration, compensation, and bonus for Director and the termination of the employment.
4. Consider and approve all the operation plans which related to company policy, budget, investment, debt, human resource management and performance objective proposed by the Management
5. Devote and avoid any action that may create the conflict of the interest.
6. Consider any conflict of interests thoroughly and transparently.
7. Conduct business and uphold the duties according to the law, and Company's objectives, Articles of Association, resolutions of the Board of Directors and Shareholders' Meeting.

8. Comply with the regulation and the code of conduct in accordance with the direction of Stock Exchange of Thailand and The Securities and Exchange Commission.
9. Supervise and monitor the performance of the company by setting up period for overall operation report submitting as well as appoint the company plan for human resource development and business performance improvement.
10. Assign the company Code of Conduct, Internal Control system and Risk Management system with efficiency and appropriate.
11. Supervise and monitor the audit procedure, including Internal Audit, outsource internal audit, to review and monitor an operation procedure aimed to ensure that all activities and overall business are operated with efficiency and in accordance with compliance control.
12. Promote business Ethics and Morality to all staffs levels, concentrated upon Internal Audit system, in order to minimize any malpractice or any abuse of authority as well as to prevent any Irregularities and illegal acts which might occurs.
13. Authorize the Managing Director to operate, follow up and evaluate the business performance according to business plan and approved budget.
14. Realize the role and responsibility of the Board, respect the shareholders' right, and treat the shareholders and stakeholders fairly, with the transparency and ensure that all necessary information shall be disclosed to related persons appropriately.
15. Monitor an operation procedure aimed to ensure that all activities and overall business are operated with efficiency and in accordance with compliance control, company rules and regulations and other related policies.
16. Evaluate the Board of Director, Sub-committee, Chairman, and Managing Director, including the supervision performance as well as conduct an efficient method used in process of Executive evaluation.
17. Attend the Board of Director and shareholders meeting regularly except the inevitable situation. Any Director who is unable to attend the meeting shall report the Chairman or Secretary of the Board in advance.

During the term of duty, the Board may consult with external consultants or other appropriate experts, if necessary.

The Company's Executives

The Company's Executives comprise of 4 members as follows:

| Name | Position |
|---------------------------------|-------------------------------------|
| 1. Mr. Samart Chuasiriphattana | Chairman of the Executive Committee |
| 2. Mr. Sirisak Piyathassrikul | Managing Director |
| 3. Mr. Chatthaphum Khantiviriya | Director |
| 4. Mr. Somkiat Chuasiriphattana | Director |



Responsibility of the Company's Executives

1. Conduct business and uphold the duties according to the law, and Company's objectives, Articles of Association, resolutions of the Board of Directors and Shareholders' Meeting with the accountability, care, and integrity.
2. Set up the business plans, strategies and annual budget before submitted to the Board of Directors for approval. Approve of budget revision with the total amount of not more than 20 % of ordinary budget and for including the yearly budget approval, the revision of the yearly budget for the urgent need not more than 20% of the original budget, and proposed in the Board of Directors and Shareholders' Meeting.
3. Monitor and audit the company operation to ensure that the company conduct appropriately with compliance on the strategy, goal and policy as well as manage the budget efficiency based on business
4. Consider in business investment plan, that may involve or not involve with the main business, prior to propose to the Board of Directors and Shareholders' Meeting for further approval.
5. Consider and approve the surplus budget for the company operation in accordance with the company rules and regulations.
6. Consider and approve the regular operation of the company such as Purchasing the merchandise, the copyright, the asset, with the limitation of budget that is higher than Baht 20 million but not more than Baht 60 million for each contract.
7. authorize in signing contract with other companies.
8. Carry out other assignments that may be given by the Board.

In addition, all operations of the Company's Executives as mentioned above shall not against the law, the company's policy, rules and regulations of the related law.

The Audit Committee

The Audit Committee comprises of 3 members as follows:

| Name | Position |
|--|-------------------------------|
| 1. Pol. Maj. Gen. Lattasanya Piansomparn | Chairman - Audit Committee |
| 2. Mr. Chalermpong Mahavanidvong | Member of the Audit Committee |
| 3. Flt. Lt. Dr. Suchet Sundaravej | Member of the Audit Committee |

Duty and Authority of the Audit Committee

1. Reviewing the Company's financial reporting to be accurate and sufficient, coordinating with the auditor and the Management responsible in preparing the financial reports both quarterly and annually. The Audit Committee have his right to request for review or audit any transactions which are materially significant.
2. Reviewing the Company's internal controls and internal audit to be appropriate and effective and considering the independence of the internal audit as well as approving the appointment, transferring, termination of the head of internal audit or any other working group responsible for internal audit.
3. Reviewing the Company's compliance with the law and regulations of the Securities and Exchange Commission, the regulations of SET and the laws relating to the business of the Company.

4. Considering, selecting and nominating an independent person to act as an auditor of the Company and offering the remuneration of such persons with regard to reliability The adequacy of resources, workload and experience.
5. Attending meetings with the auditor, without the management in attendance with, at least one time per year.
6. Considering related transactions or any transaction that may have conflict of interests to be in accordance with the laws and regulations of SET in order to ensure that they are reasonable and beneficial to the company.
7. Considering the transaction derived from occupying or selling out of the Company's asset that must be approved by the Audit Committee, laws and regulations of SET and Capital Market Supervisory Board
8. Approving the internal audit plan, considering the operation report of Internal Audit Firm and/or Internal Audit.
9. Revising and improving the Audit Committee Charter prior to propose to the Board of Directors for further approval.
10. Preparing a report of the Audit Committee to be disclosed in the annual report of the Company. Such report must be signed by the Chairman of the Audit Committee and must contain at least the following:
 - (a) Comment about the accuracy and reliability of Financial Report of the Company.
 - (b) Comment about the sufficiency of Internal Control System of the Company.
 - (c) Comment about the compliance with Law enforced by Stock and Securities Exchange, Regulations, or other related laws pertinent to the business of the Company.
 - (d) Comment about the suitability of the Auditor.
 - (e) Comment about the transaction that may lead to Conflict of Interests.
 - (f) Number of the meeting of the Audit Committee as well as the attendance of the member of the Audit Committee.
 - (g) Comment or Overall notice received by the Audit Committee that performs in accordance with the Charter.
 - (h) Other comment that deems appropriate to the shareholders and stakeholders, under the scope of Duty and Responsibilities as assigned by the Board.
11. Report the performance of the Audit Committee to the Board of Directors.
12. If there is any doubt that may significantly affect the financial status and the performance of the Company, the Audit Committee must report to the Board in order to improve within the suitable period. The transaction will cover
 - (a) Transaction that create the conflict of the interest
 - (b) Cheating or Abnormal transaction that may be found in the internal audit control system
 - (c) Violation of the laws such as Securities and Exchange law, the Securities and Exchange commission, Regulations of Set and the law relating to the company's business
13. Having the authority to conduct inspections and investigations as required by auditor in the case that Director, Manager or others who take responsibility in the company operation are suspected to commit any illegal as stated in Stock and Securities Act, and initially report the investigation to the auditor within 30 days after informed by the auditor.



14. Executing other issue as approved or assigned by the Board.
15. By doing the above functions, the Audit Committee must be responsible for the Board of Directors, within the scope of Duty and Responsibilities as assigned. Also, the Board must be responsible for the operation of the company that may affect the public, including the shareholders, the stakeholders, and the outsiders.

The Audit Committee has the full authority to command the Management, Head of the unit, and Staff of the company to attend the meeting or submit the documents that deem necessary. In addition, the Audit Committee may ask for the advice from Independent Consultant or Experts from different careers if it is necessary and suitable, at the company's cost.

Qualification of the member of Audit Committee and Independent member

Member of the Audit Committee shall be the Independent member with the following qualifications;

1. To have the share less than 1% of the total voting stock of the Company, Head Office, Subsidiaries, and Joint major shareholders or the controller of the Company, including the share possession of the related person of the Independent member.
2. No record of being the member of the Executive, the staff, the employee, the consultant with regular monthly salary or the person in-charge to manage the company, Head office, Subsidiary, Joint-Venture, or Branch, at the same level, Major Shareholders or Controller, except being out of that circumstance at least 2 years.
3. No relationship by blood or legal registration in forms of Father, Mother, Couple, Brother, and Children, including the couple of the children of the Executive, Major shareholders, Controller, or the individual that may be nominated to be the Executive or the Controller of the Company or the subsidiaries.
4. No relationship with the company, Head Office, Subsidiary, or Joint-Venture, Major shareholders, or Person in-charge, in the sense that may obstruct the sense of making decision. Also, no connection with anyone who may relate to the company, Head Office, Subsidiary, Joint-Venture, or major shareholders, or Controller, except being out of that circumstance at least 2 years.

The business relationship in section 1 covers the trade transaction that is regularly done to run the rental business or rental the property, transaction related to Asset or Service, or Giving or Receiving the financial support through lending or borrowing, guaranty, Asset as Collateral, including other related execution, that may cause the company or the party to have the obligation to pay the debt to another party, ranging from 3% of the total asset or from Baht 20 million, depending on which amount is lower. Debt calculation will comply with the regulation of Securities and Stock Commission, covering the debt incurred within one year before the date of having the business relation with the same individual.

5. No record to be or used to be the auditor of the company, Head office, Subsidiary, Joint-Venture, Major Shareholders, Controller, Nominee, or Partnership of Audit Firm that has the auditor of the company, Head Office, Subsidiary, Joint-Venture, Major shareholders, or Controller working for, except being out of the circumstance at least 2 years.
6. No record to be or used to be the Professional for any sector, including the legal consultant or financial advisor, that earns the service income more than Baht 2 million from the company, head office, subsidiary, Joint-Venture, Major shareholders, or the Controller of the Company, nor the nominee, controller, or business partner, except being out of the circumstance at least 2 years.

7. No record of being the Director that is appointed to be the representative of Director of the company, major shareholders, or shareholders who has the relationship with major shareholders.
8. No compatible business that tends to compete with the company or subsidiary nor the nominee, the executive, employee, staff, advisor that earn the regular monthly salary or holds the share more than 1% of total voting stocks of other companies that are in the same business sector like the company or the subsidiary.
9. No other factors that may disable the independent comment pertinent to the operation of the company such as the partner, creditor, business trader, that may lead to Conflict of Interest.
10. To have the knowledge and clear understanding of the business, including other capabilities that are beneficial to the operation of the company.
11. Independent Director must report to the Board of Directors immediately if there is any incident that may cause the individual to be disqualified from Independent Director

After being appointed as Independent Director, complied with term and condition as mentioned above, the Independent Director may be assigned by the Board of Directors to make the decision relating to the operation of the company, the subsidiary, joint-venture, and the branch, at the same level of major shareholders or the controller, under Collective Decision.

The Remuneration Committee

The Remuneration Committee comprises of 3 members as follows:

| Name | Position |
|-----------------------------------|-----------------------------------|
| 1. Mr. Chalermpong Mahavanidvong | Chairman - Remuneration Committee |
| 2. Flt. Lt. Dr. Suchet Sundaravej | Member of Remuneration Committee |
| 3. Mr. Chattaphum Khantiviriya | Member of Remuneration Committee |

Duty and Authority of the Remuneration Committee

1. To evaluate the performance of the Board of Directors, Sub-Committee, and Managing Director
2. To consider the remuneration of the Board of Directors, Sub-Committee, including Monthly Remuneration, Meeting Allowance, Annual Bonus, and other benefits in forms of Money and Non-Money, under the fair and reasonable principle, procedure, and structure, and propose to the shareholders' meeting for approval
3. To consider the remuneration of Managing Director, including the salary, annual bonus, and other benefits in forms of Money and Non-money, and consider the remuneration for Top Management, under the fair and reasonable principle, procedure, and structure, as well as the necessity and the benefit that the company shall get, covering Corporate Planning that will help the company maintain the employee that are valuable to the company, and propose to the Board's meeting for approval
4. To revise the remuneration of the Board, Sub-Committee, Managing Director, and Remuneration Structure for the Executives based on the result, the performance of the company, the guideline in the industry and the leading listed company in Stock Market of Thailand, and within the scope of responsibility.
5. To execute any other assignments given by the Board of Directors



6. By doing so, the Remuneration Committee shall be responsible for the duty and responsibility as assigned by the Board of Directors as well as for all related operations to the outsiders, including the shareholders, the stakeholders, and the public

The Remuneration Committee must hold the meeting at least once a year, with the working term for 3 years.

The Company's Executives

The Company's Executives comprises of 5 members as follows:

| Name | Position |
|----------------------------------|---|
| 1. Mr. Samart Chuasiriphattana | Chairman of the Executive Committee |
| 2. Mr. Sirisak Piyathassrikul | Managing Director |
| 3. Ms. Supakorn Chuasiriphattana | Deputy Managing Director (Human Resource) |
| 4. Ms. Rattiporn Leelapanyalert | Deputy Managing Director (Business Development) |
| 5. Mr. Bhavin Bhatia | Deputy Managing Director (Finance & Accounting) |

Duty and Authority of Managing Director

1. To be the Management to run the normal and daily operations of the company that comply with the policy, the plan, and the strategy that the Board of Directors has already approved, as well as to monitor the operation of the company to be in accordance with the objective, the regulation, the policy, the article of association, the requirement derived from the shareholders' meeting and/or from the Board's meeting and other Committee's meeting, that will be under the good corporate governance policy under the regulation of Stock and Securities of Thailand.
2. To decentralize the responsibility and the operation to the Management and the employee of the Company based on the organization structure approved by the Board that complies with the law, and the regulation of the company.
3. To be able to decentralize and/or to reassign to other individual to conduct the operation on behalf of Managing Director, that is under the scope of decentralization and/or law, regulation of the company, order, or consensus of the Board of Directors and/or of the company.
4. To follow up and evaluate the operation of the company regularly in order to prevent the risk derived from many internal and external factors, and to look for the direction to improve the efficiency in managing the business.
5. To consider the involvement of signing the contract that shall be beneficial to the company, as well as to set up the process and procedure of signing the contract, with the amount not more than Baht 20 million.
6. To consider the Profit and Loss of the company, the proposal to pay the interim or annual dividend, to propose to the Board of Directors for approval

7. To approve any transaction related to the normal operation of the company, including the proposal, the access of making the contract, the purchasing procedure for the asset and service for the benefit of the company, the operation pertinent to financial transaction of the company, the purchase and sales of the capital, with the limit for each transaction not more than Baht 20 million, or complying with the approval procedure as the Board of Directors will set up from time to time.
8. To employ, appoint, transfer, lay off, terminate, set up the employment rate, reward, increase the salary, remuneration, and bonus of all employees whose position lower than Managerial levels, under the budget approved by the Board as well as remuneration structure for the Executives, and the appointment of the representative of the employers in Provident Fund Committee of the company.
9. To allocate the allowance, the reward, or remuneration approved by the Board, to the staff or the employee of the company, or any individual who works for the company
10. To issue the order, discipline, announcement, memo relating to the operation in order to comply with the policy as well as to protect the benefit of the company and to keep the discipline within the organization
11. To act and represent to the public in compliance with the related transaction that shall be beneficial to the company
12. To approve the appointment of the advisor that may be needed to operate the business
13. To perform other assignments given by the Board from time to time

The working and performance of the Managing Director will be under the regulation of the Board, as well as the law, regulation, and the article of association, providing that the Managing Director shall be responsible to carry out the policy of the Board and report the performance to the Board annually.

Under the operation of the Managing Director, as assigned above, if there is any law, regulation or the article of association, that sets up the scope or direction of authorizing the Managing Director for the interim, it must be under the principle of laws and article of association, under the situation that the Managing Director may have the conflict of interest or involve with the individual that may not comply with the regulation of Securities and Stock Exchange Commission, the Managing Director shall not have the authority to grant the approval and must propose to the Board for further consideration.

There will be no authorizing the Managing Director or any individual to approve himself or the individual who may have the conflict (In compliance with the announcement of Stock and Securities Exchange Commission) to the company or the subsidiary except the approval is related to the normal business operation with the common trade condition, that comply with the policy and regulation that the Board has already approved, that follows the laws about the stock and security, and the announcement, instruction, and regulation of Stock Exchange of Thailand.

Selection of the member of the Committee

Selection of Directors

Selection of Directors will be conducted by the Board, using the criteria based on the knowledge, the capability, the experience, vision, and reliability, without any prohibition from law, to propose the shareholder's meeting, with the condition and procedure as follows:

1. The Board comprises of at least 5 Directors, with the condition that the number of the Directors at least half of the total number of the Directors must have the residence in Thailand. The Director may or may not be the shareholder of the company



2. Selection of the Directors by the shareholders' meeting will use the majority of vote, in accordance with the following regulation and procedure
 - One shareholder can vote equivalent to the number of the stocks on-hand and there will be no multiply with the number of Directors to be elected
 - Each shareholder can use the total right (Article n) to select the individual or group of individual to be the Director. In case there is the selection of many persons to be the Directors, the shareholder cannot allocate the voting right to anyone.
 - The individual who get the high score next to the highest will be the elected Director, equivalent to the number of the Directors that the shareholders elect. In case the individual gets the equal score more than the number of the Directors, the Chairman will be the one who makes the decision.
3. In the annual meeting, Directors must be out of the position at least one third of the total. If the number of Directors cannot be equally divided into 3 portions, Director will be out in the first year and second year after registering the company through the drawing. For next year, Director who is in the position for the longest period must be out of the position. Director who is out may be re-elected.
4. In case the position of the Directors becomes vacancy for other reason rather than the term, the Board may select the individual who is qualified with the Public Law, Stock and Securities Law, or other Law and Regulation to be refilled in Director position in next meeting of the Board, except the term of the Director remains less than two months. The successor in Director position will be lasted only the remaining period of the predecessor, on the condition that the voting score must be not less than three fourth of the total remaining number of the Directors.

Selection of the Audit Committee/Independent Executive

The Shareholders will appoint the Board of Directors that consists of Audit Committee/Independent Director for 3 persons and the member of Audit Committee must be independent (Please refer to the article of "Qualification of Member of Audit Committee and Independent Director) and set up the term for Audit Committee/Independent Director to be in the term for 3 years, on the condition that there will be at least one Audit Director who will have the knowledge and Accounting and Finance experience to perform and recheck the reliability of Financial Statement of the company.

Selection of the Remuneration Committee

Member of the Remuneration must be the member of the company appointed by the Board of Directors or by the shareholder's meeting on the condition that the Chairman or the member of the Remuneration must be independent and not being the Chairman or Managing Director.

The member of the Remuneration will have the term for the position for 3 years, but not longer than being the position of Director, based on the company's policy. If the member of the Remuneration is out of the position prior to the term, the new member of the Remuneration will be in the position for the remaining period.

The Company's Executives

Selection of the Company's Executives will be in accordance with the scope of the authority of the Board of Directors, as stated in the regulation of the company.

Meeting Attendance of the Committees

In 2016, the Board of Directors of the Company has the meetings as follows:

| Board of Directors | Attendance No. of Meetings/No. of Attendance | | | |
|--|---|-----------------|------------------------|-----------------------|
| | Board of Directors | Audit Committee | Remuneration Committee | Shareholder's Meeting |
| 1. Pol. Maj. Gen. Lattasanya Piansomparn | 9/9 | 5/5 | - | 1/1 |
| 2. Mr. Samart Chuasiriphattana | 8/9 | - | - | 1/1 |
| 3. Mr. Somkiat Chuasiriphattana | 1/9 | - | - | 0/1 |
| 4. DR. Arichai Ruchtham | 5/9 | - | - | 1/1 |
| 5. Mr. Chatthaphum Khantiviriya | 8/9 | - | 2/2 | 1/1 |
| 6. Mr. Sirisak Piyathassrikul | 9/9 | - | - | 1/1 |
| 7. Mr.Chalermpong Mahavanidvong | 9/9 | 4/5 | 2/2 | 1/1 |
| 8. Flt. Lt. Dr. Suchet Sundaravej | 9/9 | 5/5 | 2/2 | 1/1 |
| 9. Mr. Sittichai Gasornsombat | 7/9 | - | - | 1/1 |
| 10. Ms. Supakorn Chuasiriphattana | 7/9 | - | - | 1/1 |

Note As of 31 December 2015, the board of director comprise of 8 directors because Mr. Sittichok Phiratomornphan has resigned from the director position since 9 September, 2015 and the Board of Director and Shareholders meeting on 26 April 2016 has announce Dr. Arichai Ruchtham to joined the board of director. Mr. Somkiat Chuasiriphattana has been replace the position of Mr. Sittichai Gasornsombat whose resigned from the director position since 17 August 2016 and Ms. Supakorn Chuasiriphattana has resigned from the director position since 26 September 2016.

Remuneration of Company Directors and Executives

The Company approved the remuneration of directors and executives which the remuneration of the Board of Directors each year totaling not more than Baht 4,500,000.



(A) Remuneration

Committee

The 2016 Annual General Meeting of Shareholders on 26 April 2016 approved the remuneration of directors and executives which the remuneration of the Board of Directors each year totaling not more than Baht 4,500,000 as the following details:

| Position | Remuneration / Month | Meeting Allowance/ Time | Bonus |
|-----------------------------------|-------------------------|----------------------------|-----------------------|
| Chairman | Baht 25,000 | Baht 25,000 | Depend on Performance |
| Member of the Committee | Baht 12,500 | Baht 20,000 | Depend on Performance |
| Chairman - Audit Committee | Baht 16,666 | Baht 25,000 | Depend on Performance |
| Member of Audit Committee | - | Baht 20,000 | Depend on Performance |
| Chairman - Remuneration Committee | - | Baht 25,000 | Depend on Performance |
| Member of Remuneration Committee | - | Baht 20,000 | Depend on Performance |

In 2016, the company has the meeting of Board of Director for 9 times, the meeting of Audit Committee for 5 times, and the meeting of Remuneration Committee twice. The meeting allowance paid to the committee is as follows:

| Name | Position | Meeting Allowance (Baht) | | | |
|--|--|--------------------------|--------------------|---------------------------|---------|
| | | Board of Directors | Audit Committee | Remuneration Committee | Total |
| 1. Pol. Maj. Gen. Lattasanya Piansomporn | President and Chairman - Audit Committee | 225,000 | 125,000 | - | 360,000 |
| 2. Mr. Samart Chuasiripattana | Director and Chairman of the Executive Committee | 160,000 | - | - | 160,000 |
| 3. Ms. Supakorn Chuasiripattana | Director | 140,000 | - | - | 140,000 |
| 4. Dr. Arichai Rutcham | Director | 100,000 | - | - | 100,000 |
| 5. Mr. Sitthichai Gasornsombat | Director | 140,000 | - | - | 140,000 |
| 6. Mr. Sirisak Piyathassrikul | Director and Managing Director | 180,000 | - | - | 180,000 |
| 7. Mr. Chatthaphum Khantiviriya | Director and Remuneration Committee | 160,000 | - | 40,000 | 200,000 |
| 8. Mr. Chalermpong Mahavanidvong | Audit Committee and Chairman of Remuneration Committee | 180,000 | 80,000 | 80,000 | 310,000 |
| 9. Flt. Lt. Dr. Suchet Sundaravej | Audit Committee and Remuneration Committee | 180,000 | 100,000 | 40,000 | 320,000 |
| 10. Mr. Somkiat Chuasiripattana | Director | 20,000 | - | - | 20,000 |

The Management

In 2016, the company arranged the remuneration to the Management 7 people in forms of Salary, Bonus, Provident Fund, and other Welfare for the total amount of Baht 9.71 million.

Corporate Governance

The Board of Directors realizes a good corporate governance as it is important and necessary to the operation of the business that makes the company to have the efficient management and lead to the continuous and secured expansion, that will ensure the shareholders, investors, and the related parties in the long term, the Company, therefore, sets up Good Corporate Governance Policy that complies with the regulation of Stock Exchange of Thailand, with the objectives of governing the business of the company. The Board shall notify Good Corporate Governance Policy to the Directors and the staff at all levels to understand and follow, containing the major issues as follows

- To treat to all shareholders and stakeholders fairly and equally
- To create the value added to the business in the long term, with the shrewd meticulous management, to be responsible for the efficient operation for the maximum benefit to the shareholders, to prevent any conflict of interest, and to be responsible for the decision and action that have been executed.
- To run the business with transparency, integrity, be able to inspect, with the disclosure of the sufficient data to the related parties
- To manage the business with care, particularly the risk by providing the evaluation, the strategy, the resolution, and regularly monitor the risk management
- To set up the corporate ethics, providing to the Directors, the Management, and all employees, as well as the good corporate governance policy, in compliance with Stock Exchange of Thailand, focusing on the internal control and audit system to ensure that all policies will be efficiently implemented, that will be beneficial to the shareholders of the company in the long term, under the regulation of laws and business ethics
- To motivate and support all Directors and the Management to attend the training with Thai Institute of Directors Association: IOD, and other Institutes, covering the relevant courses continuously in order to augment the knowledge pertinent to the role of Directors and the Management

Good Corporate Governance Principle splits into 5 integral parts

- Part 1 Shareholder's Rights
- Part 2 Treating shareholders with equality and fairness
- Part 3 Rights of Stakeholders
- Part 4 Disclosure of Information and Transparency
- Part 5 Responsibilities of the Board



Part 1 Shareholder's Rights

The Board of Directors has set up the policy covering

1. Right and Equality of Shareholders and Stakeholders
2. The Board has the determination to create the value added to the company, under the shrewd decision, to avoid the risk for the maximum return to the shareholder
3. Operation under Transparency and disclosure of the information
4. Operation with Business Ethics

The Company realizes and prioritizes the right of the shareholders, and strives for the best to retain it, with the following details

1. Right to vote

The shareholders have the right to vote at 1 share for 1 vote according to Article of Association.

2. Right of being informed of the performance of the company

The shareholders have the right of being informed of the performance of the company, especially the annual performance, with the preparation of the company to explain the performance, covering all contents of the main issues

3. Right to consider and approve the Financial Statement of the Company

The shareholders have the right to consider and approve the Financial Statement of the Company that has been prepared properly, accurately, and reliably, covering the main contents in accordance with the standard of Accounting, and Financial Statement has been verified and commented by the Independent Auditors who are well-known and widely accepted.

4. Right to get the dividend generated from the performance of the Company

The shareholders of the Company have the right to consider and approve the dividend payment through the preparation of the dividend calculation with supportive contents for the approval such as the dividend payment policy, comparison of the actual dividend payment versus the dividend payment policy, comparison of the dividend payment versus last year, with the supportive reason from the company through the shrewd consideration and conclusion from the Board before submitting to the shareholders' meeting for approval

5. Rights of minority shareholders to nominate candidates for election as directors

The Company determines measures that minority shareholders have the right to nominate qualified persons to be elected as Directors by nomination through the Nomination and Remuneration 2-3 months in advance before the AGM with the supportive information and consent from the nominees via www.dna2002.com. If the nomination is an agenda of the meeting, the Company will inform in the meeting's invitation that the agenda is set by the shareholders. If the Board denies to put it as an agenda of the meeting, the Board will inform the reason in the AGM.

6. Right to consider and appoint the Director individually

The shareholders have the right to consider and appoint the Director individually through the preparation of the company to submit the Director's profile that will be beneficial to the consideration of the shareholders such as name, the period of working in the position, past performance as the Director (In case appointing the same Director), type of Director, principle and selection procedure, the possession of the stock in the company, the position in and across the company, including the definition of Independent Director. In case of appointing the Independent Director, it will be considered and approved by the Board before proposing to the shareholders' meeting for approval.

7. Right to consider and approve the Remuneration of the Directors

The shareholders have the right to consider and approve the remuneration of the Directors through the preparation of the remuneration detail with supportive contents for the approval such as the remuneration policy, the content of remuneration by position and/or duty and responsibility of the Directors, the comparison of the remuneration last year, remuneration method, for instance, In case of considering the remuneration for the Director, it will be considered and approved by the Board before proposing to the shareholders' meeting for approval

8. Right to appoint the Auditor and approve the audit fee

The shareholders have the right to appoint the Auditors and approve the audit fee through the preparation with supportive contents such as name of the auditors and audit firm, the independence of the auditors, the number of serving years for the company, the remuneration for the auditors clearly splitting into audit fee and other service charge (if any), and the comparison of the audit fee last year, for instance. In case of considering the appointment of the Auditor and the audit fees, it will be considered and approved by the Board before proposing to the shareholders' meeting for approval

9. Right to consider and approve the related transactions

To protect the benefit of the shareholders of the company, the shareholders have the right to consider and approve the transactions that have the significant relation to the company by accessing the related transactions that considers the maximum benefit of the company as well as the shareholders, and will be approved by the Audit Committee, consisting of solely Independent Director

10. Basic right of the shareholders in compliance with the related regulations, requirements, and laws

The Company should prepare the documents relating to the increasing of the capital in details and cover the major contents that is necessary to be considered by the shareholders such as the objective and necessity to increase the capital, the process and condition to increase the capital, the consequence of increasing the capital that may affect to the company and the shareholders, for instance, with the shrewd and meticulous consideration and approval from the Board before submitting to the shareholders' meeting for the approval

11. Shareholders can send questions prior to the AGM via www.dna2002.com



Part 2 Treating shareholders with equality and fairness

1. The Board of Director has realized the right of shareholder. In addition, the company has pay attention on the issue of treating shareholders with equality and fairness whether being an executive or not, foreign shareholder or minor shareholder. Therefore, the company has the policy to treat the shareholders with equality and fairness including protecting the shareholder's basic right. Thus, each shareholder has the equality and fairness of right to buy or transfer share, gaining profit of the company, receiving enough information or news relating to the company, attending the general shareholder meeting for considering and voting right to appoint or relieve any directors or auditor or any other Important issues such as dividend allocation, revising the article of association or memorandum of association, decreasing or increasing or approving any special issues.
2. The shareholder of the company has the right to vote with fair condition as specified in the Article of Association namely 1 share equal to 1 vote.
3. The company would inform any necessary information for the shareholder consistently through both SET or the company's website.
4. The shareholder would be able to propose the agenda for the general shareholder meeting. In addition, the shareholder would be able to propose the person to be appointed as director of the company which would be considered and voted later in Annual General Shareholder Meeting. Nevertheless, they would propose the name to the consideration of board of director prior to such general shareholder meeting at least 1 month as the condition specified by the company.
5. The company shall send the Invitation to General Shareholder Meeting together with any documents and the opinion of the board of director relating to the agendas. In addition, the company has to send such invitation to the shareholders at least 7 days prior to the meeting except the regulations, orders related to SET or SEC specified in the different way. Moreover, the company shall release the invitation through the website of the company at least 1 month prior to the meeting for the benefit of the shareholder to study the information and make decisions accordingly, with the same information as the company sent to shareholders in the form of documents.
6. The company shall inform the rule and regulation relating to the meeting for the shareholder by specified in the invitation. In such invitation, there would be the process of voting, questioning and concluding in general shareholder meeting and also specified about submitting the question before the meeting, Moreover, the company also allow the shareholder to register for attending the general shareholder meeting at least 1 hour prior to the beginning of the meeting and until the end of meeting.
7. The company shall not diminish the right of shareholder to study the necessary information which would be released as required by relating regulation such as the company shall not send the shareholders the important information rapidly or shall not add or change the important agenda without informing shareholder in advance or shall not diminish the right of shareholder who attend the meeting late.

8. The company shall facilitate and support the shareholder to attend the general shareholder meeting namely the general shareholder meeting shall be organized by process set forth in the invitation, in the agenda of director election, the shareholder would be able to elect each director individually.
9. In case shareholder cannot attend the general shareholder meeting by himself, so the company shall facilitate the shareholder by providing Power of Proxy Form B so that shareholder can specify his opinion together with his voting. The shareholder can also download Power of Proxy Form A and/or B from website of the company. The company also provide at least 1 independent director for shareholder to authorize for voting in general shareholder meeting.
10. The company shall provide the accurate and complete minute of general shareholder meeting for shareholder to examine. For this regard, the company shall publicize such minute through the website of the company after submitting it for SET.

Part 3 Rights of Stakeholders

The Company is aware of the importance and the right of the stakeholders and shall treat to them equally in accordance with the rights, conditions, laws, and regulations so that they will be well treated as follows:

Shareholders

The Company is committed to operate its business at its best by maximizing the satisfaction of the shareholders, considering the growth of the company in the long term, with good and continuous remuneration, including disclosure of the data transparently and reliable

Employees

Employees are the most valuable assets and the force behind the success. The Company shall treat the employees with dignity and fairness

Management

The Management is the key persons to set up the strategies and the operation plans including controlling and ensuring that all operations will comply with the direction and objective of the business as set by the Board of Directors. The Company, therefore, proposes the appropriate and fair remuneration to the Management as the incentive so that the Management shall strive the best effort to achieve the target of the Company.

Business Partners

As the Business Partners are the key persons who support and drive the business of the Company to the goals, the Company, therefore, treats the Business Partners equally and fairly, and strictly follows the trade agreements with the Business Partners.

Customers

The Company shall deliver what is promised to the customers as well as prioritize and continuously strengthen the relationship with the customers.



Trading Partners

The Company shall treat to the Trading Partners equally and fairly and strictly follows the trade agreements with the Trading Partners.

Creditors

The Company shall commit in being compliance with all conditions and obligations towards creditors strictly for business creditors and financial institutions, etc. The company has a policy to participate in activities/projects of creditors to establish good relationships with them.

Competitors

The Company shall compete fairly by developing the competitive edge of providing the service, and shall not destroy the competitors by accusing nor doing the dishonest activities to destroy the competitors.

Environment

The Company shall treat to the Environment with care such as running the campaign to save the electricity energy, economizing the water usage, and supporting the activities not to smoke in the working places.

Community and Society

The Company shall support the social activities to live up the better life to people and the community as well as to cultivate the social responsibilities to all levels of the employees.

Government Sector and other related controlling Sectors

As Government Sectors and other related controlling Sectors are playing the significant roles to the Company, the Company, therefore, shall fully co-operate with them by complying with the requirements, rules, regulations, and other related laws about running the business, in order to ease their jobs. In addition, the Company shall assign the Secretary to the Company to be responsible for rechecking whether all activities comply with requirements, rules, regulations, and other related laws, as well as assign the Internal Auditors to recheck whether all activities comply with the operation guidelines and the related standards and report to the Audit Committee every year.

The Company has the policies to protect all Rights and treat to all parties equally as mentioned above. As the support from all concerned parties will play the significant roles to the competition and the increase of the profit in the long term, the Company, therefore, shall follow all the legal conditions and rules, including the contract or the agreement made to these parties, including the sufficient disclosure of the information for the efficiency, and shall refrain from any action that may violate the right and negatively affect to the concerned parties.

Part 4 Disclosure of Information and Transparency

Disclosure of Information

The Company shall pay the attention to the disclosure of the important information of the Company that may affect the decision of the investors and the stakeholders, in forms of Financial and Non-Financial information, with the accuracy, reliability, and transparency, in time and equally sharing to the investors and the stakeholders, in accordance with the requirements of Stock Exchange of Thailand and the Stock and Securities Exchange Commission through Stock Exchange of Thailand, printing materials, Form 56-1, the annual report, and the Company's website.

The Board of Directors shall be responsible for the preparation of Financial Report and Financial information that comply with the accredited Accounting Standard in Thailand with the approval from the Independent Auditor, by using the appropriate Accounting policy and strictly follow the policy, with the meticulous preparation and sufficient information disclosure for Financial Statement. In addition, the Board of Directors shall appoint the Audit Committee to be responsible for the quality of Financial Statement and Internal Control system, including the comment from the Audit Committee that will be reported in the annual report of the Company, and shall prepare the report of the responsibility of the Board towards Financial Statement, together with the report from the Auditors in the annual report.

Relationship with Investors

The Company shall pay the attention to the disclosure of the important information of the Company that may affect the decision of the investors and the stakeholders, in forms of Financial and Non-Financial information, with the accuracy, reliability, and transparency, in time and equally sharing to the investors, analysts, and the people who are interested, through the channels of Stock Exchange of Thailand and/or printing materials, including the Company's website www.dna2002.com, or Tel. 02-231-3555 Fax. 02-231-3554 E-mail : investor@dna2002.com

Part 5 Responsibilities of the Board

Leadership and Vision

The Board of Directors comprises of the person who is capable and widely accepted, and plays the significant roles in setting up the policy, vision, strategy, objective, and direction of the Company, in co-operation with the Executives in planning in short and long term, including the Financial policy and the Company's image, with the role to monitor and evaluate the performance of the Company and the Executives to achieve the Company's target. In addition, the Board ensures that the Executives will effectively and efficiently operate in accordance with policies under the laws, objectives, regulations of the Company, resolution of the shareholders, with responsibility, integrity, and care, based on the good governance to maximize the benefit to the Company and create the confidence to the shareholders, as well as to set up Internal Control System, Internal Audit, Evaluation continuously and efficiently through Internal Auditors of the Company and inform to the Audit Committee every time.

The Board of Directors will consider, set up, and separate the role and responsibility between the Board and the Executives, with the appropriate scope of operation, including the communication of role and responsibility to the Directors and the employees.

Code of Conduct

The Company sets up and strictly follows the regulations relating to Code of Conduct of the Company so that all Directors and the employees will know, adhere, and understand the operation standard as the Company and the shareholders expect, and use it as the guideline in running the business, covering the following contents:

- To adhere to the rule of laws as well as to know the Company's regulations and the related laws and any laws that shall be announced in the future that may affect to the management and operation of the company, for the Executives and the employees.
- To have the transparency and decision that can be disclosed the information to the stakeholders and be investigated, under the laws and regulations, and the operation guidelines of the Company related to the prevention of the trade information leakage to the competitors.



- To adhere to the fairness and morale to the stakeholders to create the continuous good relationship in operating the business with any discrimination to any individual by using own judgment or relationship, providing the equal opportunity regardless of Rationality, Nationality, Religion, or Gender.
- To pay attention and take care of the customers by controlling the product and service quality to satisfy the customers.
- To be responsible for the society and community, under the mission to create the project and activity that will be beneficial to the society and community development.
- To avoid any political involvement by positioning itself central, with the respect and support to the stakeholders with the rights under the Constitution.

The Directors and the employees of the Company clearly understand Code of Conduct and shall behave and perform as the professional, with business ethics, by considering the maximum benefit to the Company and shareholders accordingly.

Structure of the Board of Directors

- The Board of Directors will seek and consider the person who is capable, full of experience and expertise in various careers and pivotal to the Company, to propose the shareholders' meeting to appoint as the Directors of the Company.
- The Board of Directors comprise of the Directors as appointed by the shareholders meeting, at least 5 persons, with the capability and experiences from various aspects, with at least one third of Independent Directors but not less than 3 persons.
- The Independent Directors shall have the qualification as specified in the qualification of Audit Director and Independent Director of the Company (Please refer to the qualification of Audit Director and Independent Director)
- The Director has the term in the position in accordance with Public Limited Company Act, without any limitation for the term that shall be consecutively continued.
- To have the Directors who may work with other company worked efficiently, the Company shall seek for the Directors who work with the listed companies not more than 5 companies except they will be approved by the Board of Directors or shareholders case by case, providing that the Directors are responsible for revealing the information of other companies that they are now working with to the Board of Directors. In case the Executive of the Company shall work as Director for other company, the Executive is responsible for revealing the information to the Board. Currently, there is no Director who works with other listed companies more than 5 companies.

Duties and Responsibilities of the Board of Directors

The Board of Directors' Meeting

The Board of Directors' Meeting

The Board shall set up the meeting schedule for the Board of Directors in advance and notify to the members so that the Directors will have enough time to prepare and arrange the schedule to be able to attend the Board's meeting, which is regularly held every quarter with the additional special meeting, if needed. For each call for the meeting, the Chairman or the authorized person shall send the Notice of the Meeting to the Directors at least seven days prior to the meeting date except it is the emergency in order to retain the right or benefit of the Company that may speed up the meeting date through other channels of providing the Notice, upon the request from the Director at least two persons to the Chairman to call for the Board meeting. In case there is such request, the Chairman shall set up the meeting within fourteen days from the date of request.

For Agenda of the meeting, the Chairman and Managing Director shall mutually consider the agenda by providing the Directors at least two persons to propose the topics to be added into the agenda, covering the Director or the delegated person to call the meeting or for the emergency case. Steps to call the Board meeting can be explained as follows:

Process prior to the meeting: Each Director freely proposes the topic into the agenda for the Board meeting, considering the reason and necessity of the topic. The Chairman shall consider each agenda before arranging it in the Notice of the Meeting. The Notice of the Meeting with the supportive documents for each agenda will be delivered to each Director in advance prior to the meeting so that each Director will have enough time to study the contents that will enhance the effectiveness and efficiency during the Board meeting. In case Directors may request the additional information for each agenda, they can make the request to the Secretary to proceed accordingly.

Process during the meeting: During the Board meeting, the Chairman shall be responsible for the process of the agenda as indicated in the Notice of the Meeting, and grant the opportunity to the Director to ask the question and make the comment for any doubtful topics freely and sufficiently.

Process after the meeting: The Company focuses on the importance of the preparation of the minute of the meeting and assigns the Secretary to the Board to be responsible for recording and preparing the minute of the Board meeting, covering all major contents with the accuracy such as Date, Time, and Meeting Venue, Starting and Finishing meeting time, List of the Directors who attend and not attend the meeting, all questions and advises for each agenda, including the resolution of the Board for each agenda. Minute of the meeting with the supportive documents shall be retained by the Secretary to the Company for investigation purpose, if needed.

According to the regulation of the Company for the Board meeting, it is required that the number of Directors who attend the meeting must not less than half of the total number of Directors. In case the Chairman is not in the meeting or cannot arrange the meeting, the Vice Chairman will act as the Chairman. In case there is no Vice Chairman or he/she cannot arrange the meeting, the Directors will choose one Director to the Chairman instead. The resolution of the meeting will be based on the majority vote, on the condition that one Director has one right to vote except the Director who may have the Conflict of Interest cannot vote for the related issue. If the result of the vote appears equally, the Chairman will vote to make the consensus.

However, currently the Company has a policy that the quorum of the Meeting of the Board of Directors shall not be less than two-third of the directors of the company to qualify the resolutions of the meeting to be in compliance with the related laws.



The Audit Committee Meeting

The Board shall set up the Audit Committee meeting at least every quarter with the additional special meeting, if needed, by sending the Notice of the Meeting attached with the supportive documents based on the agenda prior to the meeting, with the record of the minute of the meeting covering all contents that can be checked.

The Remuneration Committee Meeting

The Board shall set up the Remuneration Committee meeting at least once a year with the additional special meeting, if needed, by sending the Notice of the Meeting attached with the supportive documents based on the agenda prior to the meeting, with the record of the minute of the meeting covering all contents that can be checked.

Evaluation of the Directors and the Executives

Evaluation of the Directors

The Board shall assign the Remuneration Committee to evaluate the performance of the Directors of the Board and Sub-Committee, providing the self-evaluation in form of overall evaluation of the Board, so that the Committee can revise the performance, the problem and obstacle throughout the year and utilize these information for the evaluation of the Directors and make the proposal for the development.

Evaluation of the Executives

The Board shall assign the Remuneration Committee to evaluate the performance of the Managing Director every year and report to the Board for the approval of the remuneration to the Managing Director, providing that the Chairman will inform the result to the Managing Director.

The Balance of the Directors who are not the Executives

The Company states that there will be Independent Directors at least one third or not less than 3 persons, providing that these 3 Independent Directors will be the member of Audit Committee, qualified with the requirement of Stock Exchange of Thailand relating to Qualification and Scope of Operation of Audit Committee, to perform the audit activities and balance the operation management of the Company to be correct and fair. The Company has the qualified and experienced Board for 8 persons consisting of

- Director who is not the Executive 4 persons as Independent Directors
- Director who is the Executive 3 persons
- Director who is not the Management 1 persons

These 3 Independent Directors will be the member of Audit Committee, who will be qualified in accordance with the requirement of Stock Exchange of Thailand relating to the qualification and scope of duty of Audit Committee, to audit and balance the operation management of the Company to be correct and fair. Definition of Independent Director shall comply with Good Corporate Governance policy section 5 relating to the responsibility of the Board no. 3 relating to Structure of the Board.

However, The Company determined the term of Independent Directors to be in the office not more than 9 years.

Combinations or Separations of Positions

The Chairman of the Board of Directors must be the Independent Director and shall not be the same individual who positions as the Managing Director to ensure the check and balance, under the written policy stating the scope of Duties, that has been approved by the Board of Directors. The Company clearly separates the responsibilities between the approval for Accounting record and Asset Procurement for the cross checking purpose.

The Company clearly separates the role and responsibility of the Board of Directors and the Executives while the Board will set up the policy and monitor the operation of the Executives in policy level, and the Executive will manage the operation in every aspect to comply with the policy. Therefore, the Chairman of the Board of Directors will be different from Managing Director, providing that these two positions will be selected by the Board of Directors to have the most qualified person. In addition, the Board of Directors shall set up the plan for the successor for the Executives that will be revised every year.

Remuneration of Company Executives

The Board of Directors shall appoint the Remuneration Committee to consider the remuneration of the Board, Sub-Committee, Managing Director, and the Executive, with the clear and transparent policy by considering the performance of the Company, the Board of Directors, Sub-Committee, Senior Managing Director, Managing Director, and the Executive, in the same business industry, including the scope of duty and responsibility in order to propose to the Board of Directors or the shareholders meeting for approval, as follows :

Remuneration for the Directors : The Remuneration Committee will consider the remuneration under the fair and reasonable principle or procedures and structure by proposing to the Board of Directors to consider and the shareholders' meeting to get the approval, to take care and retain the qualified Directors. In addition, the Directors who are assigned to be the member of Audit Committee will get the increasing remuneration in accordance with the increasing jobs.

Remuneration for the Executives: The Remuneration Committee will consider the remuneration of Managing Director, and the Executives, under the fair and reasonable principle or procedures and structure, to motivate and make the growth of the Company, as well as to retain the qualified Executives with the Company, and proposes to the Board of Directors for approval.

The remuneration of Directors and Executives must be reported for the received amount in the annual report and Disclosed information Form every year.

Sub-Committee

The Company shall appoint the Sub-Committee to assist in monitoring the operation of the Company and increasing the efficiency, to ensure to the shareholders that the Company operates the business with shrewdness. The number of Sub-Committee, as approved by the Board of Directors for the scope of responsibility, consists of Audit Committee, Remuneration Committee, and the Executives Committee

- The Audit Committee comprises of the independent Directors at least 3 persons to be responsible for the charter of Audit Committee
- The Remuneration Committee comprises of the Directors for 3 persons, providing that the Chairman is the independent Director, and the majority of Directors is independent Directors, to be responsible for the charter of Remuneration Committee
- The Executives Committee comprises of the Directors for 4 persons to be responsible in accordance with the appointment of the Executives Committee



Internal Control and Audit System

The Company pays the attention to the efficient Internal Control System, covering the Management and Operation levels, with the clear written guidelines as well as Procedure Manual to the Management and Operators, to monitor the Internal Control System and check the key operation activities, providing the Audit Committee to recheck the Internal Control System to maintain the efficiency covering the requirement and risk management with the procedures to prevent and manage risks, and to comply with laws, related regulation, with clear separated duty between the operators and the follow-up and evaluating team, in order to balance and recheck the performance appropriately.

The Company shall appoint the Internal Auditor who is the outsider who is independent, to directly report to the Audit Committee, to be responsible for the checking the operation of the Company to be efficiently by requiring the Internal Auditor to report directly to the Audit Committee.

In addition, the Audit Committee will recheck the suitability and sufficiency of the Internal Control System at least once a year and propose to the Board of Directors to consider making the comment of the Internal Control System in the annual report and Annual Disclosed Information Form (Form 56-1)

Report of the Board

The Board of Directors assigns the Audit Committee to monitor the process of preparing and disclosing the Financial information, Internal Control System, Internal Audit, to consider the sufficiency and suitability of Internal Control System, and the preparation of Financial Statement that is true, complete, sufficient, reliable, and efficient, by assigning the Secretary to the Company to be responsible for keeping the minute of the meeting of the Board.

Policy on the Use of Inside Information

The Extraordinary General Meeting of the Board of Directors No. 1/2011 on 7 June 2011, the Directors have determined that management and employees must maintain the confidentiality of the company, not bring internal information of the company to disclose or seek for their own benefits or others, whether directly or indirectly, and whether or not get the benefits. Moreover, to prevent employees from disclosing internal information to others or used for personal gain, including securities trading, the Company has a policy on the use of inside information as follows:

1. To educate to directors and executives to be aware of the duty to report the holding of their spouses and minor children under section 59, including the penalty provisions under section 275 of the Securities and Exchange Act 1992, and the regulations of the Stock Exchange of Thailand
2. To determine that the directors and executives report their first securities holding to The Securities and Exchange Commission from the closing date of the offering of securities to the public or the day to be appointed as directors or executives, within the period that the Securities and Exchange Commission defined and deliver a copy of such report to the Company on the same date of submitting the report to the Securities and Exchange Commission.
3. To designate that the directors and management have to report changes in the holding to the Securities and Exchange Commission within the time limit every time there is a purchase, sale or transfer of shares and deliver a copy of such report to the Company on the same date of submitting the report to the Securities and Exchange Commission.

4. To notify the directors, executives, officers and employees of the Company that the Company's directors, executive officers and employees must keep confidentiality of secrets and/or internal information of the company, and must not bring secrets and/or internal information to disclose or seek advantage for themselves or for the benefit of any other person, whether directly or indirectly and whether they received benefits or not, unless the information is already disclosed to the public.
5. To notify the directors, executives, officers and employees of the Company that the Company's directors, executive, officers and employees who receive financial information of the Company and/or information that can affect the stock price must avoid the securities trading for one month before the financial statements or internal information is disclosed to the public, and shall not disclose the information to any other person, including their spouse and minor children of directors, executives, officers and employees of the Company. The violation of this policy shall be considered as a serious offence.

The Company has realized the importance of using the internal information for their own benefit. Therefore, the policy on the use of inside information is set, so that the personnel of the company and its directors, executives and employees of the Company shall not disclose inside information to others or use it for personal gain, including for trading. The Company notifies the directors, executives, officers and employees of the company as follows:

1. The directors, executives, officers and employees of the Company shall keep confidentiality of secrets and/or inside information of the company and must not bring secrets and/or internal information to disclose or seek advantage for themselves or for the benefit of any other person, whether directly or indirectly and whether they received benefits or not, unless the information is already disclosed to the public.
2. The directors, executives, officers and employees of the Company that the Company's directors, executive, officers and employees who receive financial information of the Company and/or information that can affect the stock price must avoid the securities trading for one month before the financial statements or internal information is disclosed to the public, and shall not disclose the information to any other person, including their spouse and minor children of directors, executives, officers and employees of the Company. The violation of this policy shall be considered as a serious offence.

Business Ethics Policy

Conflict of Interests

The Board of Directors and the Executive Board Intend to consider various operations of the Company by considering on eliminating conflicts of interests carefully with honesty, rationality and independence under business code of conducts for the benefit of the company as a whole.

Therefore, to ensure transparency and prevent the pursuit of personal gain, the Company has assigned the Directors and those involved to disclose the information of their loss and gain to the Board of Directors by contacting the Company Secretary. The Directors and those who involved in internal information are responsible for reporting there securities holding to the Board of Directors to be in compliance with the requirements of the Securities and Exchange Commission. And in the meetings of the Executive Board and the Board of Directors, the individuals who have a stake in the transaction of any potential conflict of interest with the Company cannot use their right to give comment and vote on such transactions.



The company has established policies and procedures for approval of transactions that may have conflict of interest or related transaction. The Company determine the disclose of information on the name's list, the relationship of the related parties, pricing policy, the value of the transaction, including comments of the Board of Directors on the report to be compliance with the Notification of the Securities and Exchange Commission for the equal benefits of the shareholders as a whole.

The Board recognizes the importance of the related transaction that all related transaction shall be considering the best interests of the Company and its shareholders as a priority and should be according to the conditions and competition in general. The price and terms shall be on an arms-length Basis. All related transaction of the Company shall be submitted for consideration of the Audit Committee. The Audit Committee shall propose the Board of Directors about the related transaction and the transaction with a conflict of interest. The Transactions shall be considered carefully and comply with the report requirements of the Stock Exchange of Thailand. The information disclosure shall strictly be in quarterly basis and shall be in the annual report and the Annual Information Form (Form 56-1).

Whistleblower Policy and Complaints

In case of minority and/or stakeholder complaints or have feedback or comments or any questions about offense or ethics or incorrect Financial Report or deficient internal control, they can inform or inquire directly to the Audit Committee of the Company by contacting the Secretary of the Audit Committee via Email: secretary@dna2002.com. The Audit committees will consider appropriate actions. For example, if there is a complaint, the Audit Committee shall conduct an investigation and find the right approach. Or if the Audit Committee has commented that the suggestions they received will affect stakeholders or the operations of the Company, the Audit Committee will propose to the Board of Directors to determine the agenda of the next meeting of shareholders.

Process upon Receiving of the Complaint

1. Gathering facts

The complaint Recipient will collect complaints related to the violation or the action not in compliance with the code of conducts or will assign to an appropriate person to take further action.

2. Scrutinizing and processing the data

The complaint recipient will scrutinize complaints and process data to define steps and procedures of proper management of each complaint. They may take care of this matter by themselves or assign to an appropriate person to scrutinize complaints and process data for them.

3. Determining measures

The complaint recipient shall determine measures to stop violations and mitigate damage to those affected. The overall damage should be taken into account. However, If the event of a complaint is significant, it shall be reported to the Board of Directors and/or the Executive Board. The significant complaints need to be regarding to the Company's image, reputation or financial position or conflict with the policy of the Company's business or is associated with the senior management of the company and so on.

4. Reports

The recipient is responsible for updating complaint's procedure under Article 3 to the complainer, if the complainer reveals themselves.

Actions Deemed Unethical

All employees are required to follow and encourage others to follow the code of conduct. The following actions are unethical:

1. Fail to comply with the code of conduct as well as recommend others not promote or encourage the code of conduct.
2. Neglect when spotting violators or non-compliance with the code of conduct. In the event that he or she knows or should know due to the related tasks are under their responsibility.
3. Interrupt and do not cooperate in the investigation or inquiry, if there is a complaint or have a clue of violation or non-compliance with the code of conduct.
4. The act which is not fair to anyone as that person provides information or clue or report of the violation.

People who violate the code of conduct shall be given penalty under the disciplinary regulations set forth by the Company and may also be punishable by law, if that action was illegal.

Policy Overview

The company recognizes the importance of conducting business with social responsibility and environmental sustainability of the business and society, in addition to the principles of good corporate governance that the Company shall comply with. Therefore, the Board of Directors' Meeting No. 1/2014 on 19 February 2014 has approved the framework of corporate environmental and social responsibility (CSR) of the Group to be the guideline of the implementation. The details are as follows:

Corporate Environmental and Social Responsibility (CSR)

1. Operate with Fairness

The Company sees the importance of partners and creditors. The decision making process and the operations of the company are transparent. The Company reveals information to stakeholders so they are acknowledged and can verify the Company's processes under the framework of laws and regulations related to the practice of the company to prevent leakage of trade secrets to competitors.

The company is committed to justice and morality to stakeholders in order to establish good relations continually in business performing and the Company does not discriminate against any person unjustly or using personal judgment. The Company provides equal opportunity regardless of race, ethnicity, nationality, religion or gender.

2. Anti-corruption

The Company recognizes the importance of anti-corruption policy. The Company has set a policy to participate in Collective Action Coalition of Thailand's private sector for anti-corruption and has set policies to prevent the involvement in corruption.

Anti-Corruption Policy

The Board of Directors' Meeting No. 1/2014 on 19 February 2014 approved a policy against corruption. The Company declared the commitment to participate in Collective Anti-Corruption (CAC) by 2014.



1. Respecting Human Rights

The Company is aware of human rights. As a movies retailer, the Company sells only copy-righted movies and promotes and protects the interests of the copyright owner so they can gain maximum benefits. In addition, the company focuses on a policy which not related to politics. The Company respects and encourages the political stakeholders of the Company to be able to exercise their freedom under the Constitution so the Company is neutral.

2. Treating Workers Fairly

The Company respects and values the laws relating to employees and establishes measures to prevent bullying from superiors to employees at all levels. Moreover, the Company has also encouraged and trained personnel of the Company and has given the opportunity to grow and have progress in their line of authority in the organization.

3. Responsibilities to consumers

The core business of the company is retailing, we are intermediary between producers and consumers, so the Company understands and recognizes the importance and the needs of consumers very well. We monitor the quality of products and services and open to all suggestions, feedbacks and complaints. The Company listens and rectifies if any mistakes, in order to develop our services to benefit our customers at maximum levels.

4. Environmental care

The Company focuses and supports the environment by having campaigns and organizational measures in order to reduce energy consumption, fuel, energy, water and paper.

5. Developing Community or Society

The Company acknowledges that without strong social and community, the overall business operations could not be successful. So the key factors that the Company prioritizes operating our business along with supporting social sustainability. In addition, the company also has found transparent charity causes that use the donated money for the development of society.

6. . Innovation and dissemination

Due to the nature of business of the Company that primarily focuses on retailing the investment in developing innovation and dissemination are not favorable for the Company.

Anti- Corruption Policy

The Directors, management and employees of all levels of the Company shall not perform any actions or accept corruption in any form. The Company requires the review of compliance policies against corruption regularly and we have a policy to review the appropriateness of the policy against corruption at least once per year in order to comply with the change of business, management structure, regulations and legal requirements.

Definition

Corruption means bribery in any form by submitting a claim or receive of money, property or other benefits that are not a business justification in order to have someone act or not act on their duty for the benefits of their family, friends and acquaintances, including the bribery to government officials and corruption among private sectors unless the action is in accordance with the laws, rules, regulations of local traditions or trading tradition.

Forms of Corruption

1. Political support means providing money, property or other benefits to politicians or political parties to support the undue action or acts contrary to law in order to obtain a commercial advantage whether directly or indirectly.

This does not include employees of the Company joining any political activity as the right of personal liberty. In addition, the Company operates a policy of being neutral and doesn't support any political party.

2. Donations to the charity need to be transparent, checkable and legitimate. The Company shall donate under the name of the Company. The foundation shall use the donation to benefit the society, and has to be reliable and can be verified. The donation shall be following the steps of the Company and must ensure that the donation shall not be used as bribery.
3. Subsidy with the purpose of image or reputation of the company, the company would spend money for accomplish the purpose aforementioned without reciprocal benefit for any person or juristic person except the recognition as business tradition and must ensure that the subsidy shall not be used as bribery.
4. The business reception, gifts and other related spending can be done but The Company needs to consider the reasonableness and can be examined. If having been offered a gift worth more than normal, employees shall refuse and report to superiors for acknowledgment.

Responsibilities

1. The Board of Directors has duties and responsibilities in setting policies and ensures that the Company has the system that supports the protection involved with corruption to demonstrate that the Board of Directors has awareness on the matter.
2. The Audit Committee has duties and responsibilities in reviewing the financial report, internal control system, Internal audit to be appropriate, concise and effective.
3. Managing Director has duties and responsibility to set up a system, promote and support the anti-corruption policy to achieve this practical results for employees at all levels and related parties. Managing Director shall review the appropriateness of the procedures and measures to be compliance with the change of business, management structure, regulations and legal requirements.
4. The Internal audit department has duties and responsibility to evaluate business risks that may be associated with corruption, monitor and review the operation to be compliance with policies, measures and procedures required by related laws in order to strengthen the confidence that the company has a control system that is appropriate to prevent the possibility of corruption. The Internal Audit Department will report to the Audit Committee directly.

Anti-corruption Practices

1. The Board of Directors, management and employees at all levels shall comply with policies related to anti-corruption and must not be involved with corruption.
2. In the procurement process must be in compliance with the regulations of the company with transparency and verifiable.
3. Donating money for any project shall be specified under the name and on behalf of the company. The objective of the donation should be for the Company's good image and reputation and it should be carried out by the procedures and regulations of the company.



4. The Company is aware of the importance of the dissemination of knowledge and building understanding among the Company's directors, management, and personnel of the company at all levels and related parties in order to achieve the goals of anti-corruption policy.
5. The Company has the policy against corruption and the policy shall apply to the human resource administration starting from the recruitment, selection, promotion, evaluation of performance and remuneration.
6. Prohibiting of giving or accepting bribes in the business of all levels. The operations of the Company must be transparent, honest, under the relevant legislation.
7. The Company communicates the policy against corruption by notifying its subsidiaries and associates to adopt the measures against corruption.
8. The Company has a policy not to treat employees who refuse corruption badly or lower their position. Although their action may cause the Company to lose business opportunities, and the Company communicates to the directors, management and employees at all levels to be aware of the policy and process.

Whistle blowing and Complaint Handling Policy

The Board of Directors has assigned the Audit Committee to be responsible for whistle blowing issues and complaint of actions that may be suspicious as corruption in the company whether direct or indirect through a channel defined by the policies as follows:

Complainers must provide the description of the subject of issue or complaint, name, address and contact phone number via the email address of the Secretary to the Audit Committee at secretary@dna2002.com. However, the Company will publicize the anti-corruption policy via many channels such as the Company's web site, annual report, and report on Corporate Governance. The issues or complaint should be comprised of:

1. Clue or complaints shall have facts, details according to the reality which are sufficient to investigate.
2. Clue or complaints with significant impact shall be delivered from the recipient to the Audit Committee, which they may delegate to the department of a person who is complained or the department of the complainer (If the complainer is an employee of the company) to investigate for the facts.
3. Those who complain shall be protected equally whether they are employees or external parties

Protection Measures and Confidentiality

To protect the rights of whistleblowers or complainers with good intention along with staff who is first informed about complaints, people whom get complaints and those involved in the process of investigation and report, the relevant information must be kept confidential by limiting those responsible for conducting the inspection and disclosing only to the parties involved as necessary regarding safety and damage that may occur to the whistleblowers or complainers as well as those involved with the investigation or related parties.

Punishment Process and Update

1. The Punishment shall be in accordance with the regulations regarding employee's disciplinary and related laws.
2. In the case of the company knowing who the whistleblower or complainer is, the Company will keep them updated in written format.

Implementation and Report Preparation

The Company has a policy to comply with the policies of corporate social and environmental responsibility (CSR), anti-corruption policies and the practice of good corporate governance. The Company considers all stakeholders and discloses the policies in form 56-1 and Annual Report according to the requirements of the Securities and Exchange Commission and The Company also publicizes the information on its website.

Operations with Social Responsibility

Throughout the period of 3 years, the Company has not been a violation of law in the areas of social responsibility and the environment.

Activities to Benefit Society and the Environment.

The Company plans to host an event or donating to organizations that will benefit society and the environment. In 2014, the Company has donated money to many charity causes such as World Vision, Nok Kamin Foundation etc.



Internal control

Board of Directors on the Company's Internal Control System

The Board of Directors' Meeting No. 2/2559 in which 3 Independent Directors participated on February 29, 2015 has considered the adequacy of internal controls in 2015 to be in compliance with the internal control system of the Securities and Exchange Commission by gathering information from executives and internal auditors who the Company outsourced.

The Board of Directors has concluded that the Company's internal control system was concise, adequate and had management system which was effective and had monitored the operations of the Company and its subsidiaries in order to be able to protect the assets of the Company and its subsidiaries from having directors or management deployed wrongfully. The internal control system has protected the transactions with persons who may have conflicts of interest and related party and it has also prevented the transfer of benefits of the internal operations of the organization. The Company focuses on setting all operations processes to have good internal controls, as the Company realized that retail business has various products and many points of sell. Without good management, leakage will happen; resulting in the Company cannot expand our growth of business in the future. The Company emphasizes on the management with standard and can be auditable, that can be concluded as follows:

1. Operation Guidebook in Detail:

The Company has prepared the clear operation guidebook of each section in detail as the company realizes that once there is the clear written operation procedure, it will enhance all level of staff to clearly understand their roles and functions. In addition, there is the insertion of control system between the unit and the internal audit. Consequently, if the staff follows every step of the guidebook, it will minimize the mistake and prevent any leakage or damage that may occur.

2. Clear Chain of Command for the approval:

The Company has set up the scope of authorization and approval to each level of each unit clearly, depending on the amount of the money. By doing so, each staff will exactly know what to do and it will support the process of screening the operation appropriately.

3. Separated working with Cross-check among Unit:

The Company has clearly split the operation into 4 processes, consisting of Approval, Accounting Record, Asset handling, and Audit. As a result, it will reflect the performance and accuracy of the information among the sections, especially the working process relating to Stock on-hand, including Purchasing Department, Inventory Management Department, Inventory Department, Sales Department, and Accounting Department, that will work closely and submit the document for verification at all times.

4. Continuous IT System Development :

IT System of the company links the data among Stock On-hand, Sales, and Accounting, that makes the all data from all sections correct, reliable, and can be used nowadays. All data, transferred through Computer System, will minimize any mistake that may take place, derived from the performance of staff. In addition, if there is any error, it can be easily detected and tracked back, as well as data will be fully utilized as it comes from the same source and enhances the working efficiency and flexibility.

In evaluating the adequacy of internal controls above, the Auditors of the Company have suggested about the risk assessment relating to the investment in subsidiaries which each subsidiary should assess the risk that it may occur. Since the current management is focusing on a risk management.

The auditors of the Company is PricewaterhouseCoopers ABAS Limited, auditing the financial statements quarterly and annually in 2015 and has served as auditors of the Company since 2008. The auditor evaluated the effectiveness of the Company's internal control system from the audited financial statements for the year 2015 with no further comments or suggestions.

Opinion of the Audit Committee in case of having different opinion from the Board of Directors

The Audit Committee did not have an opinion different from the opinion of the Board of Directors of the Company in any way.

Head of Internal Audit and Chief Compliance Officer of the company

The Company has policy to use outsourcing to examine and evaluate the internal controls of the Company to the Audit Committee and Board of Directors. In 2015, the Company hired Quantum Point Consulting Co., Ltd. to act as the internal auditor of the Company. The Audit Committee has the opinion that Quantum Point Consulting Co., Ltd. and Mr. Rakpon Angsuwittaya has appropriate and sufficient qualifications, experience, freedom and training to perform the internal audit function of the Company. The independent internal auditor determined all systems and gave several suggestions which the company used them to improve the internal control system continuously.

However, any operations regarding appointment, removal, transfer of internal auditors must be approved by the Audit Committee under the consultation with the Company's management. The Audit Committee shall finalize an internal auditor and assign the management for the coordination of employment, including the negotiation of the costs involved.



Related Transaction

Details of related transactions that occurred in 2016 can be summarized as follows.

Summary of relationship with individuals or juristic persons that may have conflicts of interest

| Individual/Juristic Person | Relationship | |
|---|---|----------------|
| 1. M.C. Property and Development Company Limited (“M. C. Property”) | Mr. Samart Chuasiriphattana, a Director and a shareholder of the Company holds shares in the mentioned company. As of 31 December 2015, Mr. Samart and his spouse hold shares and have position in the mentioned company as follows: | |
| | Company | M. C. Property |
| Share Holding Ratio | 22.77 | 99.80 |
| Position | Director | Director |
| 2. Mr. Samart Chuasiriphattana | Mr. Samart Chuasiriphattana is a director and shareholder of the Company. He is also the spouse of Ms. Supakorn Chuasiriphattana, the shareholder and director of the company. They hold 22.77% of paid up share of the Company. | |
| 3. DNA Revolution Co., Ltd. | Subsidiary which DNA 2002 Pcl. hold 99.99 percent of paid-up capital of such company. In addition, Mr. Samart Chuasiriphattana, Mr. Sirisak Piyathassrikul, and Mr. Somkiet Chuasiriphattana are the directors in such subsidiary. | |
| 4. DNA Freshair Co., Ltd. | Associate which DNA 2002 Co., Ltd., hold 49.99 percent of paid-up capital of such company. In addition, Mr. Somkiet Chuasiriphattana and Mr. Sirisak Piyathassrikul are the directors in such associate. | |
| 5. Digital Synergy Co., Ltd. | Associate which DNA 2002 Co., Ltd., hold 40.36 percent of paid-up capital of such company. In addition, Mr. Chattaphoom Khantiviriya and Mr. Somkiet Chuasiriphattana are the directors in such associate. | |
| 6. DNA Network and Engineering Co., Ltd. | Subsidiary which DNA 2002 Pcl. hold 99.99 percent of paid-up capital of such company. In addition, Mr. Sirisak Piyathassrikul and Mr. Bhavin Bhatia are the directors in such subsidiary. | |
| 7. Hollywood (Thailand) Co., Ltd. | Subsidiary which DNA 2002 Co., Ltd., hold 83.34 percent of paid-up capital of such company. In addition, Mr. Samart Chuasiriphattana and Mr. Somkiet Chuasiriphattana are the directors in such subsidiary. | |
| 8. DNA Sport Co., Ltd. | Subsidiary which DNA 2002 Co., Ltd., hold 70.00 percent of paid-up capital of such company. In addition, Mr. Samart Chuasiriphattana and Mr. Somkiet Chuasiriphattana are the directors in such subsidiary. | |
| 9. My Network and Solution Co., Ltd. | Subsidiary which DNA 2002 Pcl. hold 50.99 percent of paid-up capital of such company. In addition, Mr. Sirisak Piyathassrikul, Mr. Kittiwat Subcharoendeeearpa and Mr. Bhavin Bhatia are the directors in such subsidiary. | |
| 10. DNA Retail Link Co., Ltd. | Subsidiary which DNA 2002 Co., Ltd., hold 99.99 percent of paid-up capital of such company. In addition, Mr. Samart Chuasiriphattana and Mr. Somkiet Chuasiriphattana are the directors in such subsidiary. | |
| 11. P Power Plant Energy 2 Co., Ltd. | Subsidiary which DNA 2002 Co., Ltd., hold 99.97 percent of paid-up capital of such company. In addition, Mr. Sirisak Piyathassrikul and Mr. Bhavin Bhatia are the directors in such subsidiary. | |

Related Transaction

| Transaction Type | Related Person/Relationship | Description | Transaction Amount (Million Baht) | necessity And reasonableness of the transaction |
|--|---|--|---|--|
| 1. Rental fee for outlet, office, or warehouse | <ul style="list-style-type: none"> M. C. Property and Development Company Limited | <p>The Group rented office buildings and inventory warehouse from such company to be the main office and warehouse of the Group.</p> <p>The list of buildings are as follows:</p> <ol style="list-style-type: none"> Office Building A No. 19 Office Building B No. 15/144 Inventory Warehouse No. 38/2 | <p>1.80</p> <p>0.78</p> <p>1.20</p> <p>3.78</p> | <p>The Group has registered its main office in such areas. The transaction period was 3 years. The payment was paid on a monthly basis and the rental fee negotiation should be performed when the contract is renewed. The rental fee is comparable to other third parties. The Company paid a rental fee of Baht 211.17 per square meter per month in average which is lower than the rental fee with the same conditions in the same area. Due to the difference of the buildings, facilities, and utilities, the Group cannot compare it directly to other building rental fees. However, when considering in various factors, including location and utilities, the above rental rate is appropriate.</p> <p>In addition, for inventory warehouse, the company rent for 3 years with the average rental fee of Baht 130.53 per square meter per month which is lower than the rental fee with the same area and public utility.</p> <p><u>Comment of the Audit Committee</u></p> <p>The Audit Committee considered that the Company doesn't lose any benefits from the transaction. The commercial terms are fair and reasonable.</p> |
| 2. Providing of Financial Assistance | <ul style="list-style-type: none"> DNA Revolution Co., Ltd. DNA Freshair Co., Ltd. DNA Network and Engineering Co., Ltd. | <p>The Group provide financial assistance to DNA Revolution Co., Ltd. for its working capital</p> <p>The Group provide financial assistance to DNA Freshair Co., Ltd. for its working capital</p> <p>The Group provide financial assistance to DNA Network and Engineering Co., Ltd. for its working capital</p> | <p>52.75</p> <p>56.33</p> <p>16.06</p> | <p>The transaction is the providing of financial assistance to such company because it is currently expanding for investing in its subsidiaries and associates.</p> <p><u>Comment of the Audit Committee</u></p> <p>The Audit Committee considered that the financial assistance is the normal transaction of the Group. The interest and the commercial terms are fair and reasonable.</p> <p>The transaction is the providing of financial assistance to such company because it is currently procuring for its equipment.</p> <p><u>Comment of the Audit Committee</u></p> <p>The Audit Committee considered that the financial assistance is the normal transaction of the Group. The interest and the commercial terms are fair and reasonable.</p> <p>The transaction is the providing of financial assistance to such company because it is currently expanding for investing in its subsidiaries.</p> <p><u>Comment of the Audit Committee</u></p> <p>The Audit Committee considered that the financial assistance is the normal transaction of the Group. The interest and the commercial terms are fair and reasonable.</p> |



| Transaction Type | Related Person/Relationship | Description | Transaction Amount (Million Baht) | necessity And reasonableness of the transaction |
|------------------|---|---|-----------------------------------|---|
| | <ul style="list-style-type: none"> My Network and Solution Co., Ltd. | The Group provide financial assistance to My Network and Solution Co., Ltd. for its working capital | 25.58 | <p>The transaction is the providing of financial assistance to such company because it is currently in the process of develop the products and equipment to run the business.</p> <p><u>Comment of the Audit Committee</u></p> <p>The Audit Committee considered that the financial assistance is the normal transaction of the Group. The interest and the commercial terms are fair and reasonable.</p> |
| | <ul style="list-style-type: none"> DNA Sport Co., Ltd. | The Group provide financial assistance to DNA Sport Co., Ltd. for its working capital | 3.70 | <p>The transaction is the providing of financial assistance to such company because it is currently expanding its investing.</p> <p><u>Comment of the Audit Committee</u></p> <p>The Audit Committee considered that the financial assistance is the normal transaction of the Group. The interest and the commercial terms are fair and reasonable.</p> |
| | <ul style="list-style-type: none"> Hollywood (Thailand) Co., Ltd. | The Group provide financial assistance to Hollywood (Thailand) Co., Ltd. for its working capital | 1.60 | <p>The transaction is the providing of financial assistance to such company because it is currently procuring for its contents.</p> <p><u>Comment of the Audit Committee</u></p> <p>The Audit Committee considered that the financial assistance is the normal transaction of the Group. The interest and the commercial terms are fair and reasonable.</p> |
| | <ul style="list-style-type: none"> Digital Synergy Co., Ltd. | The Group provide financial assistance to Digital Synergy Co., Ltd. for its working capital | 15.14 | <p>The transaction is the providing of financial assistance to such company because it temporary needs liquidity.</p> <p><u>Comment of the Audit Committee</u></p> <p>The Audit Committee considered that the financial assistance is the normal transaction of the Group. The interest and the commercial terms are fair and reasonable.</p> |

| Transaction Type | Related Person/Relationship | Description | Transaction Amount (Million Baht) | necessity And reasonableness of the transaction |
|--------------------------------------|--|--|-----------------------------------|--|
| | <ul style="list-style-type: none"> DNA Retail Link Co., Ltd. | The Group provide financial assistance to DNA Retail Link Co., Ltd. for its working capital | 31.42 | <p>The transaction is the providing of financial assistance to such company because it just set up.</p> <p><u>Comment of the Audit Committee</u></p> <p>The Audit Committee considered that the financial assistance is the normal transaction of the Group. The interest and the commercial terms are fair and reasonable.</p> |
| | <ul style="list-style-type: none"> P Power Plant Energy 2 Co.,Ltd | The Group provide financial assistance to P Power Plant Energy 2 Co., Ltd. for its working capital | 0.50 | <p>The transaction is the providing of financial assistance to such company because it just set up.</p> <p><u>Comment of the Audit Committee</u></p> <p>The Audit Committee considered that the financial assistance is the normal transaction of the Group. The interest and the commercial terms are fair and reasonable.ความเห็นของคณะกรรมการตรวจสอบ</p> |
| | <ul style="list-style-type: none"> Mr. Samart Chuasiriphattana | DNA Revolution Co., Ltd. obtained financial assistance from Mr. Samart Chuasiriphattana for its working capital. | 8.8 | <p>The transaction is the obtaining of financial assistance from Mr. Samart Chuasiriphattana because DNA Retail Link Co., Ltd. is currently expanding for investing.</p> <p><u>Comment of the Audit Committee</u></p> <p>The Audit Committee considered that the financial assistance is the normal transaction of the Group. The interest and the commercial terms are fair and reasonable.</p> |
| 3. Obtaining of Financial Assistance | | | | |



Policy and Trend of Future Related Transactions

The Resolution of the Board of Directors' Extraordinary General Meeting No. 1 /2011 on 7 June 2011 has approved guidelines on related transaction as follows:

Related Transaction Policy

The Board of Director has the duty to oversee the transaction of the company to be compliance with requirements, regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand strictly. If any transactions of the Company and its subsidiaries are made with an individual who may have a conflict of interest, stakeholders, or may have a conflict of interest in the future, the Company will assign the Audit Committee to comment on the necessity and appropriateness of the transaction quarterly after the transaction are made in order to protect the best benefit of the company.

If the audit committee does not have the expertise to consider transactions that may occur, the Company will provide independent expert or auditor of the company to give comments on the transaction prior to the audit committee giving their comments on the necessity and appropriateness of such transactions. The comments will be used for the Board of Directors or shareholders' decision making. In the Board of Directors or shareholders' meeting to approve the transaction, the stakeholders will have no right to vote. The Company will disclose the information of the related transactions in the notes to the financial statements reviewed by the auditor of the Company.

Trend of Related Transaction in the Future

The Group may have the transaction as it deems appropriate. For the related party transactions that may occur in the future, the Group will operate based on normal commercial practice with the terms of trade that will be not different with the conditions that are made to a third party. In addition, the transaction will not be a transfer of benefit to anyone. The transaction will not be approved if it is related to any individual who may have a conflict of interest in the transaction.

The Company will comply with the Securities and Exchange Act 1992 and regulations, notifications, orders or requirements of the Stock Exchange of Thailand and the Securities and Exchange Commission, including the disclosure of related party transactions and the acquisition or disposition of assets of the registered company and its subsidiaries according to accounting standards set by The Institute of Certified Accountants and Auditor of Thailand strictly. The Group will report related transactions to the Audit Committee quarterly to consider the necessity and appropriateness of the transactions. If the audit committee does not have the expertise to consider any complicated transaction that may occur, the Company shall provide independent expert or assign the auditor of the company to comment on the transaction that the Board of Directors or the shareholders will be able to exploit such comment to make the decision (if applicable).

Management Discussion and Analysis: MD&A

Operational Performance and Financial Statement

The overall previous performance of the Group during 2014 to 2016 consisted of the operations from: 1) Home entertainment media; operated by the Company and its subsidiary, was the major business and main revenue which at the year end 2016, 12.34 percent of total revenue gained from this business. 2) Advertising and entertainment media are operated and administered by its subsidiaries and joint ventures which revenue recognition has booked since 2013. 3) Food and beverage business is operated by its subsidiary which revenue recognition has booked since the last quarter of 2014 and has been increased to 24.03 percent of total revenue in year end 2016 while total revenue of advertising and entertainment media is not so high. Moreover in the third quarter of 2016 the Company has started a new business (4) Communication Equipment Business which generate 22.23 percent of total income. The energy business, basic utility and IT which operated since 2015 still hasn't receive any profit from business operation.

Previous Business Overview

In 2015, the Company has additionally invested in Entertainment business by establishing Hollywood Reporter (Thailand) Co., Ltd; Movie License management and exhibition conductor, and World Sport Group Co., Ltd.; Sport marketing business. Moreover, The Executive always seeks for the possibility of investment for the company's high profitability. Thus, subsidiary company was established to study the possibility of investment in alternative energy business.

In 2016, the Company started a new business in communication equipment business to compensate on home entertainment business which operate at a continuous loss. The new lifestyle has reduce the interest in the home entertainment. Moreover the company divested in the subsidiaries company such as Primetime Entertainment Co., Ltd. and World Sport Group Co., Ltd.

Nevertheless, the executive monitor the "Risk Management" as the company policy in reducing any risk in business operation and management.

Business Overview in 2016 and Important Incidents relating to the Investing in Its Subsidiaries/Joint

In 2016, the Company established and invested in different fields of businesses which can be classified by business type as;

Home Entertainment

- DNA Retail Link Co., Ltd. aimed to distribute home entertainment products such as movie, music, and other published, CD, DVD retail store. In the third quarter of 2016 the Company has changed the focus of business to Communication Equipment Business. The business operates under a subsidiary, DNA Revolution Co., Ltd. and also own the majority of the share over 99.97 percent. In 2016 the Company raised the registered capital from 30,000,000 Baht to 70,000,000 Baht by selling additional common stock over 400,000 share at the price of 100 Baht per share. The increasing of the capital does not affect the shareholder equity.



Advertising and Media

- DNA Revolution Co., Ltd. (subsidiary company) invested in ordinary share of World Sport Group Co., Ltd., which is a Sport marketing business, held 340,000 of ordinary shares at par value 100 Baht. Total amount of investment was 34,000,000 Baht equal to 85 percent of paid-up capital. Later, the Company sold all the investment in World Sport Group Co., Ltd. to the third party in amount of 34,000,000 Baht.
- DNA Revolution Co., Ltd. (subsidiary company) invested in ordinary share of Hollywood Reporter (Thailand) Co., Ltd.; movie License management and exhibition conductor, held 50,001 of ordinary share at par value of 100 Baht, totaling 5,000,100 Baht or equal to 83.34 percent of paid-up capital.
- DNA Revolution Co., Ltd. (subsidiary) invested in ordinary share of Pen-Tor Holding Co., Ltd (PH); distributor of home entertainment products, share transfer at the total of 150,000 of ordinary share at 100 Baht par value or equal to 15 percent of paid- up capital or amounting 15,000,000 Baht.
- DNA Revolution Co., Ltd. increased the registered capital from 170,000,000 Baht to 260,000,000 Baht by issuing the additional ordinary share of 9,000,000 shares at par value of 100 Baht. The increasing in share capital does not affect the portion of share capital.

Alternative Energy, Public Utility and Technology

These business categories were ongoing process, thus, report of operation were not specified in year end of 2016.

- P Power Plant Co., Ltd. aim to generate and distribute electric power, with registered capital at 100,000,000 Baht. The Company held 99.97 percent of registered capital or 25,000,000 Baht Paid-up capital. The company is now under preparing stage so none of the operation performance report at the year end of 2016.
- P Power Plant Energy Co., Ltd. aim to hold share in other company share, especially in power plant business. P Power Plant Energy Co., Ltd. has paid-up capital amounting 3,000,000 Baht. The Company held 99.97 percent of registered capital. The Company is now under preparing stage so none of the operation performance report at the year end of 2016.
- P Power Plant Energy Co., Ltd. (subsidiary) has established another subsidiaries, aimed to generate and distribute electric power as detail below;
 - P Power Plant Energy1 Co., Ltd, with registered capital at 1,000,000 Baht, held 99.97 percent of registered capital.
 - P Power Plant Energy 2 Co., Ltd, with registered capital at 1,000,000 Baht, held 99.97 percent of registered capital.
 - P Power Plant Energy 3 Co., Ltd, with registered capital at 1,000,000 Baht, held 99.97 percent of registered capital.
- DNA Network & Engineering Co., Ltd. (subsidiary) invested in ordinary share of Samed Utilities Co., Ltd., aimed to produce and supply water, held 6,599,999 ordinary shares at par value 5 Baht per share. Total amount of investment was 42,900,000 Baht or equal to 54.99 percent of paid-up capital. Such company is now under preparing stage.

- Phuket Utilities Co., Ltd. aimed to invest in Public Utilities Service to produce and supply water supply (tap water), with 1,000,000 Baht Paid-up capital, which has been held by DNA Network & Engineering Co., Ltd., the subsidiary, at 99.98 percent. In the second quarter of 2016, the Company has sell all investment of Phuket Utilities Co., Ltd. to the third party at par value of 100 Baht, totaling 999,700 Baht.
- My NetWork and Solution Co., Ltd. aimed to provide network service and Telecommunication service. My Network and Solution Co., Ltd. has paid-up capital amounting 10,000,000 Baht which has been held by the Company at 50.99 percent.

1.1 Operational Performance and Profitability

Overall Operational Performance

Operational performance from the year 2014 to 2016, total income of the Group was 1,528.38 million Baht, 722.90 million Baht and 726.28 million Baht. The main income revenue is generated from the communication equipment business and food and beverage business. Unfortunately, the home entertainment business has gone through a slow period because of changes in lifestyle, and therefore in the third quarter of 2016 the Company changed focus from the home entertainment business to the communication equipment business. The Company recognized an opportunity for the new business, and a strategy was set to focus group on the middle-class, who have purchasing power, along with the middle price range product strategy.

Revenue

Revenue of the Group is classified into 3 main sections: 1) sales revenue which are from communication equipment, home entertainment business and food and beverage business 2) revenue from rending of advertising service and 3) other revenues; yet sales revenue was the major income of the Group; equivalent to more than 58.60 percent of total revenues during the past period.

From the year 2014 to 2016, the Group's total revenues were 1,528.38 million Baht, 722.90 million Baht and 726.28 million Baht respectively, which decreased 805.45 million Baht, 3.38 million Baht or decreased at the percentage of 52.70 and 0.47 from the year 2014 and 2015 respectively. Total revenues during 2014 to 2016 were shown as follows:

| Business Revenue | 2014 | | 2015 | | 2016 | |
|------------------------------|-----------------|---------------|---------------|---------------|---------------|---------------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Sales Revenue | 1,461.31 | 95.61 | 636.10 | 87.99 | 425.66 | 58.60 |
| - Home Entertainment Product | 1,260.96 | 82.50 | 443.56 | 61.36 | 89.65 | 12.34 |
| - Communication Equipment | - | - | - | - | 161.47 | 22.23 |
| - Food and Beverage | 200.35 | 13.11 | 192.54 | 26.63 | 174.54 | 24.03 |
| Service Revenue | 34.41 | 2.25 | 16.06 | 2.22 | 31.56 | 4.35 |
| Other Revenue | 32.66 | 2.14 | 70.74 | 9.79 | 269.06 | 37.05 |
| Total | 1,528.38 | 100.00 | 722.90 | 100.00 | 726.28 | 100.00 |



Revenue from sale

Sales revenue of the Group consists of (1) revenue from Home entertainment products who sell films/music as well as other publications (2) revenue from communication equipment which are android phones and (3) revenue from food and beverage industry under the brand name “Mister Bun” which is operated by its subsidiary Bun Co., Ltd.

Since the year 2014 to 2016, the Group sales revenue equal to 1,461.31 million Baht, 636.10 million Baht and 425.66 million Baht respectively, which continuously decreased at percentage of 52.70 and 33.08 in the year 2014 and 2015 respectively.

Two main factors for decreasing of sales revenue in the year 2015 were

- (1) The closing down branches where sell film and music and maintain only branches where continually expect to profitability, Since January 2014, 61 shops, 186 sale floor and 1,812 distributing points in Lotus Express and Mini Big C were closed down thus the total numbers of 65 shops were remained at the end of 2015. The Company consistently evaluated the competency of such branches and distributing points to sustain competitiveness of the Company.
- (2) The consumers' purchasing power was slow down because of the political rally which impacted on sales revenue in 2015. Moreover, consumer' behaviors toward entertainment media consumptions have been changed since newly alternative such as smart phones and so on were chosen.

Two main factors for decreasing of sales revenue in the year 2016 were

- (1) The closing down branches where sell film and music and changed to business to sell the communication equipment instead of home entertainments.
- (2) The closing down unprofitable branches of Mister. Bun

Revenue from Services

Since the year 2014 to 2016, the Group sales revenue equal to 34.41 million Baht, 16.06 million Baht and 315.56 million Baht respectively.

The main factor for the reduction of service revenue in 2015 was the termination of Broadcasting Contracts in March, 2015 for served and monitored the advertising during breaking news through the National Broadcasting Services of Thailand under Public Relations Department. However, service revenue in the second half of the year 2015, approximately 9.70 million Baht, was from Service Business and Sport Administration.

The main factor of the increasing of service revenue in 2016 was from the television rights to broadcast LIVE Thai kickboxing programs. The revenue had increased by 15.5 million Baht or 96.51 percent before the Company sold all investment to the third party in the third quarter of 2016.

Other Revenues

In 2014, other revenues came mainly from sale promotions revenue; other revenues such as franchise fees and profit from sold investments of Unlimited Content Co., Ltd which were 47.14, 21.34, 10.72 and 10.00 percent of other revenues, respectively

In 2015, other revenues came mainly from sale promotions revenue, shop rental fee, profit from disposal of assets (equipment and decorations) which were 17.78, 13.36 and 40.70 percent of other revenues, respectively.

In 2016, other revenues came mainly from selling investments of subsidiary companies: Primetime Entertainment Co. Ltd. and World Sport Group Co. Ltd. Interest received and the adjustment of allowance for doubtful accounts, and other revenue which were for 64.72 percent, 3.34 percent, 16.93 percent and 21.69 percent of other revenues, respectively

Cost

Cost occurring in the Group is classified into two categories according to revenue from sales: cost of sales and service cost as follows:

| | 2014 | 2015 | 2016 |
|--|----------|---------|---------|
| 1) Cost of Sales (Million Baht) | 991.32 | 599.38 | 395.32 |
| % of cost per sale revenue | 67.84% | 94.23% | 92.87% |
| 2) Cost of Service (Million Baht) | 20.44 | 31.61 | 51.40 |
| % of cost per service revenue | 59.40% | 196.80% | 164.84% |
| Total | 1,011.76 | 630.99 | 446.71 |
| % of cost per sale and service revenue | 67.64% | 96.75% | 97.70 % |

Cost of Sales

During 2014 to 2016, cost of sales of the Group were 991.32 million Baht, 599.38 million Baht and 395.38 million Baht; equivalent to percentage of 67.84, 94.23 and 92.87 of sale revenue for each period, respectively.

Cost of sales to revenue ratio for Group in 2015 increased from 2014, because the Company bared the cost from the home entertainment business while closing down 1,812 non-profitable branches. The profitable branches remain open.

Cost of sales to revenue ratio for the Group in 2016 decreased from 2015 because the Company bared the cost from the home entertainment business and closed down additional non-profitable branches in 2016. The Company acknowledged the cost of the communication equipment business which started in the third quarter of 2016.

Cost of Services

The amount of advertising cost in 2014 to 2016 was 20.44 million Baht, 31.61 million Baht and 51.40 million Baht; or equal to percentage of 59.40, 196.80 and 164.84 of service revenue, respectively. The main factor for the reduction of cost of service in 2015 was from in the second half of the year 2015 came from Lumpinee Boxing Stadium's royalty fee and live broadcasting.

Cost of service in 2016 increased by 19.79 million Baht or 62.61 percent. The Company licensed the television rights to broadcast LIVE Thai kickboxing programs at the end of 2015 and continued in 2016, before the Company sold all investment in the third quarter of 2016.

**Selling and Administrative Expenses**

During 2014 to 2016, selling and administrative expenses were 557.95 million Baht, 535.31 million Baht and 536.27 million Baht or equivalent to 37.30 , 82.08 and 117.29 percent of total revenues (not including other revenue), respectively. Selling expenses was the main component which was 32 to 68 percent of selling and administrative expenses for period of time. The details of selling and administrative expenses were shown as:

| | 2014 | 2015 | 2016 |
|--|--------|--------|---------|
| Sales Expense (Million Baht) | 378.09 | 293.50 | 172.08 |
| % of total revenue (excluding other revenue) | 25.28% | 45.00% | 37.64% |
| Administrative Expense (Million Baht) | 179.86 | 241.81 | 364.19 |
| % of total revenue (excluding other revenue) | 12.02% | 37.08% | 79.65% |
| Sales and Administrative Expense (Million Baht) | 557.95 | 535.31 | 536.27 |
| % of total revenue (excluding other revenue) | 37.30% | 82.08% | 117.29% |
| % Sales Expenses/Sales and Administrative Expenses | 67.76% | 54.83% | 32.09% |

Selling Expense

Selling expenses composed of salespersons' salary and commissions, rents and depreciation on equipment for sales activities (shelves, audio equipment of each branch) which expenses varied to sales revenue equaling to 25-45 percent of total revenue.

In 2014-2016, selling expenses were 378.09 million Baht, 293.50 million Baht and 172.08 million Baht respectively or equal to 25.28, 45.00 and 37.64 percent of total revenues (excluding other revenue), respectively. In 2015 and 2016 decreased as a result of closing branches. Hence, there is necessary expense varied to the decreasing of sell.

Administrative Expenses

Administrative expenses consisted of salary, welfare, office expenses, directors' compensation, depreciation and other expenses. In addition, administrative expense was not varied directly to revenue. Approximately 45 percent of administrative expense are relating to employees and directors expense.

During 2014 to 2016, administrative expense was 179.86 million Baht, 241.81 million Baht and 364.19 million Baht; or equivalent to 12.02, 37.08 and 79.65 percent of total revenue (excluding other revenue), respectively.

The increase in administrative expenses in 2015, was from losses adjustment from investments; approximately 11.82 Million Baht, and allowance for doubtful accounts for late-paying debtors; approximately 55.63 Million Baht.

The increase in administrative expenses in 2016 was from the setup of allowances for doubtful accounts for short term borrowing to related persons or parties and which was 66.39 million Baht. Allowance for film right which was 10.23 million Baht. The estimated damages cost in a lawsuit which was 23.16 million Baht.

Financial Cost

Financial cost during 2014 to 2016 was 5.17 million Baht, 13.74 million Baht and 14.84 million Baht; or equal to 0.34, 1.91 and 2.04 percent of total revenues of the Group, respectively. Financial cost increased in 2016 because the Company was in charge of loan from financial Institutions and issued bill of exchange to operating business and business expansion.

Profitability

Gross profit ratio compared to sale and service revenue in 2014 to 2016 was 32.36, 3.25 and 2.29 percent, respectively. In 2015 to 2016, the ratio of gross profit business from Bun Co., Ltd. (food and beverage) steady maintained while cost structure impacted on gross profit margin in home entertainment product, advertising and entertainment media business. The structure of gross profit ratio was shown as follows:

| Gross Profit Margin | 2014 | 2015 | 2016 |
|---|--------|---------|----------|
| Compared to sale revenue (Home Entertainment Product and Food and Beverage) | 32.16% | 5.77% | 7.12% |
| Compared to service revenue | 40.60% | - 9.68% | - 62.84% |
| Compared to sale and service revenue | 32.36% | 3.25% | 2.29% |

Overall Company's ability to make profit continually decreased from 2014 to 2016 which net profit was 55.42 million Baht or equivalent to 3.63 percent of total revenue in 2014. On the other hand, the Company had net loss in 2015 and 2016 equaling to 502.51 million Baht and 311.91 million Baht, respectively.

Considering of profitability, found that 32.36 percent gross profit of year 2014 derived from the Food and Beverage business of Mr. Bun and revenue from business service fee from media and entertainment business. Although most profit in 2015 to 2016 still came from Bun Co., Ltd. (food and beverage), the overall decrease of net margin was a result of closing of home entertainment product branches approximately 1,812 locations. In addition, the termination of Broadcasting Contracts and businesses expansion which began in the middle of the year did not cause full revenue while all expense were fix expense for further service.

1.2 Asset Management

Financial Statement

At the year ended 2014 to 2016, total assets were 1,144.11 million Baht, 1,191.85 million Baht and 670.87 million Baht, respectively.

The details of the asset of the Company were as follows:



| Total Asset Ratio | 2014 | 2015 | 2016 |
|--|----------------|----------------|----------------|
| Cash, cash equivalent and Temporary investment | 11.96% | 17.35% | 11.44% |
| Accounts Receivable and Other Receivable, net | 26.68% | 22.55% | 10.45% |
| Inventories | 25.61% | 7.47% | 10.45% |
| <i>Current asset</i> | <i>71.87%</i> | <i>60.26%</i> | <i>32.21%</i> |
| Building Improvement | 8.18% | 6.76% | 12.30% |
| Property investment | - | - | 12.77% |
| Intangible Assets (Copyright, Intangible Assets, and Goodwill) | 8.26% | 3.84% | 13.93% |
| Available-for-sale Securities | - | 12.67% | 14.76% |
| <i>Non- current asset</i> | <i>28.14%</i> | <i>39.74%</i> | <i>67.79%</i> |
| <i>Total Asset</i> | <i>100.00%</i> | <i>100.00%</i> | <i>100.00%</i> |

The table showed the structure of asset which was mainly current asset at percentage of 32-72 of total assets for last three years. Major assets were (1)Accounts Receivable and Other Receivable, net (2) Cash, cash equivalent and Temporary investment (3) Available-for-sale Securities and (4) Inventories; equivalent to 10.45, 11.44, 14.76 and 10.45 percent of the total assets. The details of changing in major asset were as follows:

Account Receivables and Net Other Receivables

At the year ended 2014 to 2016, account receivables and net other receivables comprised of trade account receivables, prepaid expenses, accrued income, notes receivable and net other receivables which were 305.15 million Baht, 268.20 million Baht and 70.11 million Baht equaling to 26.68, 22.55 and 10.45 percent of total assets, respectively.

Major account receivables of the Group came from selling movies/music products and invoicing transactions.

Cash, cash equivalent and Temporary investment

At the end of 2014 to 2016, the Group has Cash, cash equivalent and Temporary investment around 136.80 million Baht, 206.76 million Baht and 76.75 million Baht respectively or equal to 11.96, 17.35 and 11.44 of total assets consecutively,

At the end of year 2016, the Group held (1) 73.59 million Baht of cash and cash equivalent which closed to end of the year 2015 at approximately 89.21 Million Baht, and (2) Temporary investment, which was from Debt Instrument Investment, was 3.16 million Baht added 114.40 million Baht from end of the year 2015.

Available-for-sale Financial Assets

Equity Instruments held by the Group are classified as being available-for-sale. The value of available for sale assets at December 2016 was 99 million Baht or equal to 14.76% of total assets. Although, the value of available-for-sale investment was 169.00 million Baht, after amending in available investment, the fair value based on market value were 99.00 million Baht in December 2016.

Inventory

At the end of 2014 to 2016, the Group has inventory around 292.21 million Baht, 88.98 million Baht and 49.82 million Baht respectively or equal to 25.60, 7.47 and 10.45 of total assets consecutively, respectively. In 2014, the proportion of inventory to total assets continually decreased due to strategy of decreasing investment in inventory and maintaining adequate volume of goods to reduce operating and supplying cost. Therefore, value of inventory declined and this strategy has been implemented. The decreasing in the portion of 2015 to 2016 was mainly from the closing down of selling areas of 1,812 areas in 2015 and 65 areas in 2016; resulting in decreasing in inventory.

In addition, the policy of reserving allowance for decreasing in value of goods will be considered from value that expects to sell goods in the future. When expected value in the future is lower than recorded value, then the reserve is set. At the present, film production cost or buying price on CD/DVD is quite low; therefore, the chance of selling price that will be lower than cost of product would be hard to occur. For reserving allowance for obsolete goods will be considered from duration of goods in inventory. At the end of 2015, the Group has reserved allowance for decreasing in value of goods and allowance for obsolete goods were 6.37 million Baht and 4.58 million Baht respectively or combined to 10.96 percent of value of goods in inventory before reserving allowance. At the end of 2016, the Group has reserved and allowance were 25.28 million Baht which is around 33.76 percent of value of goods in inventory before reserving allowance.

For other asset such as intangible assets as at December 31, 2014-2016 consisted of: film rights, intangible and goodwill which altogether were 90.40 million Baht, 114.31 million Baht and 93.46 million Baht respectively or equivalent to 8.25, 9.59 and 13.93 percent of total assets, respectively.

Lists of intangible assets in 2016 were goodwill, film copyrights and intangible assets; equivalent to 64.46, 21.23 and 14.31 percent of intangible assets respectively; or 8.98, 2.96 and 1.99 of total assets, respectively.

Liquidity and Adequacy of Company's Capital

Source of Finance and Investment of Capital

Two major sources of investment funds came from 2 major sources such as 1) loans from Financial Institutions and other and commercial credit line reflecting structure of Company's liabilities; 2) fund raising reflecting structure of capital and shareholders' equity. Source of capital depends on suitability in each period and appropriate situation during that time. From the last three years, source of capital were concluded as follows:

| Source of Finance and Investment of Capital (million Baht) | 2014 | 2015 | 2016 |
|---|-----------------|-----------------|---------------|
| Total liability | 553.85 | 476.33 | 284.82 |
| Current liability | 529.26 | 462.74 | 237.00 |
| Non-current liability | 24.59 | 13.59 | 47.82 |
| Shareholders' equity | 590.26 | 715.52 | 386.04 |
| Issued and paid-up share capital | 188.33 | 264.58 | 264.58 |
| Share premium | 309.78 | 842.53 | 842.53 |
| (Loss) Unappropriated retained earning | 17.88 | (437.30) | (710.80) |
| Total liabilities and Shareholders' equity | 1,144.11 | 1,191.85 | 670.87 |



| Total Asset Ratio | 2014 | 2015 | 2016 |
|--|---------------|---------------|---------------|
| <u>Debt</u> | | | |
| Overdraw | 0.45% | 0.40% | - |
| Trade Accounts and Notes Payable | 18.74% | 17.79% | 19.15% |
| Short- Term Loan from Financial Institution | 25.87% | 19.25% | 14.15% |
| <i>Total current liabilities</i> | <i>46.26%</i> | <i>38.83%</i> | <i>35.33%</i> |
| <i>Total liabilities</i> | <i>48.41%</i> | <i>39.97%</i> | <i>42.46%</i> |
| <u>Capital structure and shareholder's equity</u> | | | |
| <i>Shareholders' equity</i> | <i>51.59%</i> | <i>60.03%</i> | <i>57.54%</i> |
| Debt to Equity ratio (times) | 0.94 | 0.71 | 0.84 |
| Current asset to current liabilities ratio (times) | 1.55 | 1.55 | 1.04* |

*Current asset ratio to current liability ratio in 2016 does not include long term loans from financial institutes, which are classified as a current portion of long-term debt. The current ratio condition is under negotiation.

Considering source of capital of the Group, Debt to Equity ratio in 2014 to 2016 which was 0.94, 0.71 and 0.84 times, respectively.

In 2014, the Company used short-term borrowings from Financial Institutions and drew promissory notes to operate business. While the main source of capital in 2015 came from 1) the capital increased by issuance common stock with a total paid up amounting 610 million Baht and 2) Short term loan from Financial Institutions and issuance of promissory note. The main funding capital sources in 2016 were from the increased capital in 2015, short-term loans from financial institution and issuance of promissory note.

Current ratio of the Company, the current asset to the current liability of the Company were at the rate of 1.55, 1.55 and 1.04 in 2014 to 2016 respectively, showing that the Company's liquidity was quite good.

The structure of liabilities as well as structure of capital and shareholders' equity was concluded as:

The structure of liabilities

At the end of 2014 to 2016, the Group has total liabilities in the amount of 553.85 million Baht, 476.33 million Baht and 284.82 million Baht respectively; or equivalent to 48.41, 39.97 and 42.46 percent of total assets consecutively. Those liabilities in 2016 decreased to percentage of 40.21 from 2015 due to falling of short-term borrowings from Financial Institutions to shares payment in other companies. On the other hand, trade account payables decreased to 39.41 percent comparing to the end of previous year.

Major liability of the Company during 2014 to 2016 was current liabilities equaling to 46.26, 38.83 and 35.33 of total assets, respectively. Such current liabilities mostly came from trade/notes payable; except for 2016, the proportion of short-term borrowings debts was higher than trade/notes payable. While non-current liabilities were 2.15, 1.14 and 7.13 of total assets; those were financial contracts debt, employees' benefit obligation and other non-current liabilities such as income tax, etc.

Therefore, from the structure of liabilities above, it showed that source of capital mainly came from trade account payable and short-term borrowings as follows:

Trade Account Payable

Trade account payables were major source of finance of the Company. During 2014 to 2016, account payables were 214.45 million Baht, 212.05 million Baht and 128.47 million Baht respectively; or equivalent to 18.74, 17.79 and 19.15 percent of total assets. Most of trade account payables are from Home entertainment business varied relatively to revenue from Home entertainment products.

Short-Term Borrowings

At the end of 2015 and 2016, short-term borrowings were 229.45 million Baht and 49.33 million Baht or 19.25 and 7.35 percent of total assets. The Company received short-term borrowings from Financial Institutions to partly invest in other companies including purchase other copyrights, etc.

Structure of Capital and Shareholders' Equity

At the end of 2014 to 2016, the Company had registered the capital and paid-up capital of 376.11 million Baht, 376.11 million Baht and 327.36 million Baht consecutively. At the end of 2015, the Company had registered ordinary 7,522,183,000 shares at par value 0.05 Baht while in 2016, the Company's registered ordinary were 6,542,183,000 shares at par value 0.50 Baht.

While registered paid-up capital at the end of year 2014 to 2016 were 188.33 million Baht, 264.58 million Baht and 264.58 million Baht respectively. The number of shares on December 31, 2016 was consisted of register ordinary 5,291,665,920 shares at par value 0.05 Baht per share.

At the year ended of 2014 to 2016, shareholders' equity was 590.26 million Baht, 715.52 million Baht and 386.04 million Baht respectively. The decreasing in shareholders' equity in 2016 mainly from net loss profit of 311.91 million Baht therefore, unappreciated deficits were 710.80 million Baht

Liquidity

| (unit : Million Baht) | | | |
|---|----------|----------|----------|
| Statement of Cash Flows | 2014 | 2015 | 2016 |
| Net cash provided by (used in) Operating Activities | (82.36) | (221.46) | (91.58) |
| Net cash provided by (used in) investing activities | (115.52) | (344.05) | (110.02) |
| Net cash provided by (used in) Financing Activities | 221.67 | 546.45 | (34.06) |
| Net increase (Decreased) in cash and cash equivalents | 23.78 | (19.06) | (15.62) |

Statement of cash flow during 2014 to 2016 showed that cash mainly came from financing activities which mainly financing activities in 2015, the Company issued new ordinary shares for private placement consequently financing activities of cash flow in 2015 were 610.00 million Baht. It is opposite to 2016, financing activities came from financial institution loans and repayment plans to create cash flow, which was 34.06 million Baht.



Most of cash were used by operating activities which invested in inventory and trade account receivables exceeding trade account payables; resulting in cash flow from operating activities during 2014 to 2016 were 82.36 million Baht, 221.46 million Baht and 91.58 million Baht. Moreover, the Group expanded investments to other industries that have potential and distribute risks. So, cash flow from investing activities was 115.52 million Baht, 344.05 million Baht and 110.02 million Baht during 2014 to 2016.

Contingent Liability

At the end of 2016, contingent liabilities were shown in the footnote to financial statement as:

- 1) Letter of Credit by bank to third parties to guarantee the purchase of goods, plants and buildings rents of 2.16 million Baht
- 2). Long-term leasing contracts about plants and buildings as well as service contracts; the total amount of future minimum lease payments could not be cancelled was 56.26 million Baht.

Factors that Probably Affect Financial Position or Future Operation

The Company has shifted the competency from the home entertainment business in 2016 to the communication equipment business. The strategy was set according to the competitive market, and the branch locations that have the potential to support the new business will remain open. Selecting the shops and turning them to communication equipment shops has helped the Company for further investment and loss. However, next year the Company plan to expand the communication equipment business, therefore, the Company must find a source of investment for the expansion and management in a highly competitive market. All of the above mentioned are factors which effect Company operations.

The food and beverage business revenue recognition in 2014-2016 was 200.35 million Baht and 192.54 million Baht and 174.54 million Baht respectively. The business is the core competency of the Company, even though the business was effect by the slow-growth economy, it has generated a comparative income. In the future, the business will grow according to the strong management which will affect the general income and increase the income of the Group.

For other investments of the Group, when such book value is lower than value investing, loss of profit probably occurs which affect future performance of the Group. However, the Company assigns the policy to closely and consistently monitor the operations of its subsidiaries.

As a result, seeking in different channels to increase more revenue; rather than major business, the Company will strongly and longevity grows in the future.

Report of the Audit Committee

Dear Shareholders

The Audit Committee of DNA 2002 Public Company Limited consists of 3 independent directors who are highly qualified and experienced in legal, financial and organizational management. The names of the committee are listed as follows:

- | | |
|--|----------------------------|
| 1. Pol. Maj. Gen. Lattasanya Piansomporn | Chairman - Audit Committee |
| 2. Mr. Chalermpong Mahavanidvong | Audit Committee |
| 3. Flt. Lt. Dr. Suchet Sundaravej | Audit Committee |

In 2016, the Audit Committee had 5 meetings. The performance of the Audit Committee can be summarized as follows:

Financial Statement Review

The Audit Committee has reviewed the quarterly and annual financial statements of DNA 2002 Public Company Limited in 2016, and has invited the Company's auditor to attend all meetings that considered the financial statement of each quarter and the annual financial statements. The Audit Committee has questioned the accuracy and completeness of the financial statements in order to have reliable and sufficient information disclosure, the auditing of financial statements of the mentioned committee is conducted independently without the Executive in attendance.

Internal Control System Review

The Audit Committee has reviewed the internal control system by giving recommendations and monitoring the implementation in order to ensure that the Company has the internal control system that is adequate and effective for its business, guaranteeing that the company can continue in business as planned.

Review of Related Transactions or Transactions That Might Have Conflicts of Interest

The Audit Committee has reviewed related transactions or transactions that might have conflicts of interest to avoid conflicts among stakeholders and to protect the interests of the company and the shareholders of the company.

Appointment of the Auditor for 2017

The Audit Committee has proposed to appoint the auditors of the Company and subsidiaries, and considered the Financial Statement audit fee and present to the Board of Directors for consideration and approval at the annual meeting of shareholders in 2017.

From all duties mentioned above, The Audit Committee has used their knowledge carefully and independently for the benefit of the company and shareholders. The Audit Committee has the opinion that the financial statements of the Company are reliable with accuracy and completeness in accordance with accepted accounting standards. The Company has the internal control system which is effective and sufficient. The Audit Committee found no significant defect issues and agreed that the Company's internal controls are adequate, effective and appropriate to the business operations of the Company. Moreover, the Audit Committee has commented about the related transactions that they appeared to be normal commercial transactions with reasonable value and the Company had benefits from the transactions. Furthermore, the company has operated in accordance with the good corporate governance in compliance with all legal requirements, regulations and related obligations regarding the business operations of the Company.



(Pol. Maj. Gen. Lattasanya Piansomporn)
Chairman of the Audit Committee

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

As of December 31, 2016

DNA 2002 Public Company Limited



ENJOY EVERYDAY

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Independent Auditor's Report

To the Board of Directors and Shareholders of DNA 2002 Public Company Limited

My opinion

In my opinion, the consolidated financial statements of DNA 2002 Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated financial position of the Group and separate financial position of the Company as at 31 December 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

I have audited the accompanying consolidated financial statements of the Group and separate financial statements of the Company, which comprise the consolidated and separate statements of financial position as at 31 December 2016, and the related consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

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



| Key audit matter | How my audit addressed the key audit matter |
|--|---|
| <p><i>Goodwill impairment assessment</i></p> <p>Refer to note 19 to the consolidated financial statements for the related disclosures, the Group's goodwill is recognised in two Cash Generating Units (CGUs): "Utilities (Baht 11.41 million)" and "Food and beverage" (Baht 48.84 million).</p> <p>Management has concluded that there is no impairment of goodwill in respect of all CGUs.</p> <p>I focused on this area due to the size of the goodwill balance, and because the management and directors assessment of the value in use of the Group's CGUs involves judgements about the future results of the businesses and the discount rates applied to future cashflow forecasts. Small subjective changes can have a material impact on the VIU assessment and any resultant impairment charge.</p> | <p>I evaluated management 's cashflow forecasts of each CGU and the process by which they were developed, including verifying the mathematical accuracy of the underlying calculations. I also compared them to the latest Board approved budgets. I found that the budgets used in the value in use calculations were consistent with the Board approved budgets, and that the key assumptions, which are growth rate and discount rate were oversight by the management.</p> <p>I compared the current year (2016) actual results with the prior year (2015) forecast to consider whether any forecasts included assumptions that, with hindsight, had been optimistic. I found that actual performance was materially consistent with forecast performance.</p> <p>How my audit addressed the key audit matter</p> <p>I also challenged:</p> <ol style="list-style-type: none"> 1. management's key assumptions for long-term growth rates in the forecasts by comparing them to historical results and economic and industry forecasts; and 2. the discount rate used in the model by assessing the cost of capital of the Group by comparing it to market data. <p>I found, based on audit works, the key assumptions used by management in relation to the value in use calculations were reasonable and appropriate in light of current environment.</p> |

| Key audit matter | How my audit addressed the key audit matter |
|---|--|
| <p><i>Impairment of investment in associates</i></p> <p>Refer to note 12 to the consolidated financial statements for the related disclosures on investment in associates.</p> <p>During 2014, the Group acquired an associate; Digital Synergy Company Limited (formerly, "Primetime Solution Company Limited") which engaged in the business of design, manufacture, distribution, and provide consultancy in the preparation of media productions, multimedia technology and animation, especially the Platform services providing for media content. The total investment was Baht 94 million, the Group has recognised share of loss during 2014-2016 of Baht 70.86 million. Management has concluded that there is no impairment in respect of Digital Synergy.</p> <p>I focused on this area due to the size of the investment balance, and because the management assessment of the value in use of Digital Synergy Company Limited involves judgements about the future results of the business and the discount rates applied to future cashflow forecasts.</p> | <p>I evaluated management's cashflow forecasts and the process by which they were developed, including verifying the mathematical accuracy of the underlying calculations. I also compared them to the latest Board approved budgets. I found that the budgets used in the value in use calculations were consistent with the Board approved budgets, and that the key assumptions were subject to oversight by the management.</p> <p>We compared the current year (2016) actual results with the prior year (2015) forecast to consider whether any forecasts included assumptions that, with hindsight, had been optimistic. We found that actual performance was materially consistent with forecast performance.</p> <p>We also challenged:</p> <ol style="list-style-type: none"> 1. management's and directors key assumptions for long-term growth rates in the forecasts by comparing them to historical results and economic and industry forecasts; and 2. the discount rate used in the model by assessing the cost of capital of the Group by comparing it to market data. <p>I found the assumptions used by management in relation to the value in use calculations to be reasonable.</p> |



| Key audit matter | How my audit addressed the key audit matter |
|---|--|
| <p><i>Provision related to home entertainment products</i></p> <p>Refer to note 4, note 11, and note 9 to the financial statements for the related disclosures.</p> <p>Since 2015, the home entertainment business had been affected from economic deflation, and the shift in lifestyle, the Group had been closing down the deficit retail shops, and expanding to technology and basic utilities businesses. As a result of this change, in 2016, the Group no longer sells the home entertainment products; i.e., music CD, VCD, and DVD. This resulted in an issue in recoverability of assets from the old business, which are inventories and accounts receivable.</p> <p>The valuation of inventories and other receivables balance was focused on because the nature of the judgements made by management and directors when assessing the level of provisions required and the size of the balances. The provision for obsolete inventories of Baht 25 million, and provision for other receivables of Baht 25 million were recognised to the statement of comprehensive income.</p> | <p><u>Provision for obsolete inventories</u></p> <p>The obsolescence provision is calculated by applying a judgemental percentage of the expected stock to be sold in the future, based historical data, as well as management's view of the current stock profile and age.</p> <p>I assessed the reasonableness of this provision as follows:</p> <ul style="list-style-type: none"> • assessing the accuracy of the historical data by checking with the sale report • inquiring with the management for reasonableness of provision <p>I found the provision of obsolete sotck to be reasonable.</p> <p><u>Provision for other receivables</u></p> <p>The provision for other receivables is calculated by applying a judgemental balance based on the historical collectibility data as well as management's view of the current profile of the debtors.</p> <p>I assessed the reasonableness of this provision as follows:</p> <ul style="list-style-type: none"> • assessing the accuracy of the historical data on the collectibility by checking with the receipt report • inquiring with the management for reasonableness of provision <p>I found the provision of other receivables to be reasonable.</p> |
| <p><i>Impairment of investments and provision for loan to subsidiaries</i></p> <p>Refer to note 12 and note 34 to the separate financial statements for the related disclosures.</p> <p>The Company has invested in six subsidiaries with a total investment cost of Baht 402.80 million, and also granted loan to these subsidiaries of Baht 92.05 million. During 2016, the Company recognised loss from the impairment of investment in subsidiaries of Baht 55 million and recognised loss from allowance for loan to subsidiaries of Baht 25 million, which are included in the separate statement of comprehensive income.</p> <p>I focused on this area due to the size of the balances and the management and director's judgements to determine the provision for impairment of investments and allowance for loan to subsidiaries.</p> | <p>I audited the provision for impairment on investments in subsidiaries and allowance for loan to subsidiaries in order to evaluate whether the provisions were appropriate as follow ;</p> <ul style="list-style-type: none"> • evaluating the operations and financial positions for the year ended 31 December 2016 of the subsidiaries, • considering with the historical performance of the subsidiaries; • inquiring with management for reasonableness of impairment of investment and provision for loan to subsidiaries; <p>I also tested the mathematical accuracy of the impairment calculation.</p> <p>I found that the provision for impairment of investments in subsidiaries and loan to subsidiaries were adequate.</p> |

Other information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

PricewaterhouseCoopers ABAS Ltd.

Boonlert Kamolchanokkul

Certified Public Accountant (Thailand) No. 5339

Bangkok

24 February 2017

Statement of Financial Position

DNA 2002 Public Company Limited
Statements of Financial Position
As at 31 December 2016

| | Notes | Consolidated financial statements | | Separate financial statements | |
|--|-------|--------------------------------------|-----------------------------|----------------------------------|-----------------------------|
| | | 31 December 2016 Baht | 31 December 2015 Baht | 31 December 2016 Baht | 31 December 2015 Baht |
| | | | | | |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 7 | 73,594,163 | 89,210,312 | 6,191,932 | 5,862,850 |
| Short-term investments | 8 | 3,158,751 | 117,553,827 | 93,723 | 98,749,272 |
| Trade and other receivables, net | 9 | 70,108,834 | 268,195,819 | 42,446,881 | 240,646,948 |
| Short-term loans to related parties | 34 d) | - | 88,150,548 | 67,251,702 | 111,235,664 |
| Short-term loans to other company | 10 | 2,900,000 | - | - | - |
| Inventories, net | 11 | 49,816,560 | 88,977,451 | - | 28,755,690 |
| Current portion of prepaid rents | 18 | 661,485 | 2,533,713 | 661,485 | 661,485 |
| Deposit for investments | | - | 38,000,000 | - | - |
| Other current assets | | 15,859,733 | 25,641,259 | 7,461,292 | 8,193,043 |
| Total current assets | | 216,099,526 | 718,262,929 | 124,107,015 | 494,104,952 |
| Non-current assets | | | | | |
| Deposit at bank used as collateral | | 1,230,000 | 30,911,958 | 1,230,000 | 24,830,004 |
| Available-for-sale investments | 8 | 99,000,000 | 151,000,000 | 99,000,000 | 151,000,000 |
| Investment in subsidiaries | 12.2 | - | - | 342,696,717 | 312,796,617 |
| Investment in associates | 12.1 | 23,901,286 | 37,528,870 | - | - |
| Long-term investment | 13 | 15,949,950 | 15,949,950 | - | - |
| Leasehold improvement and equipment, net | 14 | 82,506,272 | 80,525,821 | 1,792,295 | 2,845,054 |
| Investment property | 15 | 85,700,000 | - | 85,700,000 | - |
| Film rights, net | 16 | 19,840,584 | 45,788,298 | - | 29,958,117 |
| Intangible assets, net | 17 | 13,372,925 | 8,281,765 | 2,171,830 | 4,457,358 |
| Long-term prepaid rents | 18 | 1,175,479 | 3,697,947 | 1,175,479 | 1,836,964 |
| Goodwill | 19 | 60,244,469 | 60,244,469 | - | - |
| Other non-current assets | | 51,845,630 | 39,660,977 | 4,251,857 | 4,555,792 |
| Total non-current assets | | 454,766,595 | 473,590,055 | 538,018,178 | 532,279,906 |
| Total assets | | 670,866,121 | 1,191,852,984 | 662,125,193 | 1,026,384,858 |

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



DNA 2002 Public Company Limited
Statements of Financial Position (Cont'd)
As at 31 December 2016

| | Notes | Consolidated financial statements | | Separate financial statements | |
|--|-------|--------------------------------------|----------------------|----------------------------------|----------------------|
| | | 31 December 2016 | 31 December 2015 | 31 December 2016 | 31 December 2015 |
| | | Baht | Baht | Baht | Baht |
| Liabilities and equity | | | | | |
| Current liabilities | | | | | |
| Bank overdrafts | | - | 4,795,712 | - | - |
| Trade and other payables | 22 | 128,471,568 | 212,051,726 | 28,307,269 | 40,880,065 |
| Short-term loan from related parties | 34 e) | 10,050,000 | 8,800,000 | 4,000,000 | - |
| Current portion of finance lease liabilities | 21.1 | 209,669 | 563,247 | - | 241,409 |
| Current portion of long-term borrowings | 21.3 | 45,583,658 | - | 45,583,658 | - |
| Short-term borrowings | 21.2 | 49,334,532 | 229,447,707 | 10,000,000 | 120,478,166 |
| Accrued income tax | | - | - | - | - |
| Other current liabilities | | 3,347,913 | 7,078,896 | 1,050,070 | 493,727 |
| Total current liabilities | | 236,997,340 | 462,737,288 | 88,940,997 | 162,093,367 |
| Non-current liabilities | | | | | |
| Long-term finance lease liabilities | 21.1 | 9,606 | 209,413 | - | - |
| Long-term borrowings from financial institutions | 21.3 | 26,720,166 | - | 26,720,166 | - |
| Employee benefit obligations | 23 | 8,649,868 | 5,011,488 | 2,801,804 | 1,622,847 |
| Deferred tax liabilities | 20 | 2,399,444 | 2,534,173 | - | - |
| Other non-current liabilities | | 10,044,813 | 5,839,540 | - | - |
| Total non-current liabilities | | 47,823,897 | 13,594,614 | 29,521,970 | 1,622,847 |
| Total liabilities | | 284,821,237 | 476,331,902 | 118,462,967 | 163,716,214 |
| Equity | | | | | |
| Share capital | | | | | |
| Authorised share capital | 24 | | | | |
| Ordinary share 6,547,183,000 shares of par Baht 0.05 each (2015: ordinary share, 7,522,183,000 shares of par Baht 0.05 each) | | 327,359,150 | 376,109,150 | 327,359,150 | 376,109,150 |
| Issued and paid-up share capital | | | | | |
| Ordinary share 5,291,665,920 shares of paid-up Baht 0.05 each (2015: ordinary share, 5,291,665,920 shares of paid-up Baht 0.05 each) | | 264,583,296 | 264,583,296 | 264,583,296 | 264,583,296 |
| Share premium | 24 | 842,526,519 | 842,526,519 | 842,526,519 | 842,526,519 |
| Retained earnings | | | | | |
| Appropriated - legal reserve | 25 | 5,991,811 | 5,991,811 | 5,991,811 | 5,991,811 |
| Deficits | | (710,803,760) | (437,301,665) | (499,439,400) | (232,432,982) |
| Other component of shareholder's equity | | (62,960,377) | (5,939,142) | (70,000,000) | (18,000,000) |
| Equity attributable to owners of the parent | | 339,337,489 | 669,860,819 | 543,662,226 | 862,668,644 |
| Non-controlling interests | | 46,707,395 | 45,660,263 | - | - |
| Total equity | | 386,044,884 | 715,521,082 | 543,662,226 | 862,668,644 |
| Total liabilities and equity | | 670,866,121 | 1,191,852,984 | 662,125,193 | 1,026,384,858 |

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

DNA 2002 Public Company Limited
Statements of Comprehensive Income
For the year ended 31 December 2016

| | Notes | Consolidated financial statements | | Separate financial statements | |
|--|-------|--------------------------------------|-----------------------------|----------------------------------|-----------------------------|
| | | 31 December 2016 Baht | 31 December 2015 Baht | 31 December 2016 Baht | 31 December 2015 Baht |
| Revenue | | | | | |
| Revenue from sales | | 425,661,160 | 636,097,868 | 26,204,920 | 358,009,708 |
| Revenue from providing of services | | 31,562,666 | 16,059,826 | - | - |
| Total revenue | | <u>457,223,826</u> | <u>652,157,694</u> | <u>26,204,920</u> | <u>358,009,708</u> |
| Costs | | | | | |
| Cost of sales | | (395,316,990) | (599,384,206) | (106,587,759) | (334,110,826) |
| Cost of services | | (51,397,081) | (31,607,043) | - | - |
| Total costs | | <u>(446,714,071)</u> | <u>(630,991,249)</u> | <u>(106,587,759)</u> | <u>(334,110,826)</u> |
| Gross (loss) profit | | 10,509,755 | 21,166,445 | (80,382,839) | 23,898,882 |
| Other income | 27 | 269,055,173 | 70,737,080 | 69,683,148 | 59,641,144 |
| Selling expenses | | (172,079,317) | (293,498,614) | (1,871,611) | (102,272,322) |
| Administrative expenses | | (364,188,782) | (241,805,398) | (245,841,764) | (194,308,385) |
| Finance costs | 28 | (14,845,786) | (13,742,042) | (7,635,248) | (11,043,203) |
| Share of loss of investment in associates | 12.1 | (40,491,984) | (39,656,937) | - | - |
| Loss before income tax expenses | | <u>(312,040,941)</u> | <u>(496,799,466)</u> | <u>(266,048,314)</u> | <u>(224,083,884)</u> |
| Tax income (income tax expense) | 30 | 134,729 | (5,712,731) | - | (3,477,935) |
| Net loss for the year | | <u>(311,906,212)</u> | <u>(502,512,197)</u> | <u>(266,048,314)</u> | <u>(227,561,819)</u> |
| Other comprehensive expense: | | | | | |
| Items that will not be reclassified to profit or loss | | | | | |
| Remeasurements of post-employment benefit obligations | | (2,919,530) | 2,606,061 | (958,104) | 2,606,061 |
| Items that will be reclassified to profit or loss | | | | | |
| Change in value of available-for-sale investments | | (52,000,000) | (18,000,000) | (52,000,000) | (18,000,000) |
| Total comprehensive expense for the year | | <u>(366,825,742)</u> | <u>(517,906,136)</u> | <u>(319,006,418)</u> | <u>(242,955,758)</u> |
| Loss attributable to: | | | | | |
| Owners of the parent | | (270,875,367) | (457,782,926) | (266,048,314) | (227,561,819) |
| Non-controlling interests | | (41,030,845) | (44,729,271) | - | - |
| | | <u>(311,906,212)</u> | <u>(502,512,197)</u> | <u>(266,048,314)</u> | <u>(227,561,819)</u> |
| Total comprehensive expense attributable to: | | | | | |
| Owners of the parent | | (325,502,095) | (473,176,865) | (319,006,418) | (242,955,758) |
| Non-controlling interests | | (41,323,647) | (44,729,271) | - | - |
| | | <u>(366,825,742)</u> | <u>(517,906,136)</u> | <u>(319,006,418)</u> | <u>(242,955,758)</u> |
| Loss per share | 31 | | | | |
| Basic loss per share | | (0.0511) | (0.0945) | (0.0503) | (0.0470) |
| Diluted loss per share | | (0.0511) | (0.0945) | (0.0503) | (0.0470) |

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



DNA 2002 Public Company Limited
Statements of Changes in equity
For the year ended 31 December 2016

| Consolidated financial statements | | | | | | | | | | | | |
|---|--|------------------|------------------------------------|----------------------------|---------------------------------------|-------------|---|---------------|--|-------------------------------|----------------------------------|----------------------------------|
| Notes | Attributable to owners of the parent | | | | | | | | | | | |
| | Retained earnings (deficits) | | | Other components of equity | | | | | | | | |
| | Issued and share capital paid-up | Share premium | Appropriated - legal reserve | Unappropriated | Comprehensive income | | Change in ownership interest in subsidiaries | | Total other components of equity | Total equity of the parent | Non- controlling interests | Total shareholders' equity |
| | | | | | Available- for-sale investments | Other | Baht | Baht | | | | |
| | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht | Baht |
| Opening balance at 1 January 2015 | 188,333,296 | 309,776,519 | 5,991,811 | 17,875,200 | - | 13,289,623 | 13,289,623 | 535,266,449 | 54,992,962 | 590,259,411 | | |
| Issue of shares | 24 | 76,250,000 | 532,750,000 | - | - | - | - | 609,000,000 | - | 609,000,000 | | |
| Acquisition of subsidiary | 32 | - | - | - | - | - | - | - | 25,765,792 | 25,765,792 | | |
| Investment in newly established subsidiaries | | - | - | - | - | - | - | - | 6,901,725 | 6,901,725 | | |
| Additional investment in subsidiaries | | - | - | - | - | - | - | - | 1,500,290 | 1,500,290 | | |
| Change in percentage of shareholding in subsidiaries | 33 | - | - | - | - | (1,228,765) | (1,228,765) | (1,228,765) | 1,228,765 | - | | |
| Total comprehensive expense for the year | | - | - | (455,176,865) | (18,000,000) | - | (18,000,000) | (473,176,865) | (44,729,271) | (517,906,136) | | |
| Closing balance at 31 December 2015 | 264,583,296 | 842,526,519 | 5,991,811 | (437,301,665) | (18,000,000) | 12,060,858 | (5,939,142) | 669,860,819 | 45,660,263 | 715,521,082 | | |
| Opening balance at 1 January 2016 | 264,583,296 | 842,526,519 | 5,991,811 | (437,301,665) | (18,000,000) | 12,060,858 | (5,939,142) | 669,860,819 | 45,660,263 | 715,521,082 | | |
| Acquisition of subsidiary | 32 | - | - | - | - | - | - | - | 75 | 75 | | |
| Investment in newly established subsidiaries | | - | - | - | - | - | - | - | 2,100,200 | 2,100,200 | | |
| Dispose investment in subsidiary | | - | - | - | - | (133,927) | (133,927) | (133,927) | 35,383,196 | 35,249,269 | | |
| Change in percentage of shareholding in subsidiaries | 33 | - | - | - | - | (4,887,308) | (4,887,308) | (4,887,308) | 4,887,308 | - | | |
| Total comprehensive expense for the year | | - | - | (273,502,095) | (52,000,000) | - | (52,000,000) | (325,502,095) | (41,323,647) | (366,825,742) | | |
| Closing balance at 31 December 2016 | 264,583,296 | 842,526,519 | 5,991,811 | (710,803,760) | (70,000,000) | 7,039,623 | (62,960,377) | 339,337,489 | 46,707,395 | 386,044,884 | | |

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

DNA 2002 Public Company Limited
Statements of Changes in equity (Cont'd)
For the year ended 31 December 2016

| | | Separate financial statements | | | | | |
|--|--|----------------------------------|--------------------|------------------------------|----------------------|--------------------------------|----------------------------|
| | | Retained earnings (deficits) | | Other component of equity | | | |
| | | Issued and paid-up share capital | Share premium | Appropriated - legal reserve | Unappropriated | Available-for-sale investments | Total shareholders' equity |
| Notes | | Baht | Baht | Baht | Baht | Baht | Baht |
| Opening balance at 1 January 2015 | | | | | | | |
| | | 188,333,296 | 309,776,519 | 5,991,811 | (7,477,224) | - | 496,624,402 |
| 24 | Issue of shares | 76,250,000 | 532,750,000 | - | - | - | 609,000,000 |
| | Total comprehensive expense for the year | - | - | - | (224,955,758) | (18,000,000) | (242,955,758) |
| Closing balance at 31 December 2015 | | <u>264,583,296</u> | <u>842,526,519</u> | <u>5,991,811</u> | <u>(232,432,982)</u> | <u>(18,000,000)</u> | <u>862,668,644</u> |
| Opening balance at 1 January 2016 | | | | | | | |
| | | 264,583,296 | 842,526,519 | 5,991,811 | (232,432,982) | (18,000,000) | 862,668,644 |
| | Total comprehensive expense for the year | - | - | - | (267,006,418) | (52,000,000) | (319,006,418) |
| Closing balance at 31 December 2016 | | <u>264,583,296</u> | <u>842,526,519</u> | <u>5,991,811</u> | <u>(499,439,400)</u> | <u>(70,000,000)</u> | <u>543,662,226</u> |

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



DNA 2002 Public Company Limited
Statements of Cash Flows
For the year ended 31 December 2016

| | Notes | Consolidated financial statements | | Separate financial statements | |
|--|-------|--------------------------------------|---------------------|----------------------------------|---------------------|
| | | 31 December 2016 | 31 December 2015 | 31 December 2016 | 31 December 2015 |
| | | Baht | Baht | Baht | Baht |
| Cash flows from operating activities | | | | | |
| Loss before income tax expense | | (312,040,941) | (496,799,466) | (266,048,314) | (224,083,885) |
| Adjustments for: | | | | | |
| Amortisation for film rights | 16 | 22,846,469 | 34,407,685 | 12,951,020 | 27,194,448 |
| Depreciation for leasehold improvement and equipment | 14 | 19,123,688 | 24,044,477 | 1,548,256 | 8,787,829 |
| Amortisation of intangible assets | 17 | 1,782,987 | 2,058,348 | 727,619 | 1,020,357 |
| (Reversal of) Allowance for doubtful accounts | | (45,564,479) | 55,627,251 | (45,564,479) | 55,627,251 |
| (Gain) loss on disposal of equipments | | (4,459,287) | (14,986,302) | 3,971,455 | (10,814,348) |
| Dividend income | | (8,000,000) | - | (8,000,000) | - |
| Loss on write-off of equipment | 14 | 9,834,928 | 9,273,471 | - | 5,505,627 |
| Loss on write-off of intangible assets | 17 | 1,557,909 | 780,289 | 1,557,909 | 780,288 |
| Loss on write-off of deposit for investments | | 19,000,000 | - | - | - |
| Change in fair value of short-term investment | 8 | (767,659) | 11,814,290 | (757,186) | 11,815,065 |
| Gain on disposal of short-term investment | | - | (3,989,576) | - | (3,322,807) |
| Gain on disposal of investment in subsidiaries | | (174,154,870) | - | - | - |
| Interest income | | (10,877,250) | (4,475,776) | (11,910,541) | (9,500,524) |
| Finance costs | 28 | 14,845,786 | 13,742,042 | 7,635,248 | 11,043,203 |
| Provision for (reversal of) sales returns | | - | (393,438) | - | (393,438) |
| Allowance for (reversal of) diminution in value of inventories | | (6,371,104) | (958,220) | (6,336,457) | (992,867) |
| Reversal of allowance for inventories obsolescence | | 20,800,511 | 4,009,807 | 23,780,246 | (498,738) |
| (Reversal of) provision for inventories loss | | - | (749,760) | - | (749,760) |
| Share of loss of investments in associates | 12.1 | 40,491,984 | 39,656,937 | - | - |
| Loss from impairment of film right | 16 | 10,225,857 | - | 10,225,857 | - |
| Loss from impairment of investments in associates | 12.1 | - | - | - | 27,835,692 |
| Loss from impairment of investments in subsidiaries | 12.2 | - | - | 60,099,900 | - |
| Loss from impairment of short-term loan to other companies | 10 | 33,921,889 | - | - | - |
| Loss from impairment of short-term loan to related parties | 34 d) | 66,290,548 | - | 75,950,548 | - |
| Employee benefit obligations | | 1,339,744 | 971,640 | 220,853 | 898,595 |
| Changes in working capital | | | | | |
| - trade and other receivables | | 141,209,687 | (10,382,949) | 152,801,107 | (1,873,146) |
| - inventories | | 24,713,564 | 200,877,271 | 11,311,901 | 254,797,523 |
| - other current assets | | (536,041) | (2,086,791) | 1,377,876 | 11,713,882 |
| - deposit at bank used as collateral | | 29,681,958 | (13,650,844) | 23,600,004 | (13,810,004) |
| - film rights | | (8,624,612) | (42,459,982) | 6,781,240 | (19,416,564) |
| - prepaid rents | | 1,866,735 | 6,548,412 | 661,485 | 10,281,623 |
| - other non-current assets | | (13,094,202) | (11,436,186) | 303,935 | 7,043,683 |
| - trade and other payables | | 33,340,552 | 1,324,515 | (13,155,332) | (147,292,394) |
| - other current liabilities | | 2,625,867 | (394,656) | 556,342 | (4,344,204) |
| - employee benefit obligation | | (156,183) | (1,302,054) | - | - |
| - other non-current liabilities | | 4,233,363 | (6,764,413) | - | (9,032,209) |
| Cash flow (used in) generated from operating activities | | (84,912,602) | (205,693,978) | 44,290,492 | (11,779,822) |
| Add Interest received | | 9,547,233 | 2,906,324 | 10,559,973 | 8,289,221 |
| Less Interest paid | | (14,845,786) | (15,189,928) | (7,543,939) | (12,491,089) |
| Tax paid | | (1,367,240) | (3,483,551) | (646,125) | (1,936,755) |
| Net cash (used in) flows generated from operating activities | | (91,578,395) | (221,461,133) | 46,660,401 | (17,918,445) |

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

DNA 2002 Public Company Limited
Statement of Cash Flows (Cont'd)
For the year ended 31 December 2016

| | | Consolidated financial statements | | Separate financial statements | |
|---|-------|--------------------------------------|-----------------------------|----------------------------------|-----------------------------|
| | | 31 December 2016 Baht | 31 December 2015 Baht | 31 December 2016 Baht | 31 December 2015 Baht |
| Notes | | | | | |
| Cash flow from investing activities | | | | | |
| Dividends income | | 8,000,000 | - | 8,000,000 | - |
| Cash increase from acquisition of subsidiary | 32 | - | 14,156,309 | - | - |
| Cash increase from investment in newly established subsidiaries | | 525,275 | 6,901,725 | - | - |
| Cash increase from additional investment in subsidiaries | | - | 1,500,290 | - | - |
| Cash increase from disposal of a subsidiary | | 38,666,861 | - | - | - |
| Purchases of equipment | | (46,052,374) | (31,752,335) | 4,477 | (4,537,261) |
| Purchases of intangible assets | | (8,693,909) | (3,290,389) | (13,020) | (1,355,193) |
| Payments for investment in subsidiaries | 12.2 | - | - | (90,000,000) | (163,099,285) |
| Payments for investment in associates | | (29,000,000) | - | - | (27,835,692) |
| Payments for investment in long-term investment | 13 | - | (15,000,000) | - | - |
| Payments for short-term investment | 8 | (123,133,975) | (898,236,211) | (120,133,975) | (879,486,211) |
| Payments for short-term loan to related parties | 34 d) | (20,640,000) | (82,613,210) | (169,750,000) | (174,986,619) |
| Payments for advance for investment | | - | (38,000,000) | - | - |
| Proceeds from short-term loan to related parties | 34 d) | 795,900 | 51,378,385 | 137,783,414 | 188,750,955 |
| Proceeds from short-term loan to other companies | 10 | 41,021,627 | - | - | - |
| Proceeds from redemptions and disposals of short-term investment | | 220,876,727 | 632,391,994 | 220,876,727 | 603,344,721 |
| Proceeds from cancellation of advance for investment | | 4,000,000 | - | - | - |
| Proceeds from disposals of equipment | | 23,405,729 | 18,513,117 | 1,316,809 | 26,063,690 |
| Proceeds from disposals of intangible assets | | 248,833 | - | - | 2,170,129 |
| Net cash generated from (used in) investing activities | | <u>110,020,694</u> | <u>(344,050,325)</u> | <u>(11,915,568)</u> | <u>(430,970,766)</u> |
| Cash flows from financing activities | | | | | |
| Repayment of bank overdrafts | | (4,795,712) | (356,953) | - | - |
| Repayments to short-term loan from related parties | 34 e) | (72,650,000) | - | (17,550,000) | - |
| Repayments to long-term borrowing from financial institution | | (8,524,917) | (3,564,570) | (8,524,917) | - |
| Repayments to short-term borrowing from financial institution | | (215,113,175) | (574,164,800) | (200,478,166) | (574,164,800) |
| Proceeds from short-term loan from related parties | 34 e) | 73,900,000 | 8,800,000 | 21,550,000 | - |
| Proceeds from short-term borrowing from financial institution | | 112,850,000 | 507,612,341 | 90,000,000 | 398,642,800 |
| Proceeds from long-term borrowing from financial institution | | 80,828,741 | - | 80,828,741 | - |
| Proceeds from issuance of shares | 24 | - | 609,000,000 | - | 609,000,000 |
| Repayments to finance lease liabilities | | (553,385) | (873,983) | (241,409) | (580,649) |
| Net cash (used in) generated from financing activities | | <u>(34,058,448)</u> | <u>546,452,035</u> | <u>(34,415,751)</u> | <u>432,897,351</u> |
| Net (decrease) increase in cash and cash equivalents | | <u>(15,616,149)</u> | <u>(19,059,423)</u> | <u>329,082</u> | <u>(15,991,860)</u> |
| Opening balance of cash and cash equivalents | | <u>89,210,312</u> | <u>108,269,735</u> | <u>5,862,850</u> | <u>21,854,710</u> |
| Closing balance of cash and cash equivalents | | <u><u>73,594,163</u></u> | <u><u>89,210,312</u></u> | <u><u>6,191,932</u></u> | <u><u>5,862,850</u></u> |
| Significant non-cash transactions for the years ended 31 December are as follows: | | | | | |
| Payable arising from purchases of equipment | | 3,673,726 | 4,420,496 | 617,775 | 113,527 |
| Receivable from disposals of equipments | | 346,844 | 5,630,834 | 346,844 | 5,630,834 |

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



Notes to the Consolidated and Company Financial Statements

DNA 2002 Public Company Limited
Notes to the Consolidated and Separate Financial statements
For the year ended 31 December 2016

1 General information

DNA 2002 Public Company Limited (the “Company”) is a public company which is listed on the Stock Exchange of Thailand and incorporated and domiciled in Thailand. The address of the Company’s registered office is as follows:

19 Soi Ramkhamhaeng 22, Ramkhamhaeng Rd., Huamark, Bangkapi, Bangkok 10240.

On 12 January 2017, the Company has changed its registered office to Room B, 21st Floor, Silom Complex Building, 191 Silom Road, Silom, Bangrak, Bangkok 10500.

For reporting purposes, the Company and its subsidiary are referred to as the Group.

The Group is principally engaged in the business of sales of mobile phones, music CD, VCD, DVD, and other relating materials and merchandises and operates a satellite TV and radio program, provides digital content, and food and beverage, production and providing the electricity and the business of producing and selling clean water.

These Group consolidated financial statements were authorised for issue by the Board of Directors on 24 February 2017.

2 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below:

2.1 Basis for preparation

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised financial reporting standards

2.2.1 New/revised financial reporting standards and interpretations are effective on 1 January 2016.

- a) New/revised financial reporting standards and interpretation which are relevant and have a significant impact to the Group:

| | |
|-------------------------|---|
| TAS 16 (revised 2015) | Property, plant and equipment |
| TAS 19 (revised 2015) | Employee benefits |
| TAS 24 (revised 2015) | Related party disclosures |
| TAS 27 (revised 2015) | Separate financial statements |
| TAS 36 (revised 2015) | Impairment of assets |
| TAS 38 (revised 2015) | Intangible assets |
| TAS 40 (revised 2015) | Investment property |
| TAS 41 (revised 2015) | Agriculture |
| TFRS 2 (revised 2015) | Share-based payment |
| TFRS 3 (revised 2015) | Business combinations |
| TFRS 4 (revised 2015) | Insurance contracts |
| TFRS 8 (revised 2015) | Operating segments |
| TFRS 10 (revised 2015) | Consolidated financial statements |
| TFRS 12 (revised 2015) | Disclosure of interests in other entities |
| TFRS 13 (revised 2015) | Fair value measurement |
| TFRIC 21 (revised 2015) | Levies |

TAS 16 (revised 2015), 'Property, plant and equipment' clarifies how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. This standard has no impact to the Group.

TAS 19 (revised 2015), 'Employee benefits' is amended to apply to contributions from employees or third parties to defined benefit plans and to clarify the accounting treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. This standard has no impact to the Group.

TAS 24 (revised 2015), 'Related party disclosures' includes as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. This standard has no impact to the Group, except for disclosures.

TAS 27 (revised 2015) allows an investment entity that is exempted from consolidating its subsidiaries presenting Company as its only financial statements. It requires the investment entity to measure its investment in subsidiaries at fair value through profit or loss. This standard has no impact to the Group.

TAS 36 (revised 2015), 'Impairment of assets' is amended to provide additional disclosure requirement when the recoverable amount of the assets is measured at fair value less costs of disposal. The disclosures include 1) the level of fair value hierarchy and 2) when fair value measurement categorised within level 2 and level 3, disclosures is required for valuation technique and key assumption. This standard has no impact to the Group, except for disclosures.

TAS 38 (revised 2015), 'Intangible assets' is amended to clarify how the gross carrying amount and the accumulated amortisation are treated where an entity uses the revaluation model. This standard has no impact to the Group.

TAS 40 (revised 2015), 'Investment property' clarifies that TFRS 3 should be applied when determining whether an acquisition of an investment property is a business combination. This standard has no impact to the Group.



2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised financial reporting standards (Cont'd)

2.2.1 New/revised financial reporting standards and interpretations are effective on 1 January 2016. (Cont'd)

- a) New/revised financial reporting standards and interpretation which are relevant and have a significant impact to the Group: (Cont'd)

TAS 41, 'Agriculture' requires biological assets including agricultural produce, harvested product of the entity's biological assets, to be measured at fair value less cost to sell. The practical guide on TAS 41 issued by the FAP excludes bearer plant from the scope of TAS 41. The guide required bearer plant to be measured at cost less accumulated depreciation and impairment losses, if any, according to TAS 16. This standard has no impact to the Group.

TFRS 2 (revised 2015), 'Share based payments' clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. This standard has no impact to the Group.

TFRS 3 (revised 2015), 'Business combinations' clarifies i) an obligation to pay contingent consideration which meets the definition of a financial instrument as a financial liability or equity, on the basis of the definitions in TAS 32, 'Financial instruments: Presentation' (when announced) or other applicable standards. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss, and ii) TFRS 3 does not apply to the accounting for the formation of any joint venture under TFRS 11. This standard has no impact to the Group.

TFRS 4 (revised 2015) applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds. The standard exempts an insurer temporarily from some requirements of other standards, including the requirement to consider the Framework in selecting accounting policies for insurance contracts. However, the standard (a) prohibits provision for possible claims under contracts that are not in existence at the end of the reporting period; (b) requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets; and (c) requires an insurer to keep insurance liabilities in its statement of financial position until they are discharged or cancelled, or expired, and to present insurance liabilities without offsetting them against related reinsurance assets. The management is currently assessing the impact of TFRS 4. This standard has no impact to the Group.

TFRS 4 applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds. TFRS 4 is not relevant to the Group's operations.

TFRS 8 (revised 2015), 'Operating segments' requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported to chief operating decision maker. This standard has no impact to the Group, except for disclosures.

TFRS10 (revised 2015) 'Consolidated' is amended to define an investment entity and introduce an exception from consolidation. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. This standard has no impact to the Group.

TFRS 12 (revised 2015) introduces disclosures that an investment entity needs to disclose. This standard has no impact to the Group.

TFRS 13 (revised 2015), 'Fair value measurement' is amended to clarify that the portfolio exception in TFRS 13 applies to all contracts (including non-financial contracts) within the scope of TAS 39 (when announced) or TFRS 9 (when announced). This standard has no impact to the Group.

TFRIC 21, 'Levies', the Interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of TAS 37. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain. This standard has no impact to the Group.

2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised financial reporting standards (Cont'd)

2.2.1 New/revised financial reporting standards and interpretations are effective on 1 January 2016. (Cont'd)

- b) Revised financial reporting standards and interpretations with minor changes and do not have impact to the Group are as follows:

| | |
|-------------------------|--|
| TAS 1 (revised 2015) | Presentation of financial statements |
| TAS 2 (revised 2015) | Inventories |
| TAS 7 (revised 2015) | Statement of cash flows |
| TAS 8 (revised 2015) | Accounting policies, changes in accounting estimates and errors |
| TAS 10 (revised 2015) | Events after the reporting period |
| TAS 11 (revised 2015) | Construction contracts |
| TAS 12 (revised 2015) | Income taxes |
| TAS 17 (revised 2015) | Leases |
| TAS 18 (revised 2015) | Revenue |
| 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 |
| TAS 23 (revised 2015) | Borrowing costs |
| TAS 26 (revised 2015) | Accounting and reporting by retirement benefit plans |
| 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 37 (revised 2015) | Provisions, contingent liabilities and contingent assets |
| TFRS 5 (revised 2015) | Non-current assets held for sale and discontinued operations |
| TFRS 6 (revised 2015) | Exploration for and evaluation of mineral resources |
| TFRS 11 (revised 2015) | Joint arrangements |
| TSIC 10 (revised 2015) | Government assistance - No specific relation to operating activities |
| TSIC 15 (revised 2015) | Operating leases - Incentives |
| TSIC 25 (revised 2015) | Income taxes - changes in the tax status of an entity or its shareholders |
| TSIC 27 (revised 2015) | Evaluating the substance of transactions involving the legal form of a lease |
| TSIC 29 (revised 2015) | Service concession arrangements: Disclosures |
| TSIC 31 (revised 2015) | Revenue - barter transactions involving advertising services |
| TSIC 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 TAS29 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 programmes |
| TFRIC 14 (revised 2015) | TAS 19 - The limit on a defined benefit asset, minimum funding requirements 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 |



2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised financial reporting standards (Cont'd)

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards.

a) Financial reporting standards, which have significant changes and are relevant to the Group:

| | |
|------------------------|--|
| TAS 1 (revised 2016) | Presentation of financial statements |
| TAS 16 (revised 2016) | Property, plant and equipment |
| TAS 19 (revised 2016) | Employee benefits |
| TAS 27 (revised 2016) | Separate financial statements |
| TAS 28 (revised 2016) | Investments in associates and joint ventures |
| TAS 34 (revised 2016) | Interim financial reporting |
| TAS 38 (revised 2016) | Intangible assets |
| TAS41(revised 2016) | Agriculture |
| TFRS 5 (revised 2016) | Non-current assets held for sale and discontinued operations |
| TFRS 10 (revised 2016) | Consolidated financial statements |
| TFRS 11 (revised 2016) | Joint arrangements |
| TFRS 12 (revised 2016) | Disclosure of interests in other entities |

TAS 1 (revised 2016), the amendments provide clarifications on a number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals - line items specified in TAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes - confirmation that the notes do not need to be presented in a particular order.
- OCI arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

TAS 16 (revised 2016), key amendments are 1) The amendments clarify that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate and 2) The amendments include bearer plants in scope of TAS 16.

TAS 19 (revised 2016), the amendments clarify that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

TAS 27 (revised 2016), the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in TAS 28. While current TAS 27 allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value (when announced). The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised financial reporting standards (Cont'd)

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards.

a) Financial reporting standards, which have significant changes and are relevant to the Group:

TAS 28 (revised 2016), the significant changes are 1) the amendments allow an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture and 2) the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method.

TAS 34 (revised 2016), the amendments clarify that what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'; entities taking advantage of the relief must provide a cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements.

TAS 38 (revised 2016), the amendments include a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either the intangible asset is expressed as a measure of revenue (i.e. where a measure of revenue is the limiting factor on the value that can be derived from the asset), or it can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

TAS 41 (revised 2016), the amendments align with the accounting guidance for the measurement and recognition of bearer plants issued by the FAP in 2015.

TFRS 5 (revised 2016), the amendments clarify that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such.

TFRS 10 (revised 2016), the amendments clarify that: 1) the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities and 2) an investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.

TFRS 11 (revised 2016), the amendments clarify that 1) the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting and 2) existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained.

TFRS 12 (revised 2016), the amendments clarify the disclosure requirements of an entity which is an investment entity and exception from preparing consolidated financial statements and instead measured its subsidiaries at fair value is required to disclose information of its subsidiaries according to the requirement in TFRS 12.

Management has assessed and considered that the above revised standards will not have a material impact on the Group.



2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised financial reporting standards (Cont'd)

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards. (Cont'd)

- b) Revised financial reporting standards and interpretations with minor changes and do not have impact to the Group are as follows:

| | |
|-------------------------|--|
| TAS 2 (revised 2016) | Inventories |
| TAS 7 (revised 2016) | Statement of cash flows |
| TAS 8 (revised 2016) | Accounting policies, changes in accounting estimates and errors |
| TAS 10 (revised 2016) | Events after the reporting period |
| TAS 11 (revised 2016) | Construction contracts |
| TAS 12 (revised 2016) | Income taxes |
| TAS 17 (revised 2016) | Leases |
| TAS 18 (revised 2016) | Revenue |
| TAS 20 (revised 2016) | Accounting for government grants and disclosure of government assistance |
| TAS 21 (revised 2016) | The effects of changes in foreign exchange rates |
| TAS 23 (revised 2016) | Borrowing costs |
| TAS 24 (revised 2016) | Related party disclosures |
| TAS 26 (revised 2016) | Accounting and reporting by retirement benefit plans |
| TAS 29 (revised 2016) | Financial reporting in hyper-inflationary economies |
| TAS 33 (revised 2016) | Earnings per share |
| TAS 36 (revised 2016) | Impairment of assets |
| TAS 37 (revised 2016) | Provisions, contingent liabilities and contingent assets |
| TAS 40 (revised 2016) | Investment property |
| TFRS 2 (revised 2016) | Share-based payment |
| TFRS 3 (revised 2016) | Business combinations |
| TFRS 4 (revised 2016) | Insurance contracts |
| TFRS 6 (revised 2016) | Exploration for and evaluation of mineral resources |
| TFRS 8 (revised 2016) | Operating segments |
| TFRS 13 (revised 2016) | Fair value measurement |
| TSIC 10 (revised 2016) | Government Assistance - No specific relation to operating activities |
| TSIC 15 (revised 2016) | Operating leases - Incentives |
| TSIC 25 (revised 2016) | Income taxes - Changes in the tax status of an entity or its shareholders |
| TSIC 27 (revised 2016) | Evaluating the substance of transactions in the legal form of a lease |
| TSIC 29 (revised 2016) | Service Concession Arrangements: Disclosures |
| TSIC 31 (revised 2016) | Revenue - Barter transactions involving advertising services |
| TSIC 32 (revised 2016) | Intangible assets - Web site costs |
| TFRIC 1 (revised 2016) | Changes in existing decommissioning, restoration and similar liabilities |
| TFRIC 4 (revised 2016) | Determining whether an arrangement contains a lease |
| TFRIC 5 (revised 2016) | Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds |
| TFRIC 7 (revised 2016) | Applying the restatement approach under TAS 29 Financial reporting in hyper-inflationary economies |
| TFRIC 10 (revised 2016) | Interim financial reporting and impairment |
| TFRIC 12 (revised 2016) | Service concession arrangements |
| TFRIC 13 (revised 2016) | Customer loyalty programmes |
| TFRIC 14 (revised 2016) | TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction |
| TFRIC 15 (revised 2016) | Agreements for the construction of real estate |
| TFRIC 17 (revised 2016) | Distributions of non-cash assets to owners |
| TFRIC 18 (revised 2016) | Transfers of assets from customers |
| TFRIC 20 (revised 2016) | Stripping costs in the production phase of a surface mine |
| TFRIC 21 (revised 2016) | Levies |
| TAS 104 (revised 2016) | Accounting for Troubled Debt Restructurings |
| TAS 105 (revised 2016) | Accounting for Investments in Debt and Equity Securities |
| TAS 107 (revised 2016) | Financial Instruments: Disclosure and Presentation |

2 Accounting policies (Cont'd)

2.3 Group Accounting - Investments in subsidiaries and associates

(1) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurements are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.



2 Accounting policies (Cont'd)

2.3 Group Accounting - Investments in subsidiaries and associates (Cont'd)

(2) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(3) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(4) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the income statement.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

2 Accounting policies (Cont'd)

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Baht, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

2.5 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.6 Trade accounts receivable

Trade accounts receivable are carried at original invoice amount and subsequently measured at the remaining amount less allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified and recognised in the statement of income within administrative expenses.

2.7 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of the purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charge, less all attributable discounts, allowances or rebates. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.



2 Accounting policies (Cont'd)

2.8 Investments

Investments other than investments in subsidiaries, associates and interests in joint ventures are classified into the following four categories: (1) trading investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

1. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
2. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.
3. Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
4. Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available for sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand. The unrealised gains and losses of trading investments are recognised in income statement. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the income statement.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2 Accounting policies (Cont'd)

2.9 Leasehold improvement and equipment

Leasehold improvement and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

| | |
|---|-----------------|
| Leasehold improvement | 5, 12 years |
| Machines | 5, 10, 12 years |
| Furniture, fixture and office equipment | 5, 12 years |
| Computer and equipment | 3, 5 years |
| Motor vehicles | 5, 12 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains - net' in profit or loss.

2.10 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Land held under operating leases is classified and accounted for by the Group as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs are incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.



2 Accounting policies (Cont'd)

2.10 Investment property (Cont'd)

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable.

It might sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract;
- The stage of completion;
- Whether the project/property is standard (typical for the market) or non-standard;
- The level of reliability of cash inflows after completion;
- The development risk specific to the property;
- Past experience with similar constructions;
- Status of construction permits.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of leasehold land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those that a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss within net gain from fair value adjustment on investment property.

2.11 Film rights

Film rights are capitalised at the purchase price which includes costs directly attributable to the acquisition of rights. Film rights are amortised and charged to direct costs of exhibition, VCD and DVD, Cable TV and TV broad casting at the ratio relating to the expected consumptions used in various channels over the lifetime of rights. Film rights will be reviewed for impairment annually.

2 Accounting policies (Cont'd)

2.12 Intangible assets

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives, which does not exceed 10 years.

Cost associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 10 years.

Licenses

Licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 5 years.

Leasehold right

Leasehold right acquired in a business combination are recognised at fair value at the acquisition date. The operating lease agreement have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the lease period of 1 to 3 years.

2.13 Prepaid rental

Prepaid rental are initially recorded at cost and amortised on straight-line basis over the period of rental.

2.14 Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets, and liabilities and contingent liabilities of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately reported in the consolidated statement of financial position.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.



2 Accounting policies (Cont'd)

2.15 Impairment of assets

Leasehold improvement and equipment

Leasehold improvement and equipment amortised assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Film rights

Projection of future revenue on each right will be estimated annually. Film rights will be reviewed for impairment annually. In the event that an ultimate loss is projected for each right, an amount equivalent to this loss will be written-off in the statement of income immediately.

2.16 Leases - where a Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant or equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of 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 so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

2.17 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

2 Accounting policies (Cont'd)

2.18 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee Benefits

2.19.1 Retirement benefit

Group companies operate various retirement benefits schemes. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a retirement plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the provident fund Act, B.E. 2530. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using [market yield of high-quality corporate bonds /market yield of government bonds] that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.



2 Accounting policies (Cont'd)

2.19 Employee Benefits (Cont'd)

2.19.2 Termination benefits (Cont'd)

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.20 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense

2.21 Provision for goods returns

Provision for goods returns is estimated based on actual goods returns that incurred during the year. Provision for goods returns are calculated as percentage to sales and recognised only the gross profit of the estimated returns.

2.22 Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.23 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods net of output tax, rebates and discounts. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Advertising income is recognised when services are rendered to customer.

Interest income is recognised using the effective interest method.

Revenue arising from royalties is recognised on an accrual basis in accordance with the substance of the relevant agreements. Dividend income is recognised when the right to receive payment is established.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2 Accounting policies (Cont'd)

2.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as board of director that makes strategic decisions.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects from change of foreign currency exchange rates, interest rates and non-performance of contractual obligations by counterparties i.e. credit risk. Risk management is carried out by Group's Management. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. The Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment excess liquidity.

3.1.1 Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. However, the Group's income and operating cash flows are not substantially independent of changes in market interest rates. The Group does not use the interest rate derivative to manage exposure from fluctuation in interest rate on specific borrowing.

3.1.2 Foreign exchange risk

The Group has no significant exposure to foreign currency risk relates due to its accounts receivable and accounts payable are mainly made in Thai Baht. The Group does not use any derivative financial instruments to hedge foreign currency exposure.

3.1.3 Credit risk

The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that sales of products and services are made to customers with appropriate credit history. The Group's management believes that the maximum exposure to credit risk is the carrying amount of the account receivable less allowance for doubtful accounts, as stated in the consolidated statement of financial position.

3.1.4 Liquidity risk

The availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available.



3 Financial risk management (Cont'd)

3.2 Fair value

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's financial assets and liabilities that are measured or disclosed at fair value at 31 December 2016. See note 15 for disclosures of investment property that are measured at fair value.

| Consolidated financial statements | | | |
|--|--------------------|-----------------|-----------------|
| | Level 1 Baht | Level 2 Baht | Level 3 Baht |
| Total | Baht | Baht | Baht |
| Assets | | | |
| Financial assets at fair value through profit or loss | | | |
| Investment units | 3,158,751 | - | - |
| Available-for-sale financial assets | | | |
| Equity securities | 99,000,000 | - | - |
| Total assets | 102,158,751 | - | - |

| Separate financial statements | | | |
|--|-------------------|-----------------|-----------------|
| | Level 1 Baht | Level 2 Baht | Level 3 Baht |
| Total | Baht | Baht | Baht |
| Assets | | | |
| Financial assets at fair value through profit or loss | | | |
| Investment units | 93,723 | - | - |
| Available-for-sale financial assets | | | |
| Equity securities | 99,000,000 | - | - |
| Total assets | 99,093,723 | - | - |

The following table presents the Group's financial assets and liabilities that are measured or disclosed at fair value at 31 December 2015.

| Consolidated financial statements | | | |
|--|--------------------|--------------------|-----------------|
| | Level 1 Baht | Level 2 Baht | Level 3 Baht |
| Total | Baht | Baht | Baht |
| Assets | | | |
| Financial assets at fair value through profit or loss | | | |
| Investment units | 133,844 | - | - |
| Available-for-sale financial assets | | | |
| Equity securities | 151,000,000 | - | - |
| Held-to-maturity due within 1 year | | | |
| Debt securities with fixed interest rates | - | 117,419,983 | - |
| Total assets | 151,133,844 | 117,419,983 | - |

| Separate financial statements | | | |
|--|--------------------|-------------------|-----------------|
| | Level 1 Baht | Level 2 Baht | Level 3 Baht |
| Total | Baht | Baht | Baht |
| Assets | | | |
| Financial assets at fair value through profit or loss | | | |
| Investment units | 79,289 | - | - |
| Available-for-sale financial assets | | | |
| Equity securities | 151,000,000 | - | - |
| Held-to-maturity due within 1 year | | | |
| Debt securities with fixed interest rates | - | 98,669,983 | - |
| Total assets | 151,079,289 | 98,669,983 | - |

3 Financial risk management (Cont'd)

3.2 Fair value (Cont'd)

There were no transfers between levels 1 and 2 during the year.

a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The carrying amount of financial instruments, which are cash and cash equivalents, investment in held-to-maturity security due within 1 year, trade and other receivables, loan to related parties, trade and other payables, short-term loan from related party, finance lease liabilities, and short-term borrowing are considered to approximate their fair value as they are short-term in nature and the interest rate is closed to the market interest rate.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

a) Allowance for doubtful accounts

The Group records an allowance for doubtful accounts which is equivalent to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on historical collection experience combined with a review of all outstanding receivables at the statement of financial position date. The allowance for doubtful accounts might be changed.



4 Critical accounting estimates and judgements (Cont'd)

Critical accounting estimates and assumptions (Cont'd)

b) Allowance for obsolete, slow-moving and defective inventories

The Group has made allowance, where necessary, for obsolete, slow moving and defective inventories by estimating the net realisable value calculated from the selling price in the ordinary course of business, less the cost of completion and selling expenses. Calculation of the net realisable estimation was based on historical experience, management's knowledge of the industry and future market trends.

c) Provision for sales returns

The management has estimated the provision for sales returns in relation to VCDs and DVDs. The percentage of sales returned is estimated based on historical information, experiences and existing business models.

d) Revenue/amortisation of film rights

Film rights are amortised and recognised to cost of sales of film rights at the ratio relating to the expected consumptions used in various channel over the lifetime of rights. The expected consumptions used from each channel which used for calculating the amortisation ratio is estimated by management and based on historical information and experience.

e) Impairment of goodwill, investments in subsidiaries, and associates

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.14, including investments in subsidiaries and associates. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates by management. The change in the assumption used would impact the receivable amount.

f) Leasehold improvement and equipment and intangible assets

Management determine the estimated useful lives and residual values for the Group's property, plant and equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different from previously estimation, or it will write off or write down technically obsolete or assets that have been abandoned or sold.

g) Employee benefit obligation

The present value of the employee benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 23.

5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

6 Segment information

The Group is operating in Thailand only, and therefore, does not present geographical segment information.

Financial statements classified by business segment is as follows:

| | Consolidated financial statements | | | | | Total Baht |
|--|-----------------------------------|-------------------------|--------------|----------------|-----------------------------------|---------------|
| | Entertainment Baht | Food and Beverages Baht | Energy Baht | Utilities Baht | Technology and communication Baht | |
| For the year ended 31 December 2016 | | | | | | |
| Total revenues | 282,612,907 | 174,543,919 | - | - | 67,000 | 457,223,826 |
| Segment result | (448,137,260) | (17,845,029) | (19,810,978) | (24,895,095) | (15,069,982) | (525,758,344) |
| Other income | | | | | | 269,055,173 |
| Share of loss of investment in associates | | | | | | (40,491,984) |
| Finance cost | | | | | | (14,845,786) |
| Loss before tax income | | | | | | (312,040,941) |
| Tax income | | | | | | 134,729 |
| Net loss | | | | | | (311,906,212) |
| As at 31 December 2016 | | | | | | |
| Segment fixed assets | 20,127,912 | 47,531,161 | - | 2,550,000 | 12,297,199 | 82,506,272 |
| Segment other assets | 427,502,401 | 54,101,072 | 3,552,445 | 10,876,026 | 8,182,150 | 504,214,094 |
| Investment in associates | | | | | | 23,901,286 |
| Goodwill | | | | | | 60,244,469 |
| Consolidated total assets | | | | | | 670,866,121 |
| For the year ended 31 December 2015 | | | | | | |
| Total revenues | 463,152,332 | 189,005,362 | - | - | - | 652,157,694 |
| Segment result | (496,620,003) | (15,218,478) | (1,006,020) | (606,171) | (686,895) | (514,137,567) |
| Other income | | | | | | 70,737,080 |
| Share of loss of investment in associates | | | | | | (39,656,937) |
| Finance cost | | | | | | (13,742,042) |
| Loss before income tax expense | | | | | | (496,799,466) |
| Income tax expense | | | | | | (5,712,731) |
| Net loss | | | | | | (502,512,197) |
| As at 31 December 2015 | | | | | | |
| Segment fixed assets | 21,484,984 | 57,692,447 | - | 228,878 | 1,119,512 | 80,525,821 |
| Segment other assets | 864,621,567 | 49,006,691 | 23,839,152 | 67,517,662 | 8,568,752 | 1,013,553,824 |
| Investment in associates | | | | | | 37,528,870 |
| Goodwill | | | | | | 60,244,469 |
| Consolidated total assets | | | | | | 1,191,852,984 |

Unallocated costs represent corporate expenses. Segment assets consist primarily of leasehold improvement and equipment, intangible assets, inventories, receivables and operating cash.



7 Cash and cash equivalents

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------|--------------------------------------|-------------------|----------------------------------|------------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Cash on hand | 7,690,842 | 3,402,433 | 70,000 | 70,000 |
| Deposit held at call with bank | 65,903,321 | 85,807,879 | 6,121,932 | 5,792,850 |
| | <u>73,594,163</u> | <u>89,210,312</u> | <u>6,191,932</u> | <u>5,862,850</u> |

8 Temporary investments

At 31 December 2016, the summary of temporary investments is as follows:

| | Consolidated financial statements | | | |
|---|-----------------------------------|--|-------------------------------|--------------------|
| | Trading Baht | Held-to- maturity due within 1 year Baht | Available for sale Baht | Total Baht |
| At 1 January 2015 | 28,534,324 | - | - | 28,534,324 |
| Additions | 680,816,228 | 217,419,983 | - | 898,236,211 |
| Disposals | (528,402,418) | (100,000,000) | - | (628,402,418) |
| Transfer | (169,000,000) | - | 169,000,000 | - |
| Less Re-measuring | (11,814,290) | - | (18,000,000) | (29,814,290) |
| At 31 December 2015 | 133,844 | 117,419,983 | 151,000,000 | 268,553,827 |
| Additions | 63,000,000 | 60,133,975 | - | 123,133,975 |
| Disposals | (60,100,000) | (60,776,727) | - | (120,876,727) |
| Amortisation of deferred interest income | - | 1,330,017 | - | 1,330,017 |
| Redemption at maturity | - | (100,000,000) | - | (100,000,000) |
| Decrease from disposal of investment in a subsidiary | - | (18,750,000) | - | (18,750,000) |
| Less Re-measuring | 124,907 | 642,752 | (52,000,000) | (51,232,341) |
| At 31 December 2016 | <u>3,158,751</u> | <u>-</u> | <u>99,000,000</u> | <u>102,158,751</u> |

| | Separate financial statements | | | |
|--|-------------------------------|--|-------------------------------|-------------------|
| | Trading Baht | Held-to- maturity due within 1 year Baht | Available for sale Baht | Total Baht |
| At 1 January 2015 | 100,040 | - | - | 100,040 |
| Additions | 680,816,228 | 198,669,983 | - | 879,486,211 |
| Disposals | (500,021,914) | (100,000,000) | - | (600,021,914) |
| Transfer | (169,000,000) | - | 169,000,000 | - |
| Less Re-measuring | (11,815,065) | - | (18,000,000) | (29,815,065) |
| At 31 December 2015 | 79,289 | 98,669,983 | 151,000,000 | 249,749,272 |
| Additions | 60,000,000 | 60,133,975 | - | 120,133,975 |
| Disposals | (60,100,000) | (60,776,727) | - | (120,876,727) |
| Amortisation of deferred interest income | - | 1,330,017 | - | 1,330,017 |
| Redemption at maturity | - | (100,000,000) | - | (100,000,000) |
| Less Re-measuring | 114,434 | 642,752 | (52,000,000) | (51,242,814) |
| At 31 December 2016 | <u>93,723</u> | <u>-</u> | <u>99,000,000</u> | <u>99,093,723</u> |

8 Temporary investments (Cont'd)

The fair values of the investments are as follows:

| Consolidated financial statements | | | | |
|-----------------------------------|-----------------|--|-------------------------------|---------------|
| | Trading Baht | Held-to-maturity due within 1 year Baht | Available for sale Baht | Total Baht |
| Cost as at 31 December 2016 | 3,147,568 | - | 169,000,000 | 172,147,568 |
| Unrealised gain | 11,183 | - | - | 11,183 |
| <u>Less</u> Unrealised loss | - | - | (70,000,000) | (70,000,000) |
| Fair value as at 31 December 2016 | 3,158,751 | - | 99,000,000 | 102,158,751 |

| Separate financial statements | | | | |
|-----------------------------------|-----------------|--|-------------------------------|---------------|
| | Trading Baht | Held-to-maturity due within 1 year Baht | Available for sale Baht | Total Baht |
| Cost as at 31 December 2016 | 93,012 | - | 169,000,000 | 169,093,012 |
| Unrealised gain | 711 | - | - | 711 |
| <u>Less</u> Unrealised loss | - | - | (70,000,000) | (70,000,000) |
| Fair value as at 31 December 2016 | 93,723 | - | 99,000,000 | 99,093,723 |

The fair value of trading investments and available for sale investments are based on bid price in market liquidity using as at financial statement date. The fair value are within level 1 of the fair value hierarchy.

The carrying amounts of held-to-maturity securities due within 1 year approximate their fair values as they are short-term.

At 31 December 2016, the summary of temporary investment is as follows:

| Consolidated financial statements | | | | |
|---|-----------------|--|-------------------------------|---------------|
| | Trading Baht | Held-to-maturity due within 1 year Baht | Available for sale Baht | Total Baht |
| Debt securities | 3,147,568 | - | - | 3,147,568 |
| Equity securities | - | - | 169,000,000 | 169,000,000 |
| <u>Less</u> Changes in value of investments | 11,183 | - | (70,000,000) | (69,988,817) |
| | 3,158,751 | - | 99,000,000 | 102,158,751 |

| Separate financial statements | | | | |
|---|-----------------|--|-------------------------------|---------------|
| | Trading Baht | Held-to-maturity due within 1 year Baht | Available for sale Baht | Total Baht |
| Debt securities | 93,012 | - | - | 93,012 |
| Equity securities | - | - | 169,000,000 | 169,000,000 |
| <u>Less</u> Changes in value of investments | 711 | - | (70,000,000) | (69,999,289) |
| | 93,723 | - | 99,000,000 | 99,093,723 |



9 Trade and other receivables, net

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------------|----------------------------------|--------------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Trade accounts receivable - third parties | 16,556,132 | 131,901,453 | 11,608,980 | 128,840,829 |
| Trade accounts receivable - related parties (Note 34 c) | 173,924 | 625,680 | - | - |
| <u>Less</u> Allowance for doubtful accounts | (10,062,772) | (55,627,251) | (10,062,772) | (55,627,251) |
| Trade accounts receivable, net | 6,667,284 | 76,899,882 | 1,546,208 | 73,213,578 |
| Amount due from related parties (Note 34 c) | 1,008,899 | 2,354,355 | 17,019,734 | 18,655,512 |
| Prepayments | 8,257,595 | 47,126,563 | 1,775,143 | 17,156,434 |
| Accrued income | 10,780,339 | 12,943,925 | 276,761 | 8,234,083 |
| Notes receivable | 1,632,843 | 2,451,300 | 1,632,843 | 2,451,300 |
| Other receivables, net | 41,761,874 | 126,419,794 | 20,196,192 | 120,936,041 |
| | <u>70,108,834</u> | <u>268,195,819</u> | <u>42,446,881</u> | <u>240,646,948</u> |

Aging of trade accounts receivable - third parties as 31 December can be analysed as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|-------------------|----------------------------------|-------------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Trade accounts receivable | | | | |
| Current | 1,351,892 | 9,526,684 | - | 7,633,801 |
| Overdue less than 3 months | 4,970,243 | 8,473,475 | 1,590,742 | 7,327,134 |
| Overdue 3 months but less than 6 months | 164,359 | 1,794,064 | - | 1,794,064 |
| Overdue 6 months but less than 12 months | 160,177 | 23,820,625 | 130,177 | 23,820,625 |
| Overdue over 12 months | 9,909,461 | 88,286,605 | 9,888,061 | 88,265,205 |
| Total trade accounts receivable | 16,556,132 | 131,901,453 | 11,608,980 | 128,840,829 |
| <u>Less</u> Allowance for doubtful accounts | (10,062,772) | (55,627,251) | (10,062,772) | (55,627,251) |
| Trade accounts receivable, net | <u>6,493,360</u> | <u>76,274,202</u> | <u>1,546,208</u> | <u>73,213,578</u> |

Outstanding trade accounts receivable - related parties as at 31 December can be analysed as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|----------------|----------------------------------|--------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Trade accounts receivable - related parties | | | | |
| Current | 161,377 | 226,197 | - | - |
| Overdue 3 months but less than 6 months | 12,547 | 399,483 | - | - |
| Total trade accounts receivable - related parties | 173,924 | 625,680 | - | - |
| <u>Less</u> Allowance for doubtful accounts | - | - | - | - |
| Trade accounts receivable - related parties, net | <u>173,924</u> | <u>625,680</u> | <u>-</u> | <u>-</u> |

10 Short term loans to other companies

| | Consolidated financial statements | |
|--|--------------------------------------|--------------|
| | 2016 Baht | 2015 Baht |
| For the year ended 31 December | | |
| Opening net book amount | - | - |
| Addition from change in status of a subsidiary | 77,843,516 | - |
| Repayment during the year | (41,021,627) | - |
| Impairment | (33,921,889) | - |
| Closing net book amount | 2,900,000 | - |

Short-term loans to other companies as at 31 December 2016 represent loan to Primetime Entertainment Co., Ltd. and loan to World Sport Group Co., Ltd. amounting to Baht 33.92 million and Baht 2.90 million, respectively. The loans were provided with interest rate of 7.5% per annum and no specific repayment date.

11 Inventories, net

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------|----------------------------------|--------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Raw material | 2,080,979 | 3,755,360 | - | - |
| Finished goods | 73,118,941 | 96,176,044 | 23,854,550 | 35,166,451 |
| <u>Less</u> Allowance for diminution in value of inventories | - | (6,371,104) | - | (6,336,457) |
| Allowance for inventories obsolescence | (25,383,360) | (4,582,849) | (23,854,550) | (74,304) |
| Inventories, net | 49,816,560 | 88,977,451 | - | 28,755,690 |

During 2016, Baht 14,429,407 was charged for the allowance for damages and obsolete inventories in the consolidated financial statements (2015: Baht 3,051,587).

12 Investments in subsidiaries, and associates

12.1 Investment in associates

| For the year ended 31 December | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------|----------------------------------|--------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Opening net book amount | 37,528,870 | 77,185,807 | - | - |
| Addition during the year | 44,000,000 | - | - | 27,835,692 |
| Impairment | - | - | - | (27,835,692) |
| Share of result | (40,491,984) | (39,656,937) | - | - |
| Change in status of a subsidiary to an associate | (17,135,600) | - | - | - |
| Closing net book amount | 23,901,286 | 37,528,870 | - | - |



12 Investments in subsidiaries, and associates (Cont'd)

12.1 Investment in associates (Cont'd)

Digital Synergy Company Limited (formerly "Primetime Solution Company Limited")

On 28 November 2016, Digital Synergy Company Limited increased its registered shares from Baht 50,000,000 to Baht 140,000,000 by issuing 900,000 shares at a par value of Baht 100 per share. DNA Revolution Company Limited paid Baht 44,000,000 for all newly issued shares. After the increase in the registered shares, the shareholding interest of DNA Revolution Company Limited in Digital Synergy Company Limited changed from 25.00% to 40.36%.

Set out below are the associates of the group as at 31 December 2016, which, in the opinion of the directors, are material to the group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the group; the country of incorporation or registration is also their principal place of business.

Nature of investment in associates as at 31 December 2016 and 2015 are as follows:

| Name of entity | Business | Place of business /country of incorporation | % of Ownership interest | | Nature of relationship | Measurement method |
|---|---|---|-------------------------|-------|------------------------|--------------------|
| | | | 2016 | 2015 | | |
| DNA Fresh Air Company Limited | Advertises, produces and manages events | Thailand | 49.99 | 49.99 | Direct | Equity method |
| Smallroom Company Limited | Sells CDs, DVDs and produces music, and advertising | Thailand | 25.00 | 25.00 | Indirect | Equity method |
| Digital Synergy Company Limited (formerly "Primetime Solution Company Limited") | Designs, manufactures, distributes, and provides consultancy in the preparation of media productions, multimedia technology and animation | Thailand | 40.36 | 25.00 | Indirect | Equity method |

DNA Fresh Air, Smallroom, and Digital Synergy are private companies and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's interest in the associates.

Summarised financial information for associates

Set out below are the summarised financial information for DNA Fresh Air and Digital Synergy which are accounted for using the equity method.

Summarised statement of financial position

| | As at 31 December | | | | | |
|--|---------------------|---------------------|---------------------|--------------------|----------------------|--------------------|
| | DNA Fresh Air | | Digital Synergy | | Total | |
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Current assets | | | | | | |
| Cash and cash equivalents | 1,781,052 | 2,153,087 | 737,562 | 331,848 | 2,518,614 | 2,484,935 |
| Other current assets (excluding cash) | 182,751 | 68,812,210 | 15,114,786 | 6,791,172 | 15,297,537 | 75,603,382 |
| Total current assets | 1,963,803 | 70,965,297 | 15,852,348 | 7,123,020 | 17,816,151 | 78,088,317 |
| Non-current assets | - | - | 5,774,531 | 236,958,963 | 5,774,531 | 236,958,963 |
| Total assets | 1,963,803 | 70,965,297 | 21,626,879 | 244,081,983 | 23,590,682 | 315,047,280 |
| Current liabilities | | | | | | |
| Financial liabilities (excluding trade payables) | 83,596,989 | 83,596,989 | 16,280,000 | 17,000,000 | 99,876,989 | 100,596,989 |
| Other current liabilities (including trade payables) | 7,233,831 | 2,682,046 | 35,552,201 | 27,798,243 | 42,786,032 | 30,480,289 |
| Total current liabilities | 90,830,820 | 86,279,035 | 51,832,201 | 44,798,243 | 142,663,021 | 131,077,278 |
| Non-current liabilities | | | | | | |
| Financial liabilities | - | - | 15,140,000 | 20,000,000 | 15,140,000 | 20,000,000 |
| Other liabilities | - | - | 12,776,359 | 34,315,143 | 12,776,359 | 34,315,143 |
| Total non-current liabilities | - | - | 27,916,359 | 54,315,143 | 27,916,359 | 54,315,143 |
| Total liabilities | 90,830,820 | 86,279,035 | 79,748,560 | 99,113,386 | 170,579,380 | 185,392,421 |
| Net assets | (88,867,017) | (15,313,738) | (58,121,681) | 144,968,597 | (146,988,698) | 129,654,859 |

12 Investments in subsidiaries, and associates (Cont'd)

12.1 Investment in associates (Cont'd)

Summarised statement of comprehensive income

| | For the year ended 31 December | | | | | |
|---|--------------------------------|---------------------|----------------------|---------------------|----------------------|----------------------|
| | DNA Fresh Air | | Digital Synergy | | Total | |
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Revenue | - | - | 38,398,444 | 8,775,129 | 38,398,444 | 8,775,129 |
| Depreciation and amortisation | - | - | (70,517,127) | (12,990,638) | (70,517,127) | (12,990,638) |
| Interest income | 6,856 | 9,434 | 2,308 | 10,358 | 9,164 | 19,792 |
| Interest expense | (4,825,458) | (2,930,791) | (2,365,519) | (1,375,274) | (7,190,977) | (4,306,065) |
| Loss from continuing operations | (73,553,279) | (72,733,654) | (258,090,278) | (38,184,293) | (331,643,557) | (110,917,947) |
| Income tax expense | - | - | - | - | - | - |
| Post-tax loss from continuing operations | (73,553,279) | (72,733,654) | (258,090,278) | (38,184,293) | (331,643,557) | (110,917,947) |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive expense | (73,553,279) | (72,733,654) | (258,090,278) | (38,184,293) | (331,643,557) | (110,917,947) |
| Dividends received from associates | - | - | - | - | - | - |

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associates.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates

Summarised financial information

| | DNA Fresh Air | | Digital Synergy | | Total | |
|--|---------------------|---------------------|---------------------|--------------------|----------------------|--------------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Opening net assets | (15,313,738) | 57,419,916 | 144,968,597 | 183,152,890 | 129,654,859 | 240,572,806 |
| Issue of share | - | - | 55,000,000 | - | 55,000,000 | - |
| Loss for the period | (73,553,279) | (72,733,654) | (258,090,278) | (38,184,293) | (331,643,557) | (110,917,947) |
| Closing net assets | (88,867,017) | (15,313,738) | (58,121,681) | 144,968,597 | (146,988,698) | 129,654,859 |
| Interest in associates (%) | 50 | 50 | 25 | 25 | - | - |
| Interest in associates | (44,433,509) | (7,656,769) | (13,919,846) | 36,242,149 | (58,353,355) | - |
| Interest in associates (%) | - | - | 40.36 | - | - | - |
| Interest in associates | - | - | (6,943,795) | - | (6,943,795) | 28,585,380 |
| Interest in associates - issue of shares | - | - | 44,000,000 | - | 44,000,000 | - |
| Excess loss from interest in associates | 44,433,509 | 7,656,769 | - | - | 44,433,509 | 7,656,769 |
| Carrying value | - | - | 23,136,359 | 36,242,149 | 23,136,359 | 36,242,149 |



12 Investments in subsidiaries, and associates (Cont'd)

12.1 Investment in associates (Cont'd)

Individual immaterial associates

In addition to the interests in associates disclosed above, the Group also has interest in an individually immaterial associate that is accounted for using the equity method

| | 2016 Baht | 2015 Baht |
|--|------------------|--------------------|
| Aggregate carrying amount of an individually immaterial associate | 764,927 | 1,286,721 |
| Aggregate amounts of the reporting entity's share of: loss from continuing activities | (521,793) | (1,401,095) |
| Total comprehensive income | (521,793) | (1,401,095) |

12.2 Principal subsidiaries

Movements of investment in subsidiaries

| For the year ended 31 December | Separate financial statements | |
|--------------------------------|-------------------------------|--------------|
| | 2016 Baht | 2015 Baht |
| Opening net book amount | 312,796,617 | 149,697,332 |
| Addition during the period | 90,000,000 | 163,099,285 |
| Impairment | (60,099,900) | - |
| Closing net book amount | 342,696,717 | 312,796,617 |

Additions of investment in subsidiaries

Subsidiary of the Company

DNA Revolution Company Limited

On 25 December 2016, DNA Revolution Company Limited increased its registered shares from Baht 170,000,000 to Baht 260,000,000 by issuing 9,000,000 shares at a par value of Baht 10 per share. The Company paid Baht 90,000,000 for all newly issued shares. The increase in the aforementioned investment does not affect the percentage of ownership interest in DNA Revolution Company Limited.

Subsidiaries under DNA Revolution Company Limited

World Sport Group Company Limited

On 13 June 2016, World Sport Group Company Limited has increased the registered shares from Baht 20,000,000 to Baht 40,000,000. After the increase in the registered shares, the shareholding interest of DNA Revolution Company Limited in World Sport Group Company Limited changed from 70 percent to 85 percent, resulting in the decrease in the Group's ownership by Baht 4,887,308 and increase in the non-controlling interest by Baht 4,887,308.

DNA Sports Company Limited

On 27 June 2016, DNA Revolution Company Limited acquired 48,998 shares at a par value of Baht 100 of DNA Sport Company Limited, totalling Baht 4,899,800, representing 69.99% of the issued shares. DNA Sport Company Limited is incorporated in Thailand and engages in the business of organising events, shows, concerts, sales and marketing campaigns, and public relational services.

12 Investments in subsidiaries, and associates (Cont'd)

12.2 Principal subsidiaries (Cont'd)

Subsidiaries under DNA Revolution Company Limited (Cont'd)

DNA Retail Link Company Limited

On 17 August 2016, DNA Retail Link Company Limited increased its registered shares from Baht 30,000,000 to Baht 70,000,000 by issuing 400,000 shares at a par value of Baht 100 per share. DNA Revolution Company Limited paid Baht 40,000,000 for all newly issued shares. The increase in the aforementioned investment does not affect the percentage of ownership interest in DNA Retail Link Company Limited.

Subsidiaries under DNA Network and Engineering Company Limited

Strongtech Energy 3 Company Limited

On 1 March 2016, DNA Network and Engineering Company Limited; a subsidiary of the Company paid Baht 249,925 in cash for acquiring 9,997 shares at a par value of Baht 25 per share, representing 99.97% of registered shares of Strongtech Energy 3 Company Limited, which is incorporated in Thailand and engaged in the business of producing and distributing of electricity from solar energy (Note 32).

Disposal of investment in subsidiary

Subsidiaries under DNA Revolution Company Limited

Primetime Entertainment Company Limited

On 13 June 2016, the Group disposed its entire investment in Primetime Entertainment Company Limited to the external party for the considerations of Baht 20,000,000 and recognised gain from disposal amounting to Baht 149,163,470 in "Other Income" in the consolidated statements of comprehensive income. After the disposal, the financial information of Primetime Entertainment Company Limited were derecognised from the consolidated financial statement.

World Sport Group Company Limited

On 23 August 2016, the Group disposed its entire investment in World Sport Company Limited to the external party for the considerations of Baht 34,000,000 and recognised gain from disposal amounting to Baht 24,391,212 in "Other Income" in the consolidated statements of comprehensive income. After the disposal, the financial information of World Sport Group Company Limited were derecognised from the consolidated financial statement.

Subsidiaries under DNA Network and Engineering Company Limited

Phuket Utilities Company Limited

On 30 June 2016, the Company disposed its entire investment in Phuket Utilities Company Limited to the external party for the considerations of Baht 999,700 and recognised gain from disposal amounting to Baht 600,188 in "Other income" in the consolidated statements of comprehensive income. After the disposal, the financial information of Phuket Utilities Company Limited were derecognised from the consolidated financial statement.



12 Investments in subsidiaries, and associates (Cont'd)

12.2 Principal subsidiaries (Cont'd)

The Group had the following subsidiaries at 31 December 2016

| Name | Place of business and Country of incorporation | Nature of business | Proportion of ordinary shares directly held by parent | | Proportion of ordinary shares held by the Group | | Proportion of shares held by non-controlling interests | |
|---|--|---|---|--------|---|--------|--|--------|
| | | | 2016 % | 2015 % | 2016 % | 2015 % | 2016 % | 2015 % |
| Subsidiaries | | | | | | | | |
| DNA Revolution Company Limited | Thailand | Produces and manages events, shows, concerts, etc. and operates cable TV service | 99.99 | 99.99 | - | - | 0.01 | 0.01 |
| Bun Company Limited | Thailand | Produces and sale of bakery and franchising the trademark "Mr. Bun" | 69.50 | 69.50 | - | - | 30.50 | 30.50 |
| DNA Network and Engineering Company Limited | Thailand | Provides infrastructure of electricity and telecommunication | 99.99 | 99.99 | - | - | 0.01 | 0.01 |
| P Power Plant Company Limited | Thailand | Generates and sells electric power from alternative energy | 99.99 | 99.99 | - | - | 0.01 | 0.01 |
| P Power Plant Energy Company Limited | Thailand | Principally engages as holding company of the producing and providing the electricity business | 99.99 | 99.99 | - | - | 0.01 | 0.01 |
| My Network and Solution Company Limited | Thailand | Provides services related to Internet data service centers and Internet services | 50.99 | 50.99 | - | - | 49.01 | 49.01 |
| Subsidiaries under DNA Revolution Company Limited | | | | | | | | |
| DNA Retail Link Company Limited | Thailand | Sells VCD/DVD, television products and relevant equipment | - | - | 99.99 | 99.99 | 0.01 | 0.01 |
| Hollywood reporter (Thailand) Company Limited | Thailand | Engaging in the business of media publishing and film right trading | - | - | 83.34 | 83.34 | 16.66 | 16.66 |
| Subsidiaries under DNA Engineering Network and Company Limited | | | | | | | | |
| Strongtech Energy 3 Company Limited | Thailand | Producing and distribution of electricity from solar energy | - | - | 99.97 | 99.97 | 0.03 | 0.03 |
| Samed Utilities Company Limited | Thailand | Producing and selling clean water from sea water on Samed island | - | - | 54.99 | 54.99 | 45.01 | 45.01 |
| DNA Sports Company Limited | Thailand | The business of organizing events, shows, concerts, sales and marketing campaigns, and public relational services for interested individuals or corporations. | - | - | 99.99 | - | 0.01 | - |
| Subsidiaries under P Power Plant Energy Company Limited | | | | | | | | |
| P Power Plant Energy 1 Company Limited | Thailand | Producing and providing the electricity | - | - | 99.97 | 99.97 | 0.03 | 0.03 |
| P Power Plant Energy 2 Company Limited | Thailand | Producing and providing electricity | - | - | 99.97 | 99.97 | 0.03 | 0.03 |
| P Power Plant Energy 3 Company Limited | Thailand | Producing and providing the electricity | - | - | 99.97 | 99.97 | 0.03 | 0.03 |

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company further does not have any shareholdings in the preference shares of subsidiary undertaking included in the Group.

The total non-controlling interest is Baht 46,707,395 of which Baht 35,409,985 is for Bun Company Limited, Baht 14,627,433 is attributed to Samed Utilities Company Limited Baht (3,203,178) is attributed to My Network and Solution Company Limited. The non-controlling interest in respect of other subsidiaries is not material.

12 Investments in subsidiaries, and associates (Cont'd)

12.2 Principal subsidiaries (Cont'd)

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

See note 33 for transactions with non-controlling interests.

Summarised statement of financial position

| As at 31 December | Bun | | Samed Utilities | | My Network and Solution | | Total | |
|------------------------------|--------------|--------------|-----------------|--------------|-------------------------|--------------|--------------|--------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Current | | | | | | | | |
| Assets | 40,239,558 | 24,166,291 | 30,628,426 | 57,128,815 | 2,830,209 | 7,989,060 | 73,698,193 | 89,284,166 |
| Liabilities | (21,363,714) | (26,894,783) | (23,835,995) | (282,999) | (26,627,617) | (366,568) | (71,827,326) | (27,544,350) |
| Total net current assets | 18,875,844 | (2,728,492) | 6,792,431 | 56,845,816 | (23,797,408) | 7,622,492 | 1,870,867 | 61,739,816 |
| Non-current | | | | | | | | |
| Assets | 65,569,494 | 82,532,847 | 25,712,970 | 228,878 | 17,671,213 | 1,699,204 | 108,953,677 | 84,460,929 |
| Liabilities | (14,159,219) | (8,981,823) | - | - | (410,772) | (4,500) | (14,569,991) | (8,986,323) |
| Total net non-current assets | 51,410,275 | 73,551,024 | 25,712,970 | 228,878 | 17,260,441 | 1,694,704 | 94,383,686 | 75,474,606 |
| Net assets | 70,286,119 | 70,822,532 | 32,505,401 | 57,074,694 | (6,536,967) | 9,317,196 | 96,254,553 | 137,214,422 |

Summarised statement of comprehensive income

| For the year ended 31 December | Bun | | Samed Utilities | | My Network and Solution | | Total | |
|---|--------------|--------------|-----------------|--------------|-------------------------|--------------|--------------|--------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Revenue | 181,341,335 | 189,005,362 | - | - | 67,000 | - | 181,408,335 | 189,005,362 |
| Loss before income tax | (671,143) | (4,611,447) | (24,340,415) | (334,046) | (15,854,161) | (682,803) | (40,865,719) | (5,628,296) |
| Income tax expense/ income | 134,729 | (118,546) | - | - | - | - | 134,729 | (118,546) |
| Total comprehensive loss | (536,414) | (4,729,993) | (24,340,415) | (334,046) | (15,854,161) | (682,803) | (40,730,990) | (5,746,842) |
| Total comprehensive loss allocated to non-controlling interests | (163,588) | (1,442,482) | (11,056,184) | (82,176) | (7,768,698) | (334,581) | (18,988,470) | (1,859,239) |

Summarised statement of cash flows

| For the year ended 31 December | Bun | | Samed Utilities | | My Network and Solution | | Total | |
|--|--------------|--------------|-----------------|--------------|-------------------------|--------------|--------------|--------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Cash flow from operating activities | | | | | | | | |
| Cash generated from operations | 15,185,485 | (768,431) | (26,601,348) | (348,669) | 12,404,170 | (1,024,515) | 988,307 | (2,141,615) |
| Interest paid | (120,403) | (383,169) | - | - | - | - | (120,403) | (383,169) |
| Income tax paid | - | - | - | - | - | - | - | - |
| Net cash generated from (used in) operating activities | 15,065,082 | (1,151,600) | (26,601,348) | (348,669) | 12,404,170 | (1,024,515) | 867,904 | (2,524,784) |
| Net cash (used in) generated from investing activities | (8,903,833) | 9,615,262 | - | - | (18,509,810) | (1,317,680) | (27,413,643) | 8,297,582 |
| Net cash (used in) generated from financing activities | (553,385) | (4,228,086) | - | - | - | 10,000,000 | (553,385) | 5,771,914 |
| Net increase (decrease) in cash and cash equivalents | 5,607,864 | 4,235,576 | (26,601,348) | (348,669) | (6,105,640) | 7,657,805 | (27,099,124) | 11,544,712 |
| Cash and cash equivalents at beginning of year | 10,610,107 | 6,374,531 | 56,926,218 | 57,274,887 | 7,657,805 | - | 75,194,130 | 63,649,418 |
| Cash and cash equivalents at end of year | 16,217,971 | 10,610,107 | 30,324,870 | 56,926,218 | 1,552,165 | 7,657,805 | 48,095,006 | 75,194,130 |

The information above is the amount before inter-company eliminations.



13 Long-term investment

During the third quarter of 2015, DNA Revolution invested in 150,000 shares, representing 15% of registered shares which is Baht 15,000,000 in Pentor Holding Company Limited, which operates in retail business. The investment is classified as general investment.

During the third quarter of 2013, DNA Revolution invested in 189,990 shares, representing 19% of registered shares which is Baht 949,950 in Show Booking Company Limited, which operates as the agency for distribution of shows and events tickets. The investment is classified as general investment.

The fair value of long-term investments are not disclosed since they are investments in equity securities, which are not traded in the market and the Group could not determine a reliable measure of the fair value of these investments.

14 Leasehold improvement and equipment, net

| Consolidated financial statements | | | | | | | |
|--|-------------------------------|-----------------|---|--------------------------------------|---------------------------|-------------------------------------|---------------|
| | Leasehold improvement Baht | Machine Baht | Furniture, fixture and office equipment Baht | Computer and equipment Baht | Motor vehicles Baht | Construction in progress Baht | Total Baht |
| At 1 January 2015 | | | | | | | |
| Cost | 135,653,173 | 39,013,380 | 5,584,121 | 60,055,782 | 5,851,752 | - | 246,158,208 |
| <u>Less</u> Accumulated depreciation | (89,918,461) | (6,051,169) | (2,358,084) | (51,535,781) | (2,143,281) | - | (152,006,776) |
| Provision for impairment | (486,152) | - | (7,746) | (158,327) | - | - | (652,225) |
| Net book value | 45,248,560 | 32,962,211 | 3,218,291 | 8,361,674 | 3,708,471 | - | 93,499,207 |
| For the year ended 31 December 2015 | | | | | | | |
| Opening net book value | 45,248,560 | 32,962,211 | 3,218,291 | 8,361,674 | 3,708,471 | - | 93,499,207 |
| Acquisition of a subsidiary (Note 32) | - | - | - | - | - | 228,878 | 228,878 |
| Additions | 13,762,974 | 7,075,549 | 1,670,911 | 6,763,899 | - | - | 29,273,333 |
| Transfer in/(out) | - | 2,235 | (2,235) | - | - | - | - |
| Disposal, net | (6,318,796) | (722,345) | (71,405) | (2,045,103) | - | - | (9,157,649) |
| Write off, net | (7,149,083) | - | (1,063,513) | (1,060,875) | - | - | (9,273,471) |
| Depreciation charge | (11,388,011) | (6,838,420) | (736,001) | (4,265,110) | (816,935) | - | (24,044,477) |
| Closing net book value | 34,155,644 | 32,479,230 | 3,016,048 | 7,754,485 | 2,891,536 | 228,878 | 80,525,821 |
| At 31 December 2015 | | | | | | | |
| Cost | 48,209,001 | 44,522,651 | 4,690,718 | 22,743,194 | 5,851,752 | 228,878 | 126,246,194 |
| <u>Less</u> Accumulated depreciation | (14,053,357) | (12,043,421) | (1,674,670) | (14,988,709) | (2,960,216) | - | (45,720,373) |
| Net book value | 34,155,644 | 32,479,230 | 3,016,048 | 7,754,485 | 2,891,536 | 228,878 | 80,525,821 |
| For the year ended 31 December 2016 | | | | | | | |
| Opening net book value | 34,155,644 | 32,479,230 | 3,016,048 | 7,754,485 | 2,891,536 | 228,878 | 80,525,821 |
| Additions | 18,199,162 | 8,568,901 | 976,416 | 14,001,847 | - | 3,559,278 | 45,305,604 |
| Disposal, net | (4,528,098) | (5,715,348) | (1,601,324) | (1,578,213) | (239,469) | - | (13,662,452) |
| Write off, net | (9,324,174) | - | (3,683) | (278,193) | - | (228,878) | (9,834,928) |
| Depreciation charge | (7,679,573) | (5,972,739) | (601,392) | (4,290,937) | (579,047) | - | (19,123,688) |
| Disposal of subsidiary | - | - | - | (704,085) | - | - | (704,085) |
| Closing net book value | 30,822,961 | 29,360,044 | 1,786,065 | 14,904,904 | 2,073,020 | 3,559,278 | 82,506,272 |
| At 31 December 2016 | | | | | | | |
| Cost | 49,687,213 | 46,598,778 | 4,080,399 | 29,803,687 | 5,647,141 | 3,559,278 | 139,376,496 |
| <u>Less</u> Accumulated depreciation | (18,864,252) | (17,238,734) | (2,294,334) | (14,898,783) | (3,574,121) | - | (56,870,224) |
| Net book value | 30,822,961 | 29,360,044 | 1,786,065 | 14,904,904 | 2,073,020 | 3,559,278 | 82,506,272 |

14 Leasehold improvement and equipment, net (Cont'd)

| Separate financial statements | | | | | |
|--|-------------------------------|--|-----------------------------------|------------------------|---------------|
| | Leasehold improvement Baht | Furniture, fixture and office equipment Baht | Computer and equipment Baht | Motor vehicles Baht | Total Baht |
| At 1 January 2015 | | | | | |
| Cost | 109,893,147 | 4,527,979 | 59,583,929 | 3,454,996 | 177,460,051 |
| Less Accumulated depreciation | (85,961,107) | (2,165,035) | (51,445,122) | (1,843,947) | (141,415,211) |
| Provision for impairment | (486,152) | (7,746) | (158,326) | - | (652,224) |
| Net book value | 23,445,888 | 2,355,198 | 7,980,481 | 1,611,049 | 35,392,616 |
| For the year ended 31 December 2015 | | | | | |
| Opening net book value | 23,445,888 | 2,355,198 | 7,980,481 | 1,611,049 | 35,392,616 |
| Additions | 1,805,669 | 76,500 | 743,901 | - | 2,626,070 |
| Disposal, net | (17,412,303) | (165,682) | (3,302,191) | - | (20,880,176) |
| Write off, net | (3,381,239) | (1,063,513) | (1,060,875) | - | (5,505,627) |
| Depreciation charge | (4,375,073) | (544,905) | (3,290,385) | (577,466) | (8,787,829) |
| Closing net book value | 82,942 | 657,598 | 1,070,931 | 1,033,583 | 2,845,054 |
| At 31 December 2015 | | | | | |
| Cost | 8,073,100 | 1,949,130 | 15,001,339 | 3,454,996 | 28,478,565 |
| Less Accumulated depreciation | (7,990,158) | (1,291,532) | (13,930,408) | (2,421,413) | (25,633,511) |
| Net book value | 82,942 | 657,598 | 1,070,931 | 1,033,583 | 2,845,054 |
| For the year ended 31 December 2016 | | | | | |
| Opening net book value | 82,942 | 657,598 | 1,070,931 | 1,033,583 | 2,845,054 |
| Additions | - | 145,485 | 354,286 | - | 499,771 |
| Disposal, net | (1) | (2,879) | (1,394) | - | (4,274) |
| Depreciation charge | (32,560) | (314,770) | (621,877) | (579,049) | (1,548,256) |
| Closing net book value | 50,381 | 485,434 | 801,946 | 454,534 | 1,792,295 |
| At 31 December 2016 | | | | | |
| Cost | 8,031,928 | 2,081,388 | 11,757,435 | 3,454,996 | 25,325,747 |
| Less Accumulated depreciation | (7,981,547) | (1,595,954) | (10,955,489) | (3,000,462) | (23,533,452) |
| Net book value | 50,381 | 485,434 | 801,946 | 454,534 | 1,792,295 |

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|----------------------|----------------------------------|----------------------|
| | 2016 Baht million | 2015 Baht million | 2016 Baht million | 2015 Baht million |
| Depreciation has been charged into the following categories of expenses: | | | | |
| Cost of sales | 3.39 | 1.48 | - | - |
| Selling expenses | 6.00 | 12.04 | - | 2.56 |
| Administrative expenses | 9.73 | 10.52 | 1.55 | 6.23 |
| | 19.12 | 24.04 | 1.55 | 8.79 |

Details of motor vehicles acquired under finance lease contracts and included in the above, are as follow:

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------------------|--------------------------------------|--------------|----------------------------------|--------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Cost - capitalised finance leases | 2,151,000 | 5,935,819 | - | 2,848,617 |
| Less Accumulated depreciation | (1,729,896) | (3,307,410) | - | (1,897,201) |
| Net book amount | 421,104 | 2,628,409 | - | 951,416 |



15 Investment property

The Group's investment property is measured at fair value

| | Consolidated financial statements | | Separate financial statements | |
|----------------------------------|--------------------------------------|--------------|----------------------------------|--------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Fair value at 1 January | - | - | - | - |
| Additions: | | | | |
| - debt repayment | 85,700,000 | - | 85,700,000 | - |
| Fair value at 31 December | 85,700,000 | - | 85,700,000 | - |

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Valuation processes

The Group's investment properties were valued at 2016 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use. The Group's finance department includes a team that review the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the chief financial officer (CFO) and the audit committee (AC). Discussions of valuation processes and results are held between the CFO, AC, the valuation team and the independent valuers at least once every quarter, in line with the Group's quarterly reporting dates. At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuation movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

Information about fair value measurements using significant unobservable inputs (level 3).

| Description | Fair value at 2016 Baht | Valuation Technique(s) | Unobservable inputs | Range of unobservable Inputs (probability -weighted Average) (Baht per square metre) | Relationship of unobservable Inputs to fair value |
|---------------------------------|-------------------------------|---------------------------------|---------------------------|---|---|
| Condominium - pattaya | 38,000,000 | Sales comparison approach | Price per square metre | 38,000 | The higher the price per square metre, the higher the fair value |
| Condominium - pinklao | 15,390,000 | Sales Comparison approach | Price per Square metre | 27,000 | The higher the price per square metre, the higher the fair value |
| Condominium - ratcha dapisek | 32,310,000 | Sales Comparison approach | Price per Square metre | 45,000 | The higher the price per square metre, the higher the fair value |

16 Film rights, net

| | Consolidated financial statements Baht | Separate financial statements Baht |
|--|---|---|
| At 1 January 2015 | | |
| Cost | 108,417,431 | 108,417,431 |
| <u>Less</u> Accumulated amortisation | (66,456,566) | (66,456,566) |
| Provision for impairment | (4,224,864) | (4,224,864) |
| Net book value | <u>37,736,001</u> | <u>37,736,001</u> |
| For the year ended 31 December 2015 | | |
| Opening net book value | 37,736,001 | 37,736,001 |
| Additions | 42,459,982 | 19,416,564 |
| Amortisation | (34,407,685) | (27,194,448) |
| Closing net book value | <u>45,788,298</u> | <u>29,958,117</u> |
| At 31 December 2015 | | |
| Cost | 126,992,470 | 103,949,052 |
| <u>Less</u> Accumulated amortisation | (81,204,172) | (73,990,935) |
| Net book value | <u>45,788,298</u> | <u>29,958,117</u> |
| For the year ended 31 December 2016 | | |
| Opening net book value | 45,788,298 | 29,958,117 |
| Additions | 18,065,856 | 8,518,545 |
| Disposals, net | (9,441,244) | (15,299,785) |
| Impairment | (10,225,857) | (10,225,857) |
| Disposal investment in a subsidiary | (1,500,000) | - |
| Amortisation | (22,846,469) | (12,951,020) |
| Closing net book value | <u>19,840,584</u> | <u>-</u> |
| At 31 December 2016 | | |
| Cost | 57,557,541 | 28,057,025 |
| <u>Less</u> Accumulated amortisation | (27,491,100) | (17,831,168) |
| Provision for impairment | (10,225,857) | (10,225,857) |
| Net book value | <u>19,840,584</u> | <u>-</u> |

Amortisation charge of film rights is included in cost of sales.



17 Intangible assets, net

| | Consolidated financial statements | | | |
|--|-----------------------------------|----------------------------|------------------------------|-----------------------------|
| | License Baht | Leasehold right Baht | Computer programs Baht | Work in progress Baht |
| At 1 January 2015 | | | | |
| Cost | - | 3,034,459 | 16,305,828 | - |
| <u>Less</u> Accumulated amortisation | - | (2,277,384) | (9,232,889) | - |
| Net book value | - | 757,075 | 7,072,939 | - |
| For the year ended 31 December 2015 | | | | |
| Opening net book value | - | 757,075 | 7,072,939 | - |
| Additions | - | - | 3,290,388 | - |
| Write-off, net | - | (1) | (780,288) | - |
| Amortisation | - | (757,074) | (1,301,274) | - |
| Closing net book value | - | - | 8,281,765 | - |
| At 31 December 2015 | | | | |
| Cost | - | - | 13,678,871 | - |
| <u>Less</u> Accumulated amortisation | - | - | (5,397,106) | - |
| Net book value | - | - | 8,281,765 | - |
| For the year ended 31 December 2016 | | | | |
| Opening net book value | - | - | 8,281,765 | - |
| Additions | 872,250 | - | 3,236,815 | 4,571,824 |
| Disposals, net | - | - | (248,833) | - |
| Write-off, net | - | - | (1,557,909) | - |
| Amortisation | (436,125) | - | (1,346,862) | - |
| Closing net book value | 436,125 | - | 8,364,976 | 4,571,824 |
| At 31 December 2016 | | | | |
| Cost | 872,250 | - | 13,108,023 | 4,571,824 |
| <u>Less</u> Accumulated amortisation | (436,125) | - | (4,743,047) | - |
| Net book value | 436,125 | - | 8,364,976 | 4,571,824 |

Leasehold right acquired in a business combination represents benefit value based on the terms of operating leases in the acquired subsidiary, comparing to market value. Amortisation of leasehold right is included in selling expenses.

Amortisation of computer programs is included in administrative expenses.

Amortisation of license is included in cost of services.

17 Intangible assets, net (Cont'd)

| | Separate financial statements |
|--|--|
| | Computer programs Baht |
| At 1 January 2015 | |
| Cost | 16,305,828 |
| <u>Less</u> Accumulated amortisation | <u>(9,232,889)</u> |
| Net book value | <u>7,072,939</u> |
| For the year ended 31 December 2015 | |
| Opening net book value | 7,072,939 |
| Additions | 1,355,193 |
| Disposal, net | (2,170,129) |
| Write-off, net | (780,288) |
| Amortisation | <u>(1,020,357)</u> |
| Closing net book value | <u>4,457,358</u> |
| At 31 December 2015 | |
| Cost | 9,573,547 |
| <u>Less</u> Accumulated amortisation | <u>(5,116,189)</u> |
| Net book value | <u>4,457,358</u> |
| For the year ended 31 December 2016 | |
| Opening net book value | 4,457,358 |
| Write-off, net | (1,557,909) |
| Amortisation | <u>(727,619)</u> |
| Closing net book value | <u>2,171,830</u> |
| At 31 December 2016 | |
| Cost | 6,048,884 |
| <u>Less</u> Accumulated amortisation | <u>(3,877,054)</u> |
| Net book value | <u>2,171,830</u> |

Amoritsation of computer programs is included in administrative expenses.



18 Prepaid rents

| For the year ended 31 December | Consolidated financial statements | | Separate financial statements | |
|--------------------------------|-----------------------------------|--------------|-------------------------------|--------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Opening net book amount | 6,231,660 | 12,780,072 | 2,498,449 | 12,780,072 |
| Additions | - | 4,672,897 | - | - |
| Disposal | - | (5,990,972) | - | (5,990,972) |
| Disposal of subsidiary | (2,527,961) | - | - | - |
| Amortisation charge | (1,866,735) | (5,230,337) | (661,485) | (4,290,651) |
| Closing net book amount | 1,836,964 | 6,231,660 | 1,836,964 | 2,498,449 |

| | Consolidated financial statements | | Separate financial statements | |
|-------------------|-----------------------------------|--------------|-------------------------------|--------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Current portion | 661,485 | 2,533,713 | 661,485 | 661,485 |
| Long-term portion | 1,175,479 | 3,697,947 | 1,175,479 | 1,836,964 |
| Total | 1,836,964 | 6,231,660 | 1,836,964 | 2,498,449 |

19 Goodwill

| For the year ended 31 December | Consolidated financial statements | |
|-------------------------------------|-----------------------------------|--------------|
| | 2016 Baht | 2015 Baht |
| Opening net book amount | 60,244,469 | 48,835,982 |
| Acquisition of subsidiary (Note 32) | - | 11,408,487 |
| Closing net book amount | 60,244,469 | 60,244,469 |

| At 31 December | | |
|-------------------------------|------------|------------|
| Cost | 60,244,469 | 60,244,469 |
| Less Provision for impairment | - | - |
| Closing net book amount | 60,244,469 | 60,244,469 |

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to business segment.

A segment-level summary of the goodwill allocation is presented below.

| | 2016 | | | 2015 | | |
|---------------------|-------------------|------------------------------|---------------|-------------------|------------------------------|---------------|
| | Utilities Baht | Food and beverage Baht | Total Baht | Utilities Baht | Food and beverage Baht | Total Baht |
| Goodwill allocation | 11,408,487 | 48,835,982 | 60,244,469 | 11,408,487 | 48,835,982 | 60,244,469 |

The recoverable amount of a cash generating unit ("CGU") is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business segment in which the CGU operates.

19 Goodwill (Cont'd)

The key assumptions used for value-in-use calculations are as follows:

| | Utilites | Food and beverage |
|----------------------------|----------|-------------------|
| Gross margin ¹ | 81% | 57% |
| Growth rate ² | -% | 3% |
| Discount rate ³ | 7% | 14% |

¹ Budgeted gross margin.

² Weighted average growth rate used to extrapolate cash flows beyond the budget period.

³ Pre-tax discount rate applied to the cash flow projections.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

20 Deferred income taxes

The analysis of deferred tax assets and deferred tax liabilities is as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------------|----------------------------------|--------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Deferred tax assets: | | | | |
| Deferred tax asset to be recovered within 12 months | - | - | - | - |
| Deferred tax asset to be recovered after 12 months | - | 713,767 | - | - |
| | - | 713,767 | - | - |
| Deferred tax liabilities: | | | | |
| Deferred tax liabilities to be settled within 12 months | - | - | - | - |
| Deferred tax liability to be settled after 12 months | 2,399,444 | 3,247,940 | - | - |
| | 2,399,444 | 3,247,940 | - | - |
| Deferred tax, net | <u>(2,399,444)</u> | <u>(2,534,173)</u> | <u>-</u> | <u>-</u> |

The gross movement and the deferred income tax account is as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------------|----------------------------------|--------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| At 1 January | (2,534,173) | 3,178,558 | - | 3,477,935 |
| Charged/(credited) to profit or loss (Note 30) | 134,729 | (5,712,731) | - | (3,477,935) |
| At 31 December | <u>(2,399,444)</u> | <u>(2,534,173)</u> | <u>-</u> | <u>-</u> |



20 Deferred income taxes (Cont'd)

The movements in deferred tax assets and liabilities during the year are as follows:

| Consolidated financial statements | | | |
|--|---------------------------------|--|-----------------------------------|
| | At 1 January 2016 Baht | Charged/(credited) to income statement Baht | At 31 December 2016 Baht |
| Deferred tax assets | | | |
| Provision for employee benefit obligations | 296,467 | (296,467) | - |
| Provision for decommissioning cost | 417,300 | (417,300) | - |
| | 713,767 | (713,767) | - |
| Deferred tax liabilities | | | |
| Revaluation of assets | 3,247,940 | (848,496) | 2,399,444 |
| | 3,247,940 | (848,496) | 2,399,444 |
| Consolidated financial statements | | | |
| | At 1 January 2015 Baht | Charged/(credited) to income statement Baht | At 31 December 2015 Baht |
| Deferred tax assets | | | |
| Allowance for doubtful account | 164,192 | (164,192) | - |
| Allowance for diminution in value of inventories | 1,465,865 | (1,465,865) | - |
| Allowance for inventories obsolescence | 114,608 | (114,608) | - |
| Impairment loss on equipment | 21,122 | (21,122) | - |
| Impairment loss on film rights | 413,004 | (413,004) | - |
| Provision for inventories loss | 149,952 | (149,952) | - |
| Provision for sales returns | 78,688 | (78,688) | - |
| Share of loss from investment in associates | 2,116,251 | (2,116,251) | - |
| Other provisions | 340,000 | (340,000) | - |
| Provision for employee benefit obligations | 1,589,592 | (1,293,125) | 296,467 |
| Provision for decommissioning cost | - | 417,300 | 417,300 |
| | 6,453,274 | (5,739,507) | 713,767 |
| Deferred tax liabilities | | | |
| Intangible assets - leasehold right | 151,415 | (151,415) | - |
| Revaluation of assets | 3,123,301 | 124,639 | 3,247,940 |
| | 3,274,716 | (26,776) | 3,247,940 |
| Separate financial statement | | | |
| | At 1 January 2015 Baht | Charged/(credited) to income statement Baht | At 31 December 2015 Baht |
| Deferred tax assets | | | |
| Allowance for doubtful account | 164,192 | (164,192) | - |
| Allowance for diminution in value of inventories | 1,465,865 | (1,465,865) | - |
| Allowance for inventories obsolescence | 114,608 | (114,608) | - |
| Impairment loss on equipment | 21,122 | (21,122) | - |
| Impairment loss on film rights | 413,004 | (413,004) | - |
| Provision for inventories loss | 149,952 | (149,952) | - |
| Provision for sales returns | 78,688 | (78,688) | - |
| Provision for employee benefit obligations | 1,070,503 | (1,070,503) | - |
| | 3,477,934 | (3,477,934) | - |

20 Deferred income taxes (Cont'd)

Presentation in the statements of financial position are as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---------------------------------|--------------------------------------|--------------|----------------------------------|--------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Deferred income tax assets | - | 713,767 | - | - |
| Deferred income tax liabilities | (2,399,444) | (3,247,940) | - | - |
| Deferred income tax, net | (2,399,444) | (2,534,173) | - | - |

Deferred income tax assets and liabilities are offset when the income taxes related to the same fiscal authority. Deferred tax assets and deferred tax liabilities in the consolidated statement of financial positions are presented at net amount of assets and liabilities incurred in each entity.

Deferred income tax assets are recognised for tax loss and carry forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets in respect of losses amounting to Baht 720 million (2015: Baht 440 million) that can be carried forward against future taxable income.

| | Consolidated financial statements Baht | Separate financial statements Baht |
|------|--|--|
| 2017 | 20,606,687 | - |
| 2018 | 1,494,331 | - |
| 2019 | 58,897,345 | 54,028,111 |
| 2020 | 345,785,076 | 94,386,174 |
| 2021 | 293,654,445 | 99,867,337 |
| | 720,437,884 | 248,281,622 |

21 Borrowings

21.1 Finance lease liabilities

Finance lease liabilities - minimum lease payments:

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------|----------------------------------|--------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Not later than one year | 214,438 | 585,480 | - | 245,658 |
| Later than 1 year but not later than 5 years | 9,606 | 209,512 | - | - |
| <u>Less</u> Future finance charges on finance leases | (4,769) | (22,332) | - | (4,249) |
| Present value of finance lease liabilities | 219,275 | 772,660 | - | 241,409 |

The present value of finance lease liabilities is due as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------|----------------------------------|--------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Not later than 1 year | 209,669 | 563,247 | - | 241,409 |
| Later than 1 year but not later than 5 years | 9,606 | 209,413 | - | - |
| | 219,275 | 772,660 | - | 241,409 |



21 Borrowings (Cont'd)

21.2 Short-term borrowings

| | Consolidated financial statements | | Separate financial statements | |
|---------------------------------------|--------------------------------------|--------------|----------------------------------|--------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Borrowings from financial institution | - | 165,478,166 | - | 115,478,166 |
| Bills of exchange | 49,334,532 | 63,969,541 | 10,000,000 | 5,000,000 |
| Total short-term borrowings | 49,334,532 | 229,447,707 | 10,000,000 | 120,478,166 |

Bills of exchange with an interest rate of 6.75% per annum will be due in April 2017.

21.3 Long-term borrowings

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------|----------------------------------|--------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Current portion of long-term borrowings | 45,583,658 | - | 45,583,658 | - |
| Long-term borrowings payable between 1 to 5 years | 26,720,166 | - | 26,720,166 | - |
| Total long-term borrowings | 72,303,824 | - | 72,303,824 | - |

Long-term borrowing from financial institution of Baht 42.68 million is collateralised by investment properties of the Group amounting to Baht 53.35 million and long-term borrowing from financial institution of Baht 29.62 million is collateralised by the director and investment properties of the Group amounting to Baht 32.31 million.

The carrying amounts of long-term borrowings approximate their fair values.

21.4 Interest rate

The interest rate of finance lease liabilities is a fixed rate, whereas interest rates of other borrowings are at floating rates.

The effective interest rates at the statement of financial position date are as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---------------------------|--------------------------------------|-------------|----------------------------------|-------------|
| | 2016 % | 2015 % | 2016 % | 2015 % |
| Bank overdrafts | - | 4.00 | - | - |
| Short-term borrowing | 6.75 | 5.00 - 6.75 | 6.75 | 5.00 - 5.87 |
| Long-term borrowing | 5.25-7.50 | - | 5.25-7.50 | - |
| Finance lease liabilities | 5.00-7.54 | 5.00 - 7.54 | - | 5.00 - 7.54 |

21.5 Borrowing facilities

The Group and the Company have the following undrawn committed borrowing facilities:

| | Consolidated financial statements | | Separate financial statements | |
|----------------------------|--------------------------------------|--------------|----------------------------------|--------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Floating rates | - | - | - | - |
| - expiring within one year | - | 119,226,122 | - | 118,021,834 |

The facilities expiring within one year are annual facilities subject to review at various dates during year. The other facilities have been arranged to help financing the proposed expansion of the Group and the Company activities.

22 Trade and other payables

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------------|----------------------------------|-------------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Trade accounts payable - third parties | 65,073,255 | 91,760,789 | 10,555,897 | 21,995,787 |
| Trade accounts payable - related parties (Note 34 c) | - | - | - | 34,229 |
| Total | 65,073,255 | 91,760,789 | 10,555,897 | 22,030,016 |
| Amount due to related parties (Note 34 c) | 996,608 | 5,388,786 | 9,067,671 | 6,481,252 |
| Other payables | 16,508,347 | 95,326,715 | 5,655,425 | 9,310,801 |
| Accrued expenses | 40,818,213 | 15,268,498 | 2,434,276 | 2,542,482 |
| Advances received | 5,075,145 | 4,306,938 | 594,000 | 515,514 |
| | <u>128,471,568</u> | <u>212,051,726</u> | <u>28,307,269</u> | <u>40,880,065</u> |

23 Employee benefit obligations

Retirement benefits

The plans are final salary retirement plans, which provide benefits to members in the form of a guaranteed level of pension payable. The level of benefits provided depends on member's length of service and their salary in the final years leading up to retirement.

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|------------------|----------------------------------|------------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Present value of unfunded obligation | 8,649,868 | 5,011,488 | 2,801,804 | 1,622,847 |
| Liability in the statement of financial position | <u>8,649,868</u> | <u>5,011,488</u> | <u>2,801,804</u> | <u>1,622,847</u> |

The movement in the defined benefit obligation over the year is as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|------------------|----------------------------------|------------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| At 1 January | 5,011,488 | 7,947,963 | 1,622,847 | 5,352,517 |
| (Gain) loss from change in demographic assumption | 2,919,530 | (2,606,061) | 958,104 | (2,606,061) |
| Transfer to subsidiaries | - | - | - | (2,022,204) |
| Disposal of subsidiary | (501,434) | - | - | - |
| Benefit Paid | (119,460) | (1,302,054) | - | - |
| Current service cost | 1,109,438 | 756,607 | 140,842 | 710,414 |
| Interest cost | 230,306 | 215,033 | 80,011 | 188,181 |
| At 31 December | <u>8,649,868</u> | <u>5,011,488</u> | <u>2,801,804</u> | <u>1,622,847</u> |

The amounts recognised in the statement of income are as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------|--------------------------------------|----------------|----------------------------------|----------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Current service cost | 1,109,438 | 756,607 | 140,842 | 710,414 |
| Interest cost | 230,306 | 215,033 | 80,011 | 188,181 |
| Total, included in staff costs | <u>1,339,744</u> | <u>971,640</u> | <u>220,853</u> | <u>898,595</u> |



23 Employee benefit obligations (Cont'd)

The principal actuarial assumptions used were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|-------------------------|-----------------------------------|-----------|-------------------------------|-----------|
| | 2016 % | 2015 % | 2016 % | 2015 % |
| Discount rate | 3.1 | 4.20 | 3.1 | 4.20 |
| Inflation rate | 3 | 3.00 | 3 | 3.00 |
| Future salary increases | 5 | 5.00 | 5 | 5.00 |

The sensitivity analysis for each significant assumption disclosed are as follows:

| | Impact on defined benefit obligation | | |
|--------------------|--------------------------------------|------------------------|------------------------|
| | Change in assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 1% | Decrease by 3% | Increase by 14% |
| Salary growth rate | 1% | Increase by 8% | Decrease by 8% |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Through its defined benefit retirement benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

| | |
|------------------------|--|
| Changes in bond yields | A decrease in government bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings. |
| Inflation risk | Some of the Group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). |

The weighted average duration of the defined benefit obligation is 18 years.

Expected maturity analysis of undiscounted retirement benefits:

| | Consolidated financial statements | | | | |
|---------------------|-----------------------------------|--------------------------|--------------------------|-------------------|------------|
| | Less than a year Baht | Between 1-2 years Baht | Between 2-5 years Baht | Over 5 years Baht | Total Baht |
| At 31 December 2016 | | | | | |
| Retirement benefits | - | - | 1,792,272 | 38,056,965 | 39,849,237 |
| Total | - | - | 1,792,272 | 38,056,965 | 39,849,237 |
| | Separate financial statements | | | | |
| | Less than a year Baht | Between 1 - 2 years Baht | Between 2 - 5 years Baht | Over 5 years Baht | Total Baht |
| At 31 December 2016 | | | | | |
| Retirement benefits | - | - | - | 7,972,926 | 7,972,926 |
| Total | - | - | - | 7,972,926 | 7,972,926 |

23 Employee benefit obligations (Cont'd)

| Consolidated financial statements | | | | | |
|-----------------------------------|-----------------------------|--------------------------------|--------------------------------|----------------------|---------------|
| | Less than a year Baht | Between 1-2 years Baht | Between 2-5 years Baht | Over 5 years Baht | Total Baht |
| At 31 December 2015 | | | | | |
| Retirement benefits | - | - | - | 12,891,235 | 12,891,235 |
| Total | - | - | - | 12,891,235 | 12,891,235 |
| Separate financial statements | | | | | |
| | Less than a year Baht | Between 1 - 2 years Baht | Between 2 - 5 years Baht | Over 5 years Baht | Total Baht |
| At 31 December 2015 | | | | | |
| Retirement benefits | - | - | - | 4,578,294 | 4,578,294 |
| Total | - | - | - | 4,578,294 | 4,578,294 |

24 Share capital and premium on share capital

| | Authorised number of shares | Number of shares issued | Ordinary shares Baht | Share premium Baht | Total Baht |
|---|-----------------------------------|-------------------------------|----------------------------|--------------------------|---------------|
| At 1 January 2015 | 1,504,444,245 | 753,333,184 | 188,333,296 | 309,776,519 | 498,109,815 |
| Share decrease (7,645) | - | - | - | - | - |
| Issue of shares | - | - | - | - | - |
| | 1,504,436,600 | 753,333,184 | 188,333,296 | 309,776,519 | 498,109,815 |
| Change in par value form Baht 0.25 per share to Baht 0.05 per share | 6,017,746,400 | 3,013,332,736 | - | - | - |
| Issue of shares | - | 1,525,000,000 | 76,250,000 | 532,750,000 | 609,000,000 |
| At 31 December 2015 | 7,522,183,000 | 5,291,665,920 | 264,583,296 | 842,526,519 | 1,107,109,815 |
| Share register decreased (975,000,000) | - | - | - | - | - |
| At 31 December 2016 | 6,547,183,000 | 5,291,665,920 | 264,583,296 | 842,526,519 | 1,107,109,815 |

The total authorised number of ordinary shares is 6,547,183,000 shares (2015: 7,522,183,000 shares) with a par value of Baht 0.05 per share (2015: Baht 0.05 per share). The issued and fully paid-up ordinary shares is 5,291,665,920 shares (2015: 5,291,665,920 shares).

2016

The Extraordinary General Meeting of Shareholders no. 1/2016 of the Company, held on 16 January 2016, a resolution was passed to approve a decrease in authorised share of 975,000,000 shares at a par value of Baht 0.05 per share. The registered shares will reduce from 7,552,183,000 shares to 6,547,183,000 shares and the capital will reduce from Baht 376,109,150 to Baht 327,359,150. The Company registered the decrease in the share capital with the Ministry of Commerce on 12 May 2016.



24 Share capital and premium on share capital (Cont'd)

2015

The Extraordinary General Meeting of Shareholders no. 1/2015 of the Company, held on 16 January 2015, a resolution was passed to approve a decrease in authorised share of 7,645 shares at a par value of Baht 0.25 per share in order to reduce the remaining shares allotted for exercise of warrants. The registered shares will reduce from 1,504,444,245 shares to 1,504,436,600 shares and the capital will reduce from Baht 376,111,061 to Baht 376,109,150. The Company registered the decrease in the share capital with the Ministry of Commerce on 23 January 2015.

The Extraordinary General Meeting of Shareholders no. 1/2015 of the Company, held on 16 January 2015, a resolution was passed to approved the change of par value of the ordinary shares from Baht 0.25 to Baht 0.05 per share. As a result, the number of ordinary shares will increase from 1,504,436,600 shares to 7,522,183,000 shares. The interests of shareholders will not be affected by the change of par value. The authorised shares capital will remain the same which is Baht 376,109,150. The Company registered the change of par value with the Ministry of Commerce on 28 January 2015.

As at 9 February 2015, the Company received share subscription for 1,025,000,000 shares, with the par value of Baht 0.05 per share, at the value of Baht 0.40 per share, totaling of Baht 410 million. The registered and fully paid-up share capital will increase to 4,791,665,920 shares. The Company registered the share subscription with the Ministry of Commerce on 24 February 2015.

As at 24 April 2015, the Company received share subscription for 250,000,000 shares, with the par value of Baht 0.05 per share, at the value of Baht 0.40 per share, total of Baht 100 million. The registered and fully paid-up share capital will increase to 5,041,665,920 shares. The Company registered the share subscription with the Ministry of Commerce on 18 June 2015.

As at 14 August 2015, the Company received share subscription for 250,000,000 shares, with the par value of Baht 0.05 per share, at the value of Baht 0.40 per share, total of Baht 100 million. The registered and fully paid-up share capital will increase to 5,291,665,920 shares. The Company registered the share subscription with the Ministry of Commerce on 10 September 2015.

25 Legal reserve

| | Consolidated and Separate Financial statements | |
|-------------------------------|---|--------------|
| | 2016 Baht | 2015 Baht |
| At 1 January | 5,991,811 | 5,991,811 |
| Appropriation during the year | - | - |
| At 31 December | 5,991,811 | 5,991,811 |

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

26 Warrants

At the Extraordinary General Meeting of Shareholders No. 1/2014 held on 17 October 2014, the shareholders have passed the solution to issue warrants to purchase of ordinary shares, issued in a named certificate and transferable ('DNA-W1') by allocating to existing shareholders in proportion to their shares before the capital increase at proportion of 3 ordinary shares to 1 warrant. Total number of warrants to be allotted not exceeding 251,103,416 warrants and the exercise price is of Baht 0.50 per share. The exercise right is 1 warrant per 1 ordinary share. The warrant has the period of four years from the date of issuance and offering.

At the Extraordinary General Meeting of Shareholders No. 1/2015 held on 16 January 2015, the shareholders passed a solution to change exercise terms of DNA-W1. The exercise price is changed to Baht 0.10 per share and the exercise right is changed to 1 warrant per 5 ordinary shares.

| | Issued | Exercise date | As at 31 December 2015 | Increase during the year | As at 31 December 2016 |
|--------|------------|---------------|--------------------------------|--------------------------------|--------------------------------|
| | | | Outstanding warrant Unit | | Outstanding warrant Unit |
| DNA-W1 | 19/11/2014 | 18/11/2018 | 251,103,416 | - | 251,103,416 |
| | | | 251,103,416 | - | 251,103,416 |

27 Other income

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------|----------------------------------|--------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Sale promotion income | 7,549,321 | 9,531,865 | 36,156 | 4,378,415 |
| Gain on disposal of short-term investments | 3,572,051 | 5,043,376 | 3,572,001 | 4,909,493 |
| Gain on disposal of subsidiaries | 174,154,870 | - | - | - |
| Royalty fees | - | 2,465,056 | - | - |
| Franchise fee | 6,797,416 | 1,064,665 | - | - |
| Dividends income | 8,000,000 | - | 8,000,000 | - |
| Interest income | 10,877,250 | 4,475,776 | 11,910,541 | 9,500,524 |
| Other income | 8,080,499 | 9,160,612 | 599,971 | 6,028,936 |
| Gain on disposal of prepaid rent | - | 24,009,428 | - | 24,009,428 |
| Reversal of allowance for doubtful account | 45,564,479 | - | 45,564,479 | - |
| Gain on disposal of fixed assets | 4,459,287 | 14,986,302 | - | 10,814,348 |
| Total | 269,055,173 | 70,737,080 | 69,683,148 | 59,641,144 |

28 Finance costs

| | Consolidated financial statements | | Separate financial statements | |
|-----------------|--------------------------------------|--------------|----------------------------------|--------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Finance cost: | | | | |
| Bank borrowings | 14,828,283 | 13,671,953 | 7,635,248 | 11,003,476 |
| Finance lease | 17,503 | 70,089 | - | 39,727 |
| Total | 14,845,786 | 13,742,042 | 7,635,248 | 11,043,203 |



29 Expense by nature

The following items, classified by nature, have been charged in arriving at the profit (loss) before finance costs and income tax:

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|----------------------|----------------------------------|--------------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Purchases of goods and services | 375,126,663 | 449,094,260 | 19,326,168 | 116,676,434 |
| Changes in inventories | 24,713,564 | 201,845,766 | 11,311,901 | 254,797,523 |
| Reversal of diminution in value of inventories | (6,371,104) | (958,220) | (6,336,457) | (992,867) |
| (Reversal of) allowance for inventories obsolescence | 20,800,511 | 4,009,807 | 23,780,246 | (498,738) |
| Reversal of allowance for inventories losses | - | (749,760) | - | (749,760) |
| Allowance for doubtful account | - | 55,627,251 | - | 55,627,251 |
| Change in fair value of trading securities | - | 11,816,278 | - | 11,816,228 |
| Loss from impairment of investments in associate and subsidiary (Note 12) | - | - | 60,099,900 | 27,835,692 |
| Depreciation on leasehold improvement and equipment (Note 14) | 19,123,688 | 24,044,477 | 1,548,256 | 8,787,829 |
| Amortisation of film rights (Note 16) | 22,846,469 | 34,407,685 | 12,951,020 | 27,194,448 |
| Impairment of film right (Note 16) | 10,225,857 | - | 10,225,857 | - |
| Amortisation of intangible assets (Note 17) | 1,782,987 | 2,058,348 | 727,619 | 1,020,357 |
| Amortisation of prepaid rents (Note 18) | 1,866,735 | 5,230,337 | 661,485 | 4,290,651 |
| Staff costs | 147,189,944 | 171,217,009 | 16,120,767 | 72,840,660 |
| Rental, and services expenses | 86,045,041 | 126,809,371 | 8,325,272 | 34,259,599 |
| Utilities expenses | 10,281,843 | 12,451,557 | 414,487 | 2,138,250 |
| Repair and maintenance and supplies expenses | 2,585,912 | 1,771,838 | 153,382 | 330,629 |
| Loss on write-off of fixed assets | 9,834,928 | - | - | - |
| Loss on write-off of intangible assets | 1,557,909 | - | 1,557,909 | - |
| Loss on disposal of fixed assets | - | - | 3,971,455 | - |
| Penalty from lawsuit | 23,162,970 | - | - | - |
| Loss on impairment on short-term loan to related parties | 66,290,548 | - | 75,950,548 | - |
| Write off prepayment for film right | 2,290,407 | - | 2,290,407 | - |
| Other expenses | 163,627,298 | 68,619,257 | 111,220,912 | 15,317,347 |
| Total | 982,982,170 | 1,166,295,261 | 354,301,134 | 630,691,533 |

30 Income tax expense

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------------------|--------------------------------------|------------------|----------------------------------|------------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Current tax | - | - | - | - |
| Deferred tax (Note 20) | (134,729) | 5,712,731 | - | 3,477,935 |
| Total tax (income) expense | (134,729) | 5,712,731 | - | 3,477,935 |

30 Income tax expense (Cont'd)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|---------------|----------------------------------|---------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Loss before income tax expense | (312,040,941) | (496,799,466) | (266,048,314) | (224,083,884) |
| Tax calculated at a tax rate of 20% (2015: 20%) | (62,408,188) | (99,359,893) | (53,209,663) | (44,816,777) |
| Tax effect of: | | | | |
| Associates' results reported net of tax | 8,098,397 | 7,931,388 | - | - |
| Expenses not deductible for tax purpose | 45,076,677 | 21,022,180 | 27,099,375 | 26,123,291 |
| Deferred tax expense relating to the origination and reversal of temporary differences | (134,989,192) | 6,453,274 | (29,682,860) | 3,477,935 |
| Tax losses for which no deferred income tax asset was recognised | 144,087,577 | 69,665,782 | 55,793,148 | 18,693,486 |
| Tax charge | (134,729) | 5,712,731 | - | 3,477,935 |

The weighted average applicable tax rate was (0.04)% (2015: 1.15%).

31 Loss per share

Basic loss per share attributable to shareholders is calculated by dividing the net loss attributable to shareholders by the weighted average number of ordinary shares in issue and paid-up during the year.

The diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

| For the year ended 31 December | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|---------------|----------------------------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| Loss attributable to shareholders (Baht) | (270,875,367) | (457,782,926) | (266,048,314) | (227,561,819) |
| Weighted average number of ordinary shares (Shares) | 5,291,665,920 | 1,831,483,869 | 5,291,665,920 | 1,831,483,869 |
| Increase in number of ordinary shares from par value adjustment (Shares) (Note 24) | - | 3,013,332,736 | - | 3,013,332,736 |
| Total weighted average number of ordinary shares (Shares) | 5,291,665,920 | 4,844,816,605 | 5,291,665,920 | 4,844,816,605 |
| Weighted average number of ordinary shares to be issued for warrants DNA-W1, after par value adjustment (Shares) (Note 26) | 1,255,517,080 | 1,255,517,080 | 1,255,517,080 | 1,255,517,080 |
| Weighted average number of ordinary shares including diluted ordinary shares (Shares) | 6,547,183,000 | 6,100,333,685 | 6,547,183,000 | 6,100,333,685 |
| Basic loss per share (Baht) | (0.0511) | (0.0945) | (0.0503) | (0.0470) |
| Diluted loss per share (Baht) | (0.0511) | (0.0945) | (0.0503) | (0.0470) |

During 2015, the Company adjusted par value of its ordinary shares from Baht 0.25 per share to Baht 0.05 per share (Note 24). For comparative purposes, the weighted average number of shares for the year ended 31 December 2015 is adjusted to reflect the par value adjustment as if the event had occurred at the beginning of that year.

**32 Acquisitions of subsidiaries****2016****Subsidiary under DNA Network and Engineering Company Limited**Strongtech Energy 3 Company Limited

On 1 March 2016, DNA Network and Engineering Company Limited, a subsidiary of the Company, acquired 99.97% of the issued shares in Strongtech Energy 3 Company Limited for a consideration of Baht 249,925.

Details of the acquisition were as follows:

| | Baht |
|--|------------------|
| Purchase price considerations | 249,925 |
| Fair value of net assets under interest acquired | <u>(249,925)</u> |
| Excess of acquisition cost over fair value (presented in goodwill) | <u>-</u> |

The fair value recognised at 100% interest of identified assets acquired and liabilities assumed from this acquisition was as follows:

| | Baht |
|--|----------------|
| Share subscription receivables | 250,000 |
| Fair value of net assets | 250,000 |
| Non-controlling interests | <u>(75)</u> |
| Fair value of net assets under interest acquired | <u>249,925</u> |

2015**Samed Utilities Company Limited**

On 29 July 2015, DNA Network and Engineering Company Limited, a subsidiary of the Company, acquired 55% of the issued shares in Samed Utilities Company Limited for a consideration of Baht 42.90 million

Details of the acquisition were as follows:

| | Baht |
|--|---------------------|
| Purchase price considerations | 42,900,000 |
| Fair value of net assets under interest acquired | <u>(31,491,513)</u> |
| Excess of acquisition cost over net book value (presented in goodwill) | <u>11,408,487</u> |

The fair value recognised at 100% interest of identified assets acquired and liabilities assumed from this acquisition was as follows:

| | Baht |
|--|---------------------|
| Cash and cash equivalents | 57,056,309 |
| Other current assets | 182,818 |
| Property, plant and equipment | 228,878 |
| Liabilities | <u>(210,700)</u> |
| Fair value of net assets | 57,257,305 |
| Non-controlling interests | <u>(25,765,792)</u> |
| Fair value of net assets under interest acquired | <u>31,491,513</u> |

33 Transaction with non-controlling interest

a) Change in ownership percentage from share increase of a subsidiary

On 13 June 2016, World Sport Group Co., Ltd., a subsidiary of the Group, increased its share capital from Baht 20 million to Baht 40 million. After the share increase, the ownership percentage of non-controlling interest decreased from 30% to 15%. The Group recorded a decrease in equity attributable to owners of the parent of Baht 4.89 million and an increase in non-controlling interest of Baht 4.89 million.

On 6 October 2015, World Sport Group Co., Ltd., a subsidiary of the Group, increased its share capital from Baht 10 million to Baht 20 million. After the share increase, the ownership percentage of non-controlling interest decreased from 40% to 30%. The Group recorded a decrease in equity attributable to owners of the parent of Baht 1.23 million and an increase in non-controlling interest of Baht 1.23 million.

The effect of change in the ownership interest of World Sport Group Co., Ltd. on the equity attributable to owners of the company during the year is summarised as follows:

| | Consolidated financial statements | |
|--|--|----------------------|
| | 2016 Baht | 2015 Baht |
| Carrying amount of non-controlling interests increased | 4,887,308 | 1,228,765 |
| Decrease in equity attributable to owners | (4,887,308) | (1,228,765) |

34 Related party transactions

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 major shareholders of the Company is Mr. Samart Chuasiripattana, UOB Kay Hian Private Limited, and Mr. Ummarit Klomchitcharoen, who own 21.26% and 18.87% and 9.77% of the Company's shares, respectively. The remaining 50.09% of the shares are widely held.

The following material transactions were carried out with related parties:

a) Other income

| | Consolidated financial statements | | Separate financial statements | |
|---------------------------------------|--|----------------------|--------------------------------------|----------------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| For the year ended 31 December | | | | |
| Interest income | | | | |
| Subsidiaries | - | - | 8,718,869 | 7,836,687 |
| Associates | 3,484,125 | 3,470,528 | 2,871,977 | 1,345,329 |
| | <u>3,484,125</u> | <u>3,470,528</u> | <u>11,590,846</u> | <u>9,182,016</u> |



34 Related party transactions (Cont'd)

The following material transactions were carried out with related parties: (Cont'd)

b) Purchases of goods and services

| For the year ended 31 December | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------|----------------------------------|--------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Purchases of goods and supplies | | | | |
| Close family member of directors | - | 1,187,274 | - | 1,287,460 |
| Rental expenses for stores, office building and warehouse | | | | |
| Directors | 3,780,000 | 5,064,931 | 3,780,000 | 5,064,931 |

c) Outstanding balances arising from sales/purchases of goods/services

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------|----------------------------------|--------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Trade accounts receivable (Note 9) | | | | |
| Close family members of directors | 173,924 | 625,680 | - | - |
| Amount due from related parties (Note 9) | | | | |
| Close family members of directors | 1,008,899 | 1,009,026 | 1,008,899 | 1,009,026 |
| Subsidiaries | - | - | 16,010,835 | 16,301,156 |
| Associate | - | 1,345,329 | - | 1,345,330 |
| | 1,008,899 | 2,354,355 | 17,019,734 | 18,655,512 |
| Trade accounts payable (Note 22) | | | | |
| Associate | - | - | - | 34,229 |
| | - | - | - | 34,229 |
| Amount due to related parties (Note 22) | | | | |
| Subsidiaries | - | - | 9,067,671 | 6,022,203 |
| Close family members of directors | - | 459,050 | - | 459,049 |
| Associate | - | 3,561,440 | - | - |
| Director | 996,608 | 1,368,296 | - | - |
| | 996,608 | 5,388,786 | 9,067,671 | 6,481,252 |

34 Related party transactions (Cont'd)

The following material transactions were carried out with related parties: (Cont'd)

d) Short-term loans to related parties

| For the year ended 31 December | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------|----------------------------------|---------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Beginning balance | 88,150,548 | 56,915,723 | 111,235,664 | 125,000,000 |
| Loans acquired during the year | 20,640,000 | 82,613,210 | 169,750,000 | 174,986,619 |
| Loans repayment during the year | (795,900) | (51,378,385) | (137,783,414) | (188,750,955) |
| Disposal of investment in subsidiary | (41,704,100) | - | - | - |
| Allowance for short-term loan to a related parties | (66,290,548) | - | (75,950,548) | - |
| Ending balance | - | 88,150,548 | 67,251,702 | 111,235,664 |

Short-term loans to related parties as at 31 December 2016 comprise:

Consolidated financial statements

Loan to DNA Fresh Air Co., Ltd. amounting to Baht 51.15 million was provided with interest rate of 7.5% per annum and no specific repayment date.

Loan to Primetime Solution Co., Ltd. amounting to Baht 15.14 million was provided with interest rate of 7.5% per annum and no specific repayment date.

Separate financial statements

Loan to DNA Fresh Air Co., Ltd. amounting to Baht 51.15 million was provided with interest rate of 7.5% per annum and no specific repayment date

Loan to DNA Revolution Co., Ltd. amounting to Baht 52.75 million was provided with interest rate of 7.5% per annum and no specific repayment date.

Loan to DNA Network and Engineering Co., Ltd. amounting to Baht 14.50 million was provided with interest rate of 7.5% per annum and no specific repayment date.

Loan to My Network and Solution Co., Ltd. amounting to Baht 24.80 million was provided with interest rate of 7.5% per annum and no specific repayment date.



34 Related party transactions (Cont'd)

The following material transactions were carried out with related parties: (Cont'd)

e) Short-term loans from related parties

| For the year ended 31 December | Consolidated financial statements | | Separate financial statements | |
|---------------------------------|--------------------------------------|--------------|----------------------------------|--------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Beginning balance | 8,800,000 | - | - | - |
| Loans acquired during the year | 73,900,000 | 8,800,000 | 21,550,000 | - |
| Loans repayment during the year | (72,650,000) | - | (17,550,000) | - |
| Ending balance | 10,050,000 | 8,800,000 | 4,000,000 | - |

Short-term loans from related parties as at 31 December 2016 comprise:

Consolidated financial statements

Loan from director amounting to Baht 10.05 million was provided with interest rate of 7.5% per annum and no specific repayment date.

Separate financial statements

Loan from P Power Plant Co., Ltd. amounting to Baht 4.00 million was provided with interest rate of 7.5% per annum and no specific repayment date.

f) Management's remuneration

| For the year ended 31 December | Consolidated financial statements | | Separate financial statements | |
|--------------------------------|--------------------------------------|--------------|----------------------------------|--------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Short-term benefits | 25,431,119 | 26,890,956 | 13,919,622 | 14,906,231 |
| Post-employment benefit | 445,157 | 262,644 | 213,889 | 262,644 |
| | 25,431,119 | 27,153,600 | 13,919,622 | 15,168,875 |

35 Commitments and contingencies

a) Bank guarantees

As at 31 December 2016, there are bank guarantees given on behalf of the Group to third parties in respect of purchases of goods and rental amounting to Baht 2.16 million (2015: Baht 22.16 million).

b) Operating lease commitments - where the Group is the lessee

As at 31 December, the Group has commitment obligations in terms of long-term lease of buildings and service contracts. The future aggregated minimum lease payments under non-cancellable operating leases are as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|-------------------|----------------------------------|------------------|
| | 2016 Baht | 2015 Baht | 2016 Baht | 2015 Baht |
| Not later than 1 year | 33,307,873 | 55,797,465 | 347,906 | 4,096,278 |
| Later than 1 year but not later than 5 years | 22,616,467 | 37,353,693 | 1,574,493 | 1,499,518 |
| Later than 5 years | 333,019 | 422,882 | 333,019 | 422,882 |
| | <u>56,257,359</u> | <u>93,574,040</u> | <u>2,255,418</u> | <u>6,018,678</u> |

36 Litigation

Litigation of Samed Utilities Company Limited

In 2015 Samed Utilities Company Limited was the defendant for a breach of made to order agreement made with certain company with the claimed amount of Baht 30.85 million. The Civil Court ruled by ordering Samed Utilities Company Limited to pay for a penalty of Baht 20.45 million with interest at 7.5% per annum starting from 24 February 2015. Subsequently, on 22 December 2016, the Appeal Court seconded the judgment of the Civil Court. Therefore, the Group recognised a provision for such liability.

37 Events after the reporting period

On 24 February 2016, the Board of Director Meeting of the Company no. 1/2017 passed the following resolutions;

- Approved DNA Revolution Company Limited, a subsidiary of the Company, to dispose all of its shares in DNA Sports Company Limited, amounting to Baht 4,899,800 to a third party who is not a related party.
- Approved DNA Revolution Company Limited, a subsidiary of the Company, to dispose 215,00 shares at a par value of Baht 100 per share, totalling Baht 21.50 million, in Digital Synergy Company Limited (formerly "Primetime Solution Company Limited") to a third party who is not a related party. After the disposal, the shareholding interest of DNA Revolution Company Limited in Digital Synergy Company Limited will change from 40.36% to 25.00%.
- Approved the increase in registered shares under a general mandate and change in exercise terms of warrants of the Company by 1,128,330,000 shares at the par value of Baht 0.05 each, totalling Baht 56,416,500. After the share increase, registered shares of the Company increase from 6,547,183,000 shares to 7,675,513,000 shares.

ENJOY EVERYDAY

DNa



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