

ENJOY EVERYDAY

**DNa**

**Annual Report**  
**2017**

DNA 2002 Public Company Limited

# Contents

Vision	1
Information of Directors	2
Message from the Chairman of the Board of Directors	6
Message from Chief Executive Officer	7
General Information	8
Financial Highlights	9
The shareholding structure of the Group	10
Organization Chart	12
Risk Factors	13
Shareholder Structure	16
Management Structure	17
Corporate Governance	28
Internal control	46
Related Transaction	48
Management Discussion and Analysis : MD&A	53
Report of the Audit Committee	63
Independent Auditor's Report	65
Statement of Financial Position	70
Notes to the Consolidated and Company Financial Statements	79

ENJOY EVERYDAY



DNA 2002 Public Company Limited



## VISION

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

## Mission

### Customer

“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”



## Information of Directors

**1** **POL.MAJ.GEN.LATTASANYA PIANSOMPARN**  
Chairman of the Board of Directors  
Chairman of the Audit Committee  
Independent Director

**2** **MR. SOMCHAI WONGSABSIN**  
Audit Committee  
Remuneration Committee  
Independent Director

**3** **MR. PORAVICH OPAS**  
Audit Committee  
Remuneration Committee  
Independent Director

**4** **MR.SAMART CHUASIRIPHATTANA**  
Director





**5** **MR. SOMKIAT CHUASIRIPHATTANA**  
Director

**6** **DR. ARICHAIRU RUTHAM**  
Director  
Independent Director

**7** **MR. CHATTHAPHUM KHANTIVIRIYA**  
Director  
Chairman of Remuneration Committee

**8** **MR. PIPAT RUNGRUANG**  
Director

**9** **MR. SIRISAK PIYATHASSRIKUL**  
Director  
Chief Executive Officer and Managing Director



ชื่อ-นามสกุล	คุณวุฒิการศึกษา	ตำแหน่ง
1 พลตำรวจตรี ลัทธสัญญา เพียรสมภาร POL.MAJ.GEN.LATTASANYA PIANSOMPARN	ปริญญาโท รัฐประศาสนศาสตร์ สถาบันบัณฑิตพัฒนบริหารศาสตร์  ปริญญาโท นิติศาสตร์ มหาวิทยาลัย รามคำแหง  ผ่านการอบรมหลักสูตร Director Accreditation Program Audit Committee Program Role of Chairman Program	ประธานคณะกรรมการ ประธานคณะกรรมการ ตรวจสอบ กรรมการอิสระ
2 นายสมชาย วงศ์ทรัพย์สิน MR. SOMCHAI WONGSABSIN	ปริญญาตรี บริหารธุรกิจ มหาวิทยาลัยธรรมศาสตร์  ผ่านการอบรมหลักสูตร	กรรมการตรวจสอบ กรรมการพิจารณาคำตอบแทน กรรมการอิสระ
3 นายปรวิทย์ โอภาส MR. PORAVICH OPAS	ปริญญาตรี นิติศาสตร์ มหาวิทยาลัยรามคำแหง  ผ่านการอบรมหลักสูตร	กรรมการตรวจสอบ กรรมการพิจารณาคำตอบแทน กรรมการอิสระ
4 นายสามารถ ฉั่วศิริพัฒนา MR.SAMART CHUASIRIPHATTANA	ปริญญาตรี บริหารธุรกิจ มหาวิทยาลัยรามคำแหง  ผ่านการอบรมหลักสูตร Director Accreditation Program	กรรมการบริหาร
5 นายสมเกียรติ ฉั่วศิริพัฒนา MR.SOMKIAT CHUASIRIPHATTANA	ปริญญาโท รัฐประศาสนศาสตร์มหาบัณฑิต มหาวิทยาลัยรามคำแหง  ปริญญาตรี เศรษฐศาสตร์บัณฑิต จุฬาลงกรณ์มหาวิทยาลัย  ผ่านการอบรมหลักสูตร Director Accreditation Program	กรรมการบริหาร

ชื่อ-นามสกุล	คุณวุฒิการศึกษา	ตำแหน่ง
6 ดร.อริชัย รักธรรม DR.ARICHAIR RUCTHAM	ปริญญาเอก Claremont Graduate School ประเทศสหรัฐอเมริกา ปริญญาโท การเงิน Claremont Graduate School ประเทศสหรัฐอเมริกา ปริญญาตรี เศรษฐศาสตร์ และบริหารธุรกิจ Eastern Washington University ประเทศสหรัฐอเมริกา ผ่านการอบรมหลักสูตร Director Accreditation Program Role of the Chairman Program Audit Committee Program	กรรมการ กรรมการอิสระ
7 นายฉัฐภูมิ ขันติวิริยะ MR.CHATTHAPHUM KHANTIVIRIYA	ปริญญาโท บริหารธุรกิจ มหาวิทยาลัยเกษตรศาสตร์  ปริญญาตรี บัญชี จุฬาลงกรณ์มหาวิทยาลัย ผ่านการอบรมหลักสูตร Director Certification Program Role of the Compensation Committee Audit Committee Program Company Secretary Program	กรรมการ ประธานคณะกรรมการ พิจารณาคำตอบแทน
8 นายพิพัฒน์ รุ่งเรือง MR. PIPAT RUNGRUANG	ปริญญาตรี วิทยาศาสตร์ จุฬาลงกรณ์มหาวิทยาลัย ปริญญาตรี วิศวกรรมศาสตร์ มหาวิทยาลัยเกษตรศาสตร์ ผ่านการอบรมหลักสูตร	กรรมการบริหาร
9 นายศิริศักดิ์ ปิยทัสสีกุล MR.SIRISAK PIYATHASSRIKUL	ปริญญาโท บริหารธุรกิจ Hawaii Pacific University  ปริญญาตรี บริหารธุรกิจ มหาวิทยาลัยอัสสัมชัญ ผ่านการอบรมหลักสูตร Director Accreditation Program	กรรมการบริหาร ประธานเจ้าหน้าที่บริหาร และกรรมการผู้จัดการใหญ่

## Message from the Chairman of the Board of Director



In 2017, the global economy has expanded quite well, which is helping to push Thailand economy rebound. In 2018, it is expected that the Thai economy will continue growing. This is due to the sentiment of public and government investment. Although, overall economic growth would be obvious, but there are many negative factors that need to be vigilant. While the economy is stable in good conditions, it is expected that the company will continue to reform the change business to prepare for the new challenges. The business sector should have potential and develop their capabilities, along with the creation of the immune. To accommodate the volatility will likely rise in the future.

In the future, technology will change the transforming the world again. Business it requires cooperation from all parties to create a shared ideas together, and all the skills, and come together to work and solve the problem. In addition, the strengthens the company will cover by a team with experiences and network business covering, which lead to the confidence to investors.

A handwritten signature in black ink, appearing to read 'L. Piansomparn', with a horizontal line underneath.

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





## Message from Chief Executive Officer

Growth of the world economy, and investment flows into Asia and ASEAN. Combining the national economic development effort to transform the nation into Thailand 4.0 or an “innovation- and creativity-driven economy”. Entrepreneurs need to adapt quickly survival, so the potential is sufficient to cope with various opportunities and with perfect competition. In the past years, the company has been restructured by adjusting the investments in line with the overall current. The company focus on the business income of course and trend continued growth, such as the food business, technology and communications equipment. While water management business that was started a while expect to start operation within this year. In addition, the company is also looking for new ways and opportunities to crack to the finance technology to create business growth steadily in the long term.

Mr. Sirisak Piyathatsikun  
Chief Executive Officer and 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 :	(662) 231-3555
Fax :	(662) 231-3554
Registered Capital :	383,775,650.00 Baht
Paid Up Capital :	264,583,296.00 Baht
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 :	(662) 2009-9000
Fax :	(662) 2009-9991
Auditor :	: Miss Rungnapa Lertsuwankul Auditor's license number 3516 and/ or : Mr. Chayapol Suppasertanon Auditor's license number 3972 and/ or : Mr. Sophon Permsirivallop Auditor's license number 3182 and/ or : Mrs. Gingkarn Atsawarangsalit Auditor's license number 4496 and/ or : Mrs. Miss. Pimjai Manitkajohnkit Auditor's license number 4521 and/ or : Miss Orawan Techawatanasirikul Auditor's license number 4807 and/ or : Miss Sumana Punpongsanon Auditor's license number 5872

### E Y OFFICE COMPANY LIMITED

33<sup>RD</sup> FLOOR, LAKE RAJADA OFFICE COMPLEX, 193/136-137  
NEW RAJADAPISEK ROAD, KHLONG TOEI, BANGKOK 10110  
Telephone : (662) 02 264 0777

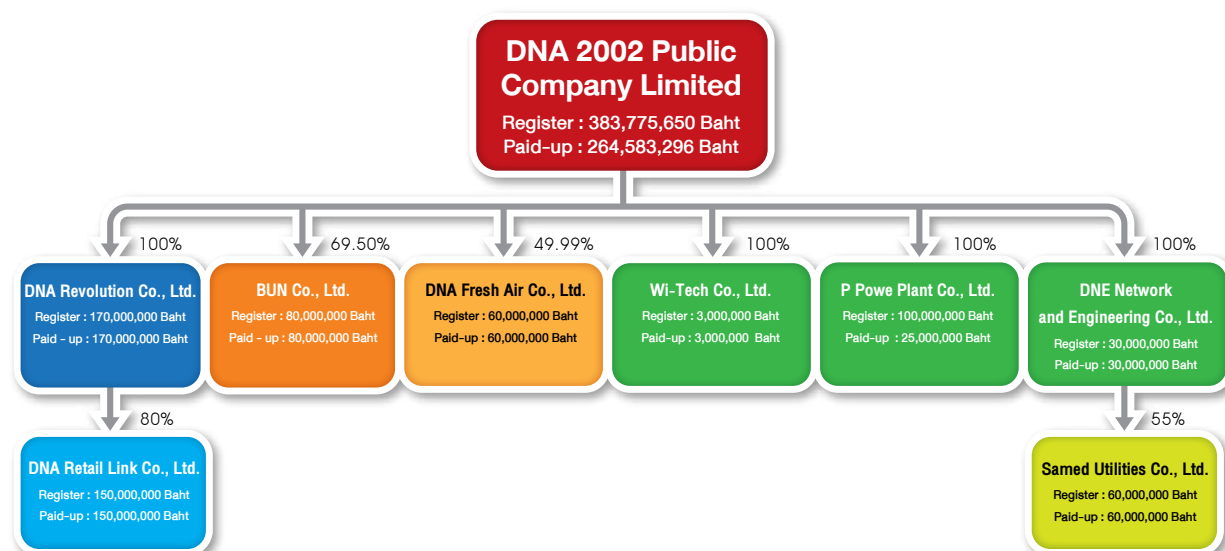
## Financial Highlights

Information form Consolidated Financial Statements (Million Baht)	2017	2016	2015
Assets	573.91	670.87	1,191.85
Liabilities	420.69	284.82	476.33
Shareholder's Equity	153.22	386.04	715.52
Registered Capital	383.78	327.36	376.11
Paid Up Capital	264.58	264.58	264.58
Statements of Comprehensive Income (Million Baht)	2017	2016	2015
Total revenues	1,012.25	726.28	722.90
Total Expenses	(1,252.67)	(982.98)	(1,205.96)
EBITDA	(221.04)	(256.44)	(422.55)
Net Loss	(179.30)	(311.91)	(502.51)
Net Loss per share (Baht)	(0.05)	(0.05)	(0.09)
Financial Ratio	2017	2016	2015
Net Profit to Total Revenue Ratio	(0.18%)	(0.43%)	(0.70%)
Return on Equity (ROE)	(1.17%)	(0.81%)	(0.70%)
Return on Assets (ROA)	(0.31%)	(0.46%)	(0.42%)
Debt to Equity Ratio (time) D/E	275.00%	74.00%	67.00%
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)	3.00%	7.00%	14.00%

\*To offer to Board of Directors for approval.

## The shareholding structure of the Group

The shareholding structure of the Group as at 31 December 2017



Remark : Data as of February 2018

## Type of Business

DNA 2002 Public Company Limited ("The Company") was established on April 4, 2003 under the name of Media Network Retail Co., Ltd. by Mr. Samart Chausiriphattana, by using "Media Network Home Entertainment" as the trademark for distribute home entertainment such as CDs, VCDs, DVDs, books, magazines, newspaper and pocket book. In May 2013, the Company changed the trademark to "DNA ENJOY EVERYDAY" and also changed the name to "DNA 2002 Public Company Limited" in the same year.

Since 2013, the Company has continued distribute the home entertainment media such as copyrighted movie and music in the form Blu-Ray, DVDs, VCDs, CDs and publications such as newspapers, magazines, weekly, bi-monthly and pocketbooks, etc., The Company distribute the home entertainment media through the Company's branches and consignment such as Lotus Express and Big C Mini. It is a result of increasing in revenue and the Company's operation. In 2010, the Company expand the scope of business to advertising and entertainment to diversify the risk of business and see that the advertising and entertainment business will be the one business that has the potential to make the profit to the Company and can support the main business of the Company.

In 2011, the Company has changed the Group's business by established a subsidiary company which is DNA Revolution Co., Ltd. to manage the advertising and entertainment business by investing in Small Room Co., Ltd. which produce the advertising, movie, music and album for indie artists. In addition, the Company has started the radio signal business by have a contract with A. C Record Co., Ltd. to co-produce and manage advertising time during the early hours of news broadcast of the Public Relations Department of Thailand.



In 2012, the Group applied for an Initial Public Offering of 80,000,000 shares with a par value to 0.50 Baht per share. The purpose of increasing capital is to use as the working capital of the Group. The Company has the total paid-up capital of 160,000,000 Baht and was listed on the Market of Alternative Investment (MAI) on 21 December 2012.

In 2016, the Company has expanded the business to communication equipment and its accessories. The portion of communication equipment is the main product of the Group which is 61.38 percent of total revenue of the Group. Moreover, the target customers of the Group are end user who interest in technology and can control budget. The increasing of distribution point is the key strategy that the Group uses the serve the demand of the customers within the time. The distribution points that cover in the wide area will help the potential in reaching the customers of the Group and also affect to the revenue and the growth of the Group. As at 2017, the Group has over 84 stores which are belong to the Group by rental the area in the department stores.

In addition, the Group operates food and beverage business which are dessert and bakery by using the main strategy of increase the outlets. Due to the product is consumable product that focuses on the outlets in each area. It will increase the potential for reaching the target customers and also affect to the growth of the Group. As at 2017, the Group has over 64 outlets which are belong to the Company and franchise by rental the area from department stores.

As at 31 December 2017, the Company has register capital of 383.775.650 shares and paid-up shares of 5,291,665,920 shares with a par value of 0.50 Baht per share.

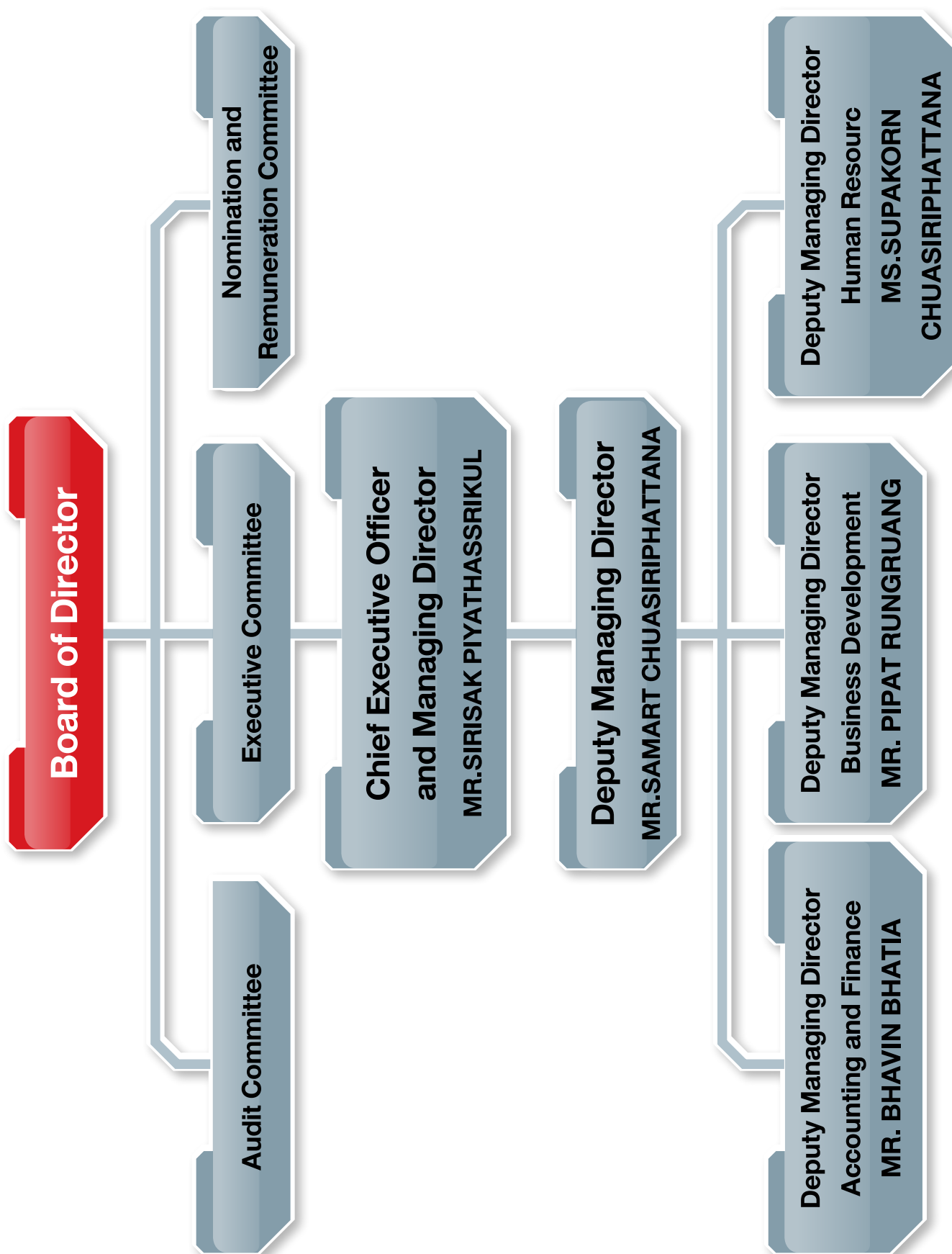
In 2017, it is another important year of the Company. The Company has re-organization to make more efficient. Moreover, the Company also restructuring the internal management and change the strategy of the business to be in line with the new business and he downturn of both domestic and internal economic. Including the changing of information technology which is the stimulus of customers' behavior. The Company still seek for the new business that can make the profit to the Group. During the past year, the Company has changes the CDs, DVDs' stores to stores under the branding of "KingKong Phone" to distribute the communication equipment which are mobile phones and its' accessories of Andriod system. Currently, the number of store is at 84 stores which is increased from last year which is 37 stores.

In addition, the Company begun to expand its business into new business which is water supply system project by managing the water on Koh Samed for 25 years by Samed Utilities Co., Ltd. It is a good sign to the Company because this project has a high potential to make the profit to the Company.

Although the Company continues expand the business, the Company still remains the committed to sustainable growth by manage the business with the transparency. The Company pays attention to anti-corruption and corporate governance policy as be honest and sincere. These will have the benefit to the Company, employee, shareholders and other stakeholders in the long term.

In addition, the company has begun to expand its business into new potential businesses. Started the water supply system project. To manage the water on Koh Samet. Managed by Samet Utilities Co., Ltd., a subsidiary of the Company for a period of 25 years, is a good sign for the company. Since the project is considered to have high potential to generate revenue continuously for the company in the future.

## Organization Chart



# Risk Factors

## 1. Operation Risk

### The risk of being unable to collect debts from trade receivables.

As at 31 December 2017, the Company and its subsidiaries had net trade accounts receivable equal to 30.51 million Baht. The business operations of the company and its subsidiaries have credit terms to customers around 30 - 90 days. The credit term for each customer. Management is determined by the size of the business, the customer's financial position, the ability to pay. And the quantity of goods or services ordered from the Company and its subsidiaries. However, due to the company's main income from business services and distribution of copyrighted content and the sale of mobile accessories. From the past, the company. Accounts receivable can be collected in approximately average period 60 day. The income from business services and distribution of copyrighted content. And sales of mobile devices of the company. Begin to grow continuously. So the number of accounts receivable is increased with the increasing of income.

However, if the company cannot collect debts from accounts receivable schedule and is receivable hold time appropriate allowance for doubtful accounts. The company will have to consider the allowance for doubtful accounts as criteria in the policy. Which will affect the performance of the company.

The Company is aware of such risks. The Company has set policies and guidelines for tracking debt repayment from trade receivables. The Finance Department will be responsible for tracking the debtor. The report was prepared and classified aging (AR aging Report) to deliver sales information to assist in the monitoring and implementation of debt. To prevent and control the occurrence of such incidents. For customers who can not collect debts, the Company will consider the collection experience in the past. The financial and economic conditions of individual customers of allowance for doubtful accounts. The



Company has set up the allowance for doubtful accounts receivable from such customers. Therefore, the Company is confident that with the policy of business operation. And the above actions will reduce the risk of not being able to collect debts from the Company's trade accounts receivable.

### Lease Agreement Risk

Since the group company's distribution center, retailing shop is located on business partner's area. 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, 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

At present, the technology of the mobile equipment is fast changing and developing. Include goods trading company has a wide variety and number of items. Therefore, there is a high probability that there will be stock outstanding and less popular. Company to focus on the management of such a tracking number inventory more closely. In addition, the Company has focused on prevention and management of obsolete inventory cases and monitoring the movement of goods closely and provides staff to monitor sales and transfer of items from branch to branch has been popular with customers bought. And if there are still unused stocks remaining, it will negotiate return partners, or it will be used to organize promotions.

However, for the category of communication devices and mobile phones. There is a risk when the management of product quantity in each model of the product is not related to consumer interest and outdated in the market. However, management plans and defines marketing plan to stimulate the sales of goods according to the quantity of goods. And analyze the remaining volume. Compared with the schedule of new products to manage the risk of the product and to minimize damage.

During the end of the year 2017, the Company has set up the provision for obsolete stocks and it's Depreciation for copyright products at the total amount of Baht 1.99 Million, or 2.14% of the total finished products during that period.

#### Risk of Product Loss

The Company operates mobile communication equipment. The company has a large distribution network throughout the country. Products are available in small size and price. There is a risk of product loss as well as retail sales. The company is very aware and cautious in this matter by surveillance by the branch staff themselves. In addition, the company has organized teams of counted



items in counting all branches regularly. Besides increasing the accuracy in inventory management. It also encourages employees are careful to take care of the goods.

#### The risks of investing in copyright.

Revenue from distribution of copyrighted products movies and music that is a part of the company's revenue. The company has realized the risks in investing, it has canceled the purchase of high-priced copyright beyond the ability to generate profits. However, from a more comprehensive Internet access. As a result, some customers have access to pirated movies and music through online channels. The demand for its home entertainment software decreased steadily over the last 2-3 years. From the trend of the demand is reduced, in the year 2017, the company don't have to purchase new movies copyright more and focus on existing copyright product release only. As a result, the proportion of total revenues decreased, so as to reduce the risk that may occur in the future. Therefore, the Company has restructured its corporate structure and conforms to the transformation of the current economic conditions even more. The divestment of some of its subsidiaries that do not give rise to profit to focus on businesses that can cause a growth in turnover in the sustainable future.

#### 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 promotion to boost up mobile phone and device volume. 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.

#### Risk From The Minimum Labor Wage Policy From Government

As the Government has announced the policy to increase the minimum labor wage in 2018 throughout all provinces to be Baht 308-330 per day or average Baht

315.97 per day, with the increase at different rate in other provinces, effective April 1, 2017, it causes the labor costs of Group of the companies to be increasing covering the sales staff about 1,000 persons located throughout the country. The labor wage adjustment, therefore, may affect the cost of operating the business for Sales and Administration expense.

However, Remuneration structure of Group of the companies providing the staff has already covered the minimum labor wage, which means that the minimum labor wage does not have any significant effect to the performance of Group of the companies.

## **2. Risk management**

#### 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.

# Shareholder Structure

## 1. Asset of the Company

As of 31<sup>st</sup> December 2017, the company had the registered capital amounting 383,775,650 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.

## 2. Shareholders

As of 18<sup>th</sup> January 2018, the major shareholders detail of the company as following;

Shareholders		Share Holding	
		Number of Shares (Share)	(%)
1	Chuasiriphattana Family	1,075,000,000	21.33
	- Mr. Samart Chuasiriphattana		
	- Mrs. Supakorn Chuasiriphattana		
2	UOB KAY HIAN PRIVATE LIMITED	788,750,000	14.91
3	Mr. Parinya Jaravijit	519,303,625	9.81
4	Mr. Warong Phattarachaikul	306,714,600	5.80
5	Mr. Sirisak Piyatassrikul	300,000,000	5.67
6	Diamond Jubilant Corporation	250,000,000	4.72
7	Mr. Pathompop Chuenpanichkit	190,474,100	3.60
8	Ms. Alida Chinnawat	140,532,000	2.66
9	Jirawan Chaiyaphongphati	139,420,200	2.63
10	Suriya Thephakam	100,117,000	1.89
11	Minor shareholders	1,427,809,295	26.98
	<b>Total</b>	<b>5,291,665,920</b>	<b>100.00</b>
<b>Registered Capital</b>		<b>383,775,650.00</b>	<b>Baht</b>
<b>Issued and Paid-up Capital</b>		<b>264,583,296.00</b>	<b>Baht</b>

The major shareholders who have significant influences on the Company's management policy or operation

- None -

### Limited of Foreigner Shareholder

The foreign shareholders can hold shares of the Company not exceeding of 49.00% of the issued and paid-up capital.

## 3. 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 31 December 2017, the Board of Directors comprises of 9 members as follows:

Name	Position
1. Pol. Maj. Gen. Lattasanya Piansomparn	Chairman, Chairman of Audit Committee and Independent Director
2. Mr. Poravich Opas*	Audit Committee and Independent Director
3. Mr. Somchai Wongsabsin	Audit Committee and Independent Director
4. Mr. Samart Chuasiriphattana	Director
5. Mr. Sirisak Piyathassrikul	Director
6. Mr. Pipat Rungruang**	Director
7. Mr. Somkiat Chuasiriphattana	Director
8. Mr. Chatthaphum Khantiviriya	Director
9. DR. Arichai Ruchtham	Independent Director

**Remark:** \* Appointed Mr. Poravich Opas as Independent Director. Audit Committee and Nomination and Remuneration Committee Effective from 1 March 2018 to replace Maj. Chakapol Pooripatiparn, Independent Director, Audit Committee and Nomination and Remuneration Committee Resigned from 1 March 2018.

\*\* Appointed Mr. Pipat Rungruang as the Company's Director The effective date is 12 February 2018, in replacement of Mr. Parinya Jaravijit who resigned from 31 January 2018.

## Authorized Signatory

The Directors who is appointed as the authorized signatories of the Company is Mr. Samart Chuasiriphattana or Mr. Somkiat Chuasiriphattana or Mr. Pipat Rungruang 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 3 members as follows:

Name	Position
1. Mr. Sirisak Piyathassrikul	Chairman of the Executive Committee and Managing Director
2. Mr. Samart Chuasiriphattana	Director
3. Mr. Somkiat Chuasiriphattana	Director
4. Mr. Pipat Rungruang*	Director

**Remark:** \* The Board of Directors Meeting No. 1/2561 Appointment of Mr. Pipat Rungruang to be the Executive Director in replacement of Mr. Parinya Jaravijit, effective from 12 February 2018.



### 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. Poravich Opas	Audit Committee
3. Mr. Somchai Wongsabsin	Audit Committee

**Remark:** \* Appointment of Mr. Poravich Opas Audit Committee The effective date is 1 March 2018, replacing Maj. Chakapol Pooripatipan, Audit Committee. Resigned from 1 March 2018.

### 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. Mr. Poravich Opas	Remuneration Committee
3. Mr. Somchai Wongsabsin	Remuneration Committee

**Remark :** \* Appointment of Mr. Poravich Opas, Remuneration Committee. The effective date is 1 March 2018, replacing Maj. Chakapol Pooripatipan, Remuneration Committee. Resigned from 1 March 2018.

### 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. Sirisak Piyathassrikul	Chairman of the Executive Committee and Managing Director
2. Mr. Samart Chuasiriphattana	Deputy Managing Director
3. Ms. Supakorn Chuasiriphattana	Deputy Managing Director (Human Resource)
4. Ms. Pipat Rungruang	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 Piansomporn	8/8	5 / 5	-	1/1
2. Mr. Samart Chuasiriphattana	8/8	-	-	1/1
3. Mr. Somkiat Chuasiriphattana		-	-	1/1
4. DR. Arichai Ruchtham		-	-	1/1
5. Mr. Chatthaphum Khantiviriya	8/8	-	4/4	1/1
6. Mr. Sirisak Piyathassrikul	8/8	-	-	1/1
7. Mr. Chalermpong Mahavanidvong			2/4	1/1
8 Flt. Lt. Dr. Suchet Sundaravej		5/5	4/4	1/1
9. Mr. Parinya Jaravijit		-	-	0/1
10. Maj. Chakapol Pooripatipan	3/8	0/5	0/4	0/1
11. Mr. Somchai Wongsabsin	6/8	3/5	2/4	0/1

**Note** As of 31 December 2017, the board of director comprise of 9 directors

1. Flt. Lt. Dr. Suchet Sundaravej, resigned from the Board of Directors Effective 15 November 2017, and Mr. Parinya Jaravichit was appointed to replace him. The resolution was passed by the Board of Directors' meeting. 8/2017 on 14 November 2017.
2. Approved the appointment of Maj. Chakapol Pooripatipan to be the Company's director. For Mr. Chalermpong Mahavanidvong Resigned directors According to the resolution of the Board of Directors Meeting No. 5/2017 held on 15 August 2017, and the appointment of Maj. Chakapol Pooripatipan from the position of Independent Director. To be the Audit Committee Member And the Nominating and Compensation Committee to replace Flt. Lt. Dr. Suchet Sundaravej with the effective date of 15 November 2017.
3. Approved the appointment of Mr. Somchai Wongsabsin to be Director The results of the Annual General Meeting of Shareholders for the year 2017.

## 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 2017 Annual General Meeting of Shareholders on 7 April 2017 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 40,000	Baht 25,000	Depend on Performance
Member of the Committee	Baht 15,000	Baht 20,000	Depend on Performance
Chairman - Audit Committee	Baht 25,000	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 Piansompam	President and Chairman - Audit Committee	200,000	125,000	-	325,000
2. Mr. Samart Chuasiriphattana	Director and Chairman of the Executive Committee	160,000	-	-	160,000
3. Maj. Chakapol Pooripatipan	Audit Committee and Chairman of Remuneration Committee	60,000	-	-	60,000
4. Dr. Arichai Ruchtham	Director	160,000	-	-	160,000
5. Mr. Somchai Wongsabsin	Audit Committee and Chairman of Remuneration Committee	120,000	60,000	40,000	220,000
6. Mr. Sirisak Piyathassrikul	Director and Managing Director	160,000	-	-	160,000
7. Mr. Chatthaphum Khantiviriya	Director and Remuneration Committee	160,000	-	100,000	280,000
8. Mr. Chalermpong Mahavanidvong	Audit Committee and Chairman of Remuneration Committee	80,000	40,000	40,000	160,000
9. Flt. Lt. Dr. Suchet Sundaravej	Audit Committee and Remuneration Committee	160,000	100,000	80,000	340,000
10. Mr. Somkiat Chuasiriphattana	Director	160,000	-	-	160,000
11. Parinya Jaravijit	Director	-	-	-	-

**Note** As of 31 December 2017, the board of director comprise of 9 directors

1. *Flt. Lt. Dr. Suchet Sundaravej, resigned from the Board of Directors Effective 15 November 2017, and Mr. Parinya Jaravichit was appointed to replace him. The resolution was passed by the Board of Directors' meeting. 8/2017 on 14 November 2017.*
2. *Approved the appointment of Maj. Chakapol Pooripatipan to be the Company's director. For Mr. Chalermpong Mahavanidvong Resigned directors According to the resolution of the Board of Directors Meeting No. 5/2017 held on 15 August 2017, and the appointment of Maj. Chakapol Pooripatipan from the position of Independent Director. To be the Audit Committee Member And the Nominating and Compensation Committee to replace Flt. Lt. Dr. Suchet Sundaravej with the effective date of 15 November 2017.*
3. *Approved the appointment of Mr. Somchai Wongsabsin to be Director The results of the Annual General Meeting of Shareholders for the year 2017.*

## The Management

In 2017, 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 9.38 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](http://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](http://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](http://www.dna2002.com), or Tel. 02-231-3555 Fax. 02-231-3554 E-mail : [investor@dna2002.com](mailto: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 9 persons consisting of

- Director who is not the Executive                      5 persons as Independent Directors 4 person
- Director who is the Executive                              4 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 incompliance 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.dna@dna2002.com](mailto:secretary.dna@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).

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.dna@dna2002.com](mailto:secretary.dna@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 2017, 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. 2/2017 in which 3 Independent Directors participated on February 28, 2017 has considered the adequacy of internal controls in 2017 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 EY Office Company Limited, auditing the financial statements quarterly and annually in 2017 and has served as auditors of the Company since 2017. The auditor evaluated the effectiveness of the Company's internal control system from the audited financial statements for the year 2017 with observations and recommendations. The company has introduced the recommendations and plans for the appropriate operation.

#### **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 2017, 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 2017 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	21.33	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 21.33% 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 49.00 percent of paid-up capital of such company. In addition, Mr. Sirisak Piyathassrikul 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. 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.	
9. DNA Retail Link Co., Ltd.	Subsidiary which DNA 2002 Co., Ltd., hold 80.00 percent of paid-up capital of such company. In addition, Mr. Samart Chuasiriphattana and Mr. Somkiet Chuasiriphattana are the directors in such subsidiary.	
10. Wi Tech International Co., Ltd.	Subsidiary which DNA 2002 Co., Ltd., hold 99.99 percent of paid-up capital of such company. In addition, Mr. Pipat Rungruang is the directors in such subsidiary.	

## Information of related Transactions

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"> <li>M. C. Property and Development Company Limited</li> </ul>	<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"> <li>Office Building A No. 19</li> <li>Office Building B No. 15/144</li> <li>Inventory Warehouse No. 38/2</li> </ol>	<p>0.53</p> <p>0.10</p> <p>0.39</p> <p>1.02</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"> <li>DNA Revolution Co., Ltd.</li> <li>DNA Freshair Co., Ltd.</li> </ul>	<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>63.87</p> <p>4.83</p>	<p>The transaction is the providing of financial assistance to such company because it is currently restructuring the group and internal operation for the working capital.</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 interest from the providing of financial assistance to such company.</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"> <li>DNA Network and Engineering Co., Ltd.</li> </ul>	The Group provide financial assistance to DNA Network and Engineering Co., Ltd. for its working capital	1.09	<p>The transaction is the providing of financial assistance to such company because it is currently restructuring.</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"> <li>My Network and Solution Co.,Ltd.</li> </ul>	The Group provide financial assistance to My Network and Solution Co., Ltd. for its working capital	1.49	<p>The transaction is interest debt from the providing of financial assistance to such company.</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"> <li>Hollywood (Thailand) Co., Ltd.</li> </ul>	The Group provide financial assistance to Hollywood (Thailand) Co., Ltd. for its working capital	0.31	<p>The transaction is interest debt from the providing of financial assistance to such company</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"> <li>Digital Synergy Co., Ltd.</li> </ul>	The Group provide financial assistance to Digital Synergy Co., Ltd. for its working capital	13.46	<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>
	<ul style="list-style-type: none"> <li>DNA Retail Link Co., Ltd.</li> </ul>	The Group provide financial assistance to DNA Retail Link Co., Ltd. for its working capital	64.88	<p>The transaction is the providing of financial assistance to such company because it just set up and need to expand.</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"> <li>• WI Tech International Co., Ltd.</li> </ul>	The Group provide financial assistance to WI Tech International Co., Ltd. for its working capital	0.30	<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>
3. Obtaining of Financial Assistance	<ul style="list-style-type: none"> <li>• Mr. Samart Chuasiriphattana</li> </ul>	DNA Retail Link Co., Ltd. obtained financial assistance from Mr. Samart Chuasiriphattana for its working capital.	28.50	<p>The transaction is the obtaining of financial assistance from Mr. Samart Chuasiriphattana because DNA Retail Link Co., Ltd. is currently expanding 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>

## 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 2015 to 2017 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 2017, 2.39 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 17.93 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 79.68 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 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.

In 2017m, the Company has increased the number branches of communication equipment business which for expand the business. Moreover, the Company has disposed the investment in subsidiaries such as DNA Sport Co., Ltd., New Way Health and Beauty Co., Ltd., (formerly "P Power Plant Energy 3 Co., Ltd."), Healthy Best Co., Ltd. And Strong Tech Energy 3 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 2017 and Important Incidents relating to the Investing in Its Subsidiaries/Joint**

In 2017, 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 2017, the Company raised the registered capital from 70,000,000 Baht to 150,000,000 Baht. The increasing of the capital effect to the portion of shareholder from 99.97% to 80.00%

#### Advertising and Media

- 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.

#### Alternative Energy, Public Utility and Technology

These business categories were ongoing process, thus, report of operation were not specified in year end of 2017.

- 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 2017.
- 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 2017.
- P Power Plant Energy Co., Ltd. is a subsidiaries of the Company and aim to generate and distribute electric power. In 2017, it has changed the name to Wi Tech International Co., Ltd. and aim in technology, multimedia and animation.
- 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.
- 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 2015 to 2017, total income of the Group was 722.90 million Baht, 726.28 million Baht and 1,012.25 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 rendering of advertising service and 3) other revenues; yet sales revenue was the major income of the Group; equivalent to more than 90.36 percent of total revenues during the past period.

From the year 2015 to 2017, the Group's total revenues were 722.90 million Baht, 726.28 million Baht and 1,012.25 million Baht respectively, which decreased 3.38million Baht, 285.97 million Baht or decreased at the percentage of .047 and 39.38 from the year 2015 and 2017 respectively. Total revenues during 2015 to 2017 were shown as follows

Business Revenue	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Sales Revenue	636.10	87.99	425.66	58.60	914.71	90.36
- Home Entertainment Product	443.56	61.36	89.65	12.34	21.83	2.39
- Communication Equipment	-	-	161.47	22.23	728.89	79.68
- Food and Beverage	192.54	26.63	174.54	24.03	163.99	17.93
2. Service Revenue	16.06	2.22	31.56	4.35	16.87	1.67
3. Other Revenue	70.74	9.79	269.06	37.05	80.67	7.97
<b>Total</b>	<b>722.90</b>	<b>100.00</b>	<b>726.28</b>	<b>100.00</b>	<b>1,012.25</b>	<b>100.00</b>

## 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 "Bun" which is operated by its subsidiary Bun Co., Ltd.

Since the year 2015 to 2017, the Group sales revenue equal to 636.10 million Baht, 425.66 million Baht and 914.71 million Baht respectively, which continuously decreased at percentage of 33.08 and 114.89 in the year 2015 and 2016 respectively.

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

Two main factors for decreasing of sales revenue in the year 2017 were

- (1) The increasing of branches where sell the communication equipment under banding "KingKong Phone"
- (2) The increasing of branches of "Bun" which is re-banding from "Mister Bun" to "Bun"

## Revenue from Services

Since the year 2015 to 2017, the Group sales revenue equal to 16.06 million Baht, 31.56 million Baht and 16.87 million Baht respectively.

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.

The main factor of the decreasing of service revenue in 2017 was from the television rights to broadcast LIVE Thai kickboxing programs that the Company already disposed in 2016.

### Other Revenues

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

In 2017, other revenue mainly from disposal of subsidiary companies: DNA Sport Co., Ltd., New Health and Beauty Co., Ltd. (formerly "P Power Plant Energy 3 Co., Ltd."), Healthy Best Co., Ltd. and Strong Tech Energy 3 Co., Ltd., interest incomes and other revenues which were for 12.52 percent, 10.02 percent and 77.46 percent.

### Cost

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

	2015	2016	2017
1) Cost of Sales (Million Bath)	599.38	395.32	724.98
<i>% of cost per sale revenue</i>	<i>94.23%</i>	<i>92.87%</i>	<i>79.26%</i>
2) Cost of Service (Million Bath)	31.61	51.40	12.10
<i>% of cost per service revenue</i>	<i>196.80%</i>	<i>164.84%</i>	<i>71.72%</i>
<i>Total</i>	<i>630.99</i>	<i>446.71</i>	<i>737.08</i>
<i>% of cost per sale and service revenue</i>	<i>96.75%</i>	<i>97.70 %</i>	<i>79.12%</i>

### Cost of Sales

During 2015 to 2017, cost of sales of the Group were 599.38 million Baht, 395.32 million Baht and 724.98 million Baht; equivalent to percentage of 94.23, 92.87 and 79.26 of sale revenue for each period, respectively.

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 sale to revenue ratio for the Group in 2017 increased from 2016 because the increasing of branches in communication equipment business and food business which is re-branding from "Mr. Bun" to "Bun".

### Cost of Services

The amount of advertising cost in 2015 to 2017 was 31.61 million Baht, 51.40 million Baht and 12.10 million Baht; or equal to percentage of 196.80, 164.84 and 71.72 of service revenue, respectively.

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.



Cost of service in 2017 decreased by 39.30 million Baht or 76.46 percent. The Company has disposed a subsidiary that has the television rights to broadcast in 2016

#### **Selling and Administrative Expenses**

During 2015 to 2017, selling and administrative expenses were 535.31 million Baht, 536.27 million Baht and 515.59 million Baht or equivalent to 80.08, 117.29 and 55.17 percent of total revenues (not including other revenue), respectively. Selling expenses was the main component which was 32 to 55 percent of selling and administrative expenses for period of time. The details of selling and administrative expenses were shown as:

	2015	2016	2017
Sales Expense (Million Baht)	293.50	172.08	180.39
% of total revenue (excluding other revenue)	45.00%	37.64%	19.30%
Administrative Expense (Million Baht)	241.81	364.19	335.20
% of total revenue (excluding other revenue)	37.08%	79.65%	35.87%
Sales and Administrative Expense (Million Baht)	535.31	536.27	515.59
% of total revenue (excluding other revenue)	82.08%	117.29%	55.17%
% Sales Expenses/Sales and Administrative Expenses	54.83%	32.09%	53.82%

#### **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 19 - 45 percent of total revenue.

In 2015-2017, selling expenses were 293.50 million Baht, 172.08 million Baht and 180.39 million Baht respectively or equal to 45.00, 37.64 and 19.30 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 40.37 percent of administrative expense are relating to employees and directors expense.

During 2015 to 2017, administrative expense was 241.81 million Baht, 364.19 million Baht and 335.20 million Baht; or equivalent to 37.08, 79.65 and 35.87 percent of total revenue (excluding other revenue), respectively.

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 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.

The increase in administrative expense in 2017 was from loss on sale of available-for-sale investments which was 102.25 million Baht

## Financial Cost

Financial cost during 2015 to 2017 was 13.74 million Baht, 14.84 million Baht and 11.27 million Baht; or equal to 1.90, 2.04 and 1.24 percent of total revenues of the Group, respectively. Financial cost increased in 2017 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 2015 to 2017 was 3.25, 2.29 and 21.13 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	2015	2016	2017
Compared to sale revenue (Home Entertainment Product, Food and Beverage and Communication equipment)	5.77%	7.12%	20.74%
Compared to service revenue	(9.68%)	(62.84%)	28.28%
Compared to sale and service revenue	3.25%	2.29%	21.13%

The Company had net loss in 2015 and 2017 equaling to 502.51 million Baht, 311.91 million Baht and 265.76 million Baht, respectively.

Considering of profitability, found that gross profit of year 2017 increased from communication equipment business that is expanding and the increasing of branches in 2017.

## 1.2 Asset Management

### Financial Statement

At the year ended 2015 to 2017, total assets were 1,191.85 million Baht, 670.87 million Baht and 573.91 million Baht, respectively.

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

Total Asset Ratio	2015	2016	2017
Cash, cash equivalent and Temporary investment	17.35%	11.44%	13.68%
Accounts Receivable and Other Receivable, net	22.55%	10.45%	14.20%
Inventories	7.47%	10.45%	16.24%
<i>Current asset</i>	<i>60.26%</i>	<i>32.21%</i>	<i>47.33%</i>
Building Improvement	6.76%	12.30%	16.92%
Property investment	-	12.77%	14.93%
Intangible Assets (Copyright, Intangible Assets, and Goodwill)	3.84%	13.93%	7.05%
Available-for-sale Securities	12.67%	14.76%	-
<i>Non- current asset</i>	<i>39.74%</i>	<i>67.79%</i>	<i>52.67%</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 32-61 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 14.20, 16.68, 16.92 and 16.24 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 2015 to 2017, account receivables and net other receivables comprised of trade account receivables, prepaid expenses, accrued income, notes receivable and net other receivables which were 268.20 million Baht, 70.11 million Baht and 81.47 million Baht equaling to 22.55, 10.45 and 14.20 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 2015 to 2017, the Group has Cash, cash equivalent and Temporary investment around 206.76 million Baht, 76.75 million Baht and 78.52 million Baht respectively or equal to 17.35, 11.44 and 13.68 of total assets consecutively,

At the end of year 2017, the Group held (1) 78.52 million Baht of cash and cash equivalent which closed to end of the year 2016 at approximately 78.35 Million Baht, and (2) Temporary investment, which was from Debt Instrument Investment, was 0.17 million Baht added 1.77 million Baht from end of the year 2016.

### **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. In 2017, the Group has disposed all investment in available-for-sale investments.

### **Inventory**

At the end of 2015 to 2017, the Group has inventory around 88.98 million Baht, 49.82 million Baht and 93.13 million Baht respectively or equal to 7.47, 10.45 and 16.24 of total assets consecutively, respectively. 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 2017, the increasing was from the business of communication equipment that the Company need to stock the inventories for each branch.

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 2016, the Group has reserved an allowance were 25.28 million Baht which is around 33.76 percent of value of goods in inventory before reserving allowance. At the end of 2017, the Group has reserved an allowance were 10.42 million Baht which is around 10.06 percent of value of goods in inventories before reserving allowance.

For other asset such as intangible assets as at December 31, 2015-2017 consisted of: film rights, intangible and goodwill which altogether were 114.31 million Baht, 93.46 million Baht and 40.48 million Baht respectively or equivalent to 9.59, 13.93 and 7.05 percent of total assets, respectively.

Lists of intangible assets in 2017 were goodwill and intangible assets; equivalent to 10.17 and 3.23 percent of intangible assets respectively; or 5.35 and 1.70 of total assets, respectively.

### 1.3 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)	2015	2016	2017
<b>Total liability</b>	<b>476.33</b>	<b>284.82</b>	<b>420.69</b>
Current liability	462.74	237.00	390.03
Non-current liability	13.59	47.82	30.66
<b>Shareholders' equity</b>	<b>715.52</b>	<b>386.04</b>	<b>153.32</b>
Issued and paid-up share capital	264.58	264.58	264.58
Share premium	842.53	842.53	842.53
(Loss) Unappropriated retained earning	(437.30)	(710.80)	(1,037.95)
<b>Total liabilities and Shareholders' equity</b>	<b>1,191.85</b>	<b>670.87</b>	<b>573.91</b>

Total Asset Ratio	2015	2016	2017
<b><u>Debt</u></b>			
Overdraw	0.40%	-	-
Trade Accounts and Notes Payable	17.79%	19.15%	26.20%
Short- Term Loan from Financial Institution	19.25%	14.15%	9.11%
Current portion of long-term loans from banks	-	-	9.99%
Provision for guarantee obligation	-	-	14.68%
<i>Total current liabilities</i>	<i>38.83%</i>	<i>35.33%</i>	<i>67.96%</i>
<i>Total liabilities</i>	<i>39.97%</i>	<i>42.46%</i>	<i>73.30%</i>
<b><u>Capital structure and shareholder's equity</u></b>			
<i>Shareholders' equity</i>	<i>60.03%</i>	<i>57.54%</i>	<i>26.70%</i>
Debt to Equity ratio (times)	0.71	0.84	0.73
Current asset to current liabilities ratio (times)	1.55	1.04*	0.70

\*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 2015 to 2017 which was 0.71, 0.84 and 0.74 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, 1.04 and 0.70 in 2015 to 2017 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 2015 to 2017, the Group has total liabilities in the amount of 476.33 million Baht, 284.82 million Baht and 420.69 million Baht respectively; or equivalent to 39.97, 42.46 and 73.30 percent of total assets consecutively. Those liabilities in 2017 increased to percentage of 135.87 from 2016 due to the provision of guarantee obligation and the provision of legal case were 82.26 million Baht and 25.54 million Baht, respectively when comparing to the end of previous year.

Major liability of the Company during 2015 to 2017 was current liabilities equaling to 38.83, 35.33 and 67.96 of total assets, respectively. Such current liabilities mostly came from trade/notes payable; except for 2017, the Company has provision for guarantee obligation which was 14.68 percent of total assets. While non-current liabilities of the Group 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 2015 to 2017, account payables were 212.05 million Baht, 128.47 million Baht and 150.37 million Baht respectively; or equivalent to 17.79, 19.15 and 26.20 percent of total assets. Most of trade account payables are from Home entertainment business varied relatively to revenue from Home entertainment products and communication equipment.

### **Short-Term Borrowings**

At the end of 2016 and 2017, short-term borrowings were 49.33 million Baht and 52.31 million Baht or 7.35 and 9.99 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 2015 to 2017, the Company had registered the capital and paid-up capital of 376.11 million Baht, 327.36 million Baht and 327.36 million Baht consecutively. At the end of 2016, the Company had registered ordinary 6,542,183,000 shares at par value 0.05 Baht while in 2017, the Company's registered ordinary were 7,675,513,000 shares at par value 0.05 Baht.

While registered paid-up capital at the end of year 2015 to 2017 were 264.58 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 2015 to 2017, shareholders' equity was 715.52 million Baht, 386.04 million Baht and 153.18 million Baht respectively. The decreasing in shareholders' equity in 2017 mainly from net loss profit of 265.76 million Baht therefore, unappreciated deficits were 1,037.95 million Baht

## Liquidity

(unit : Million Baht)

Statement of Cash Flows	2015	2016	2017
Net cash provided by (used in) Operating Activities	(221.46)	(91.58)	(55.63)
Net cash provided by (used in) investing activities	(344.05)	(110.02)	68.55
Net cash provided by (used in) Financing Activities	546.45	(34.06)	(8.16)
Net increase (Decreased) in cash and cash equivalents	(19.06)	(15.62)	4.76

Statement of cash flow during 2015 to 2017 showed that cash mainly came from financing activities which mainly financing activities in 2016, financing activities came from financial institution loans and repayment plans to create cash flow, which was 34.06 million Baht. It is opposite to 2017, financing activities came from the disposal of investment in subsidiaries and disposal of equipment, which was 68.55 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 2015 to 2017 were 221.46 million Baht, 91.58 million Baht and 55.63 million Baht. Moreover, the Group expanded investments to other industries that have potential and distribute risks. So, cash flow from investing activities was 344.05 million Baht, 110.02 million Baht and 68.55 million Baht during 2015 to 2017.

## 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 143.20 million Baht.

## 1.4 Factors that Probably Affect Financial Position or Future Operation

The Company has shifted the competency 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 business will remain open and run a business in sustainable income generation. 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 business is competency of the Company, even though the business was effect by the slow-growth economy, it has generated an expected income. In the future, the business will grow according to the strong management in the owner and franchises shops 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 Piansomparn | Chairman - Audit Committee |
| 2. Maj. Chakapol Pooripatipan            | Audit Committee            |
| 3. Mr.Somchai Wongsabsin                 | Audit Committee            |

In 2017, 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 2017, 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 2018

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 2018.

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 Piansomparn)

Chairman of the Audit Committee

ENJOY EVERYDAY



CONSOLIDATED  
AND SEPARATE  
FINANCIAL STATEMENTS

As of December 31, 2017

# Independent Auditor's Report

## Independent Auditor's Report

To the Shareholders of DNA 2002 Public Company Limited

### 1. Disclaimer of Opinion

I have audited the accompanying consolidated financial statements of DNA 2002 Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of DNA 2002 Public Company Limited for the same period.

I do not express an opinion on the financial statements referred to above because of the significance of the matter described in the *Basis for Disclaimer of Opinion* in section 2. of my report to the consolidated financial statements of DNA 2002 Public Company Limited and its subsidiaries and the separate financial statements of DNA 2002 Public Company Limited for the year ended 31 December 2017.

### 2. Basis for Disclaimer of Opinion

As described in Note 34.4 to the consolidated financial statements, in October 2017 the Company was sued by a bank as the second defendant, together with the first defendant which is a former subsidiary, demanding settlement amounting to Baht 81 million to the bank, together with interest calculated thereon until settlement is completed. The debt was a result of the Company's guarantee obligations arising from a loan guarantee it provided for the former subsidiary. Subsequently, in November 2017, the Company was additional sued by the bank, demanding additional payment of Baht 39 million, together with interest calculated thereon until the payment is completed. The payment was demanded as a result of the default on a loan from the bank, for which the Company's a part of investment properties were mortgaged as collateral. These cases are being considered by the Court, and thus the outcome cannot be determined at this time and depends on the future judicial process. In addition, as described in Note 1.2 to the consolidated financial statements, the Company is currently finding a new business to replace its old business which

has not be identified, and the Group has incurred persistent operating losses from its operations for several years. For the year 2017, the consolidated and separate statements of comprehensive income presented net losses for the year totaling Baht 266 million and Baht 417 million, respectively, the consolidated and separate statements of cash flows presented net cash used in operating activities of Baht 5 6 million and Baht 22 million, respectively. Moreover, the consolidated and separate statements of financial position as at 31 December 2017 presented deficits of Baht 1,038 million and Baht 994 million, respectively, with current liabilities exceeding current assets by Baht 118 million and Baht 153 million, respectively. These current liabilities included provision for the Company's guarantee obligations amounting to Baht 84 million and current portion of long-term loans from two banks totaling of Baht 57 million which the Company was unable to comply with conditions as specified in the loan agreements. The long-term loans was secured by the Company's investment properties of Baht 86 million, as described in Note 22 to the consolidated financial statements. I sent confirmation request to the banks regarding the collateral. However, up to the date of my report I have not received the confirmation reply from a bank. Moreover, the Group is in the process of finding additional sources of funds, and expects to sell some of its assets and increase its share capital through the exercise by warrant holders of their rights to buy the Company's ordinary shares. However, there are significant uncertainties relating to the adequacy of the proceeds that will be received and the likelihood of the occurrence of such events.

These circumstances indicate multiple material uncertainties which raise substantial reasonable doubt about the ability of the Group to continue as a going concern, which may result in the Group's failure to dispose of its assets and settle liabilities in the normal course of business. These depend on the Court's rulings on the pending cases in which the Company is a defendant, the adequacy and the feasibility of finding sources of funds for the operations, and the improvement of Group's future operating results.

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* in section 6. of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. However, because of the matter described in the *Basis for Disclaimer of Opinion* in section 2. of my report involves multiple uncertainties, notwithstanding having obtained sufficient appropriate audit evidence regarding each of the individual uncertainties, it is not possible to form an



opinion on the financial statements due to the potential interaction of the uncertainties and their possible cumulative effect on the financial statements.

### **3. Emphasis of Matters**

I draw attention to the following matters:

- a) As discussed in Note 4.1 to the consolidated financial statements, the adjustments made to the prior year's financial statements related to the provision for the guarantee obligation provided to a company.
- b) As discussed in Note 4.2 to the consolidated financial statements, the presentation of the reversal of allowance for doubtful accounts.

The financial statements for the year ended 31 December 2016, presented herein as comparative information, have already been restated in order to reflect the adjustments related to the matters discussed above. My report on the consolidated and separate financial statements for the year 2017 is not changed as a result of these matters.

### **4. Other Matter**

The consolidated financial statements of DNA 2002 Public Company Limited and its subsidiaries (the Group) and the separate financial statements of DNA 2002 Public Company Limited for the year ended 31 December 2016 (before restatements and reclassifications) were audited by another auditor who, under his report dated 24 February 2017, expressed an unqualified opinion on those financial statements.

### **5. Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

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

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

## 6. Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 report.

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

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

I am responsible for the audit resulting in this independent auditor's report.



Sumana Punpongsanon

Certified Public Accountant (Thailand) No. 5872

EY Office Limited

Bangkok: 28 February 2018

# Statement of Financial Position

DNA 2002 Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
			(Restated)		(Restated)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	78,352,083	73,594,163	2,133,412	6,191,932
Current investments	9	167,648	3,158,751	95,251	93,723
Trade and other receivables	10	81,468,489	70,108,834	8,675,563	42,446,881
Short-term loans to related parties	7	-	-	37,000,000	67,251,702
Short-term loans to other parties	11	2,900,000	2,900,000	-	-
Inventories	12	93,177,639	49,816,560	-	-
Current portion of prepaid rental expenses		-	661,485	-	661,485
Other current assets		15,578,448	15,859,733	2,481,826	7,461,292
<b>Total current assets</b>		<b>271,644,307</b>	<b>216,099,526</b>	<b>50,386,052</b>	<b>124,107,015</b>
<b>Non-current assets</b>					
Restricted bank deposits	13	1,230,000	1,230,000	1,230,000	1,230,000
Available-for-sale investments	9	-	99,000,000	-	99,000,000
Investments in associates	14	15,000,000	23,901,286	-	-
Investments in subsidiaries	15	-	-	178,599,600	342,696,717
Other long-term investments	9	-	15,949,950	-	-
Investment properties	16	85,700,000	85,700,000	85,700,000	85,700,000
Leasehold improvement and equipment	17	97,125,196	82,506,272	2,052,458	1,792,295
Goodwill	18	30,726,518	60,244,469	-	-
Film rights	19	-	19,840,584	-	-
Intangible assets	20	9,754,492	13,372,925	1,802,082	2,171,830
Long-term prepaid rental expenses		-	1,175,479	-	1,175,479
Other non-current assets	34.4	62,732,794	51,845,630	5,679,825	4,251,857
<b>Total non-current assets</b>		<b>302,269,000</b>	<b>454,766,595</b>	<b>275,063,965</b>	<b>538,018,178</b>
<b>Total assets</b>		<b>573,913,307</b>	<b>670,866,121</b>	<b>325,450,017</b>	<b>662,125,193</b>

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

**DNA 2002 Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 December 2017**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
			(Restated)		(Restated)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	21	150,366,253	105,308,598	34,483,537	28,307,269
Current portion of liabilities under finance lease agreements		-	209,669	-	-
Current portion of long-term loans from banks	22	57,313,590	45,583,658	57,313,590	45,583,658
Short-term loans from related parties	7	14,200,000	10,050,000	26,100,000	4,000,000
Short-term loans	23	52,310,970	49,334,532	-	10,000,000
Provision for guarantee obligation	24	84,261,925	77,850,000	84,261,925	77,850,000
Provision for legal case	34.4	25,537,131	23,162,970	-	-
Other current liabilities		6,043,702	3,347,913	1,034,149	1,050,070
<b>Total current liabilities</b>		<b>390,033,571</b>	<b>314,847,340</b>	<b>203,193,201</b>	<b>166,790,997</b>
<b>Non-current liabilities</b>					
Liabilities under finance lease agreements					
- net of current portion		-	9,606	-	-
Long-term loans from banks - net of current portion	22	-	26,720,166	-	26,720,166
Deferred tax liabilities		361,124	2,399,444	-	-
Provision for long-term employee benefits	25	10,353,379	8,649,868	3,035,122	2,801,804
Other non-current liabilities		19,943,217	10,044,813	170,959	-
<b>Total non-current liabilities</b>		<b>30,657,720</b>	<b>47,823,897</b>	<b>3,206,081</b>	<b>29,521,970</b>
<b>Total liabilities</b>		<b>420,691,291</b>	<b>362,671,237</b>	<b>206,399,282</b>	<b>196,312,967</b>

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

DNA 2002 Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2017

		(Unit: Baht)			
Note	Consolidated financial statements		Separate financial statements		
	2017	2016	2017	2016	
		(Restated)		(Restated)	
<b>Shareholders' equity</b>					
Share capital	26, 27				
Registered					
7,675,513,000 ordinary shares of Baht 0.05 each					
(31 December 2016: 6,547,183,000 ordinary shares of Baht 0.05 each)					
	383,775,650	327,359,150	383,775,650	327,359,150	
Issued and fully paid-up					
5,291,665,920 ordinary shares of Baht 0.05 each	264,583,296	264,583,296	264,583,296	264,583,296	
Share premium	842,526,519	842,526,519	842,526,519	842,526,519	
Retained earnings (deficit)					
Appropriated - statutory reserve	28	5,991,811	5,991,811	5,991,811	
Unappropriated		(1,037,950,292)	(788,653,760)	(994,050,891)	(577,289,400)
Other components of shareholders' equity		26,890,528	(62,960,377)	-	(70,000,000)
Equity attributable to owners of the Company		102,041,862	261,487,489	119,050,735	465,812,226
Non-controlling interests of the subsidiaries		51,180,154	46,707,395	-	-
<b>Total shareholders' equity</b>		153,222,016	308,194,884	119,050,735	465,812,226
<b>Total liabilities and shareholders' equity</b>		573,913,307	670,866,121	325,450,017	662,125,193

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

**DNA 2002 Public Company Limited and its subsidiaries**  
**Statement of comprehensive income**  
**for the year ended 31 December 2017**

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2017	2016 (Restated)	2017	2016 (Restated)
<b>Profit or loss:</b>				
<b>Revenues</b>				
Sales	914,711,101	425,661,160	1,711,264	26,204,920
Service income	16,872,473	31,562,666	-	-
Gain on sale of investments in subsidiaries	2.2 8,984,296	96,304,870	-	-
Other income	71,682,041	49,335,824	18,650,926	24,118,669
<b>Total revenues</b>	<b>1,012,249,911</b>	<b>602,864,520</b>	<b>20,362,190</b>	<b>50,323,589</b>
<b>Expenses</b>				
Cost of sales	724,980,148	385,091,133	8,097,161	96,361,902
Cost of services	12,101,640	51,397,081	-	-
Selling expenses	180,391,437	172,079,317	1,299,490	1,871,611
Administrative expenses	145,625,253	191,819,740	44,492,044	47,101,063
Allowance for guarantee obligation	24 6,411,925	-	6,411,925	77,850,000
Loss on sale of available-for-sale investments	102,247,907	-	102,247,907	-
Doubtful accounts	26,215,941	107,804,563	101,075,270	93,076,322
Loss on impairment of deposits (reversal)	(19,000,000)	19,000,000	-	-
Loss on impairment of investments in associates	14 4,890,771	-	-	-
Loss on impairment of investments in subsidiaries	15 -	-	164,097,117	60,099,900
Loss on impairment of other long-term investments	9 15,949,950	-	-	-
Loss on impairment of goodwill	18 29,517,951	-	-	-
Loss on impairment of intangible assets	20 7,982,911	-	-	-
Loss on impairment of film rights	19 15,355,157	10,225,857	-	10,225,857
<b>Total expenses</b>	<b>1,252,670,991</b>	<b>937,417,691</b>	<b>427,720,914</b>	<b>386,586,655</b>
<b>Loss before share of loss from investments in associates, finance cost and income tax</b>				
	(240,421,080)	(334,553,171)	(407,358,724)	(336,263,066)
Share of loss from investments in associates	14 (16,110,515)	(40,491,984)	-	-
<b>Loss before finance cost and income tax</b>	<b>(256,531,595)</b>	<b>(375,045,155)</b>	<b>(407,358,724)</b>	<b>(336,263,066)</b>
Finance cost	(11,270,670)	(14,845,786)	(9,402,767)	(7,635,248)
<b>Loss before income tax</b>	<b>(267,802,265)</b>	<b>(389,890,941)</b>	<b>(416,761,491)</b>	<b>(343,898,314)</b>
Tax income	30 2,038,319	134,729	-	-
<b>Loss for the year</b>	<b>(265,763,946)</b>	<b>(389,756,212)</b>	<b>(416,761,491)</b>	<b>(343,898,314)</b>
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Gain (loss) on change in value of available-for-sale investments	70,000,000	(52,000,000)	70,000,000	(52,000,000)
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
	70,000,000	(52,000,000)	70,000,000	(52,000,000)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial loss	(520,915)	(2,919,530)	-	(958,104)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
	(520,915)	(2,919,530)	-	(958,104)
<b>Other comprehensive income for the year</b>	<b>69,479,085</b>	<b>(54,919,530)</b>	<b>70,000,000</b>	<b>(52,958,104)</b>
<b>Total comprehensive income for the year</b>	<b>(196,284,861)</b>	<b>(444,675,742)</b>	<b>(346,761,491)</b>	<b>(396,856,418)</b>

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

**INA 2002 Public Company Limited and its subsidiaries**  
**Statement of comprehensive income (continued)**  
**for the year ended 31 December 2017**

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
		(Restated)		(Restated)
<b>Loss attributable to:</b>				
Equity holders of the Company	(248,775,617)	(348,725,367)	(416,761,491)	(343,898,314)
Non-controlling interests of the subsidiaries	(16,988,329)	(41,030,845)		
	<u>(265,763,946)</u>	<u>(389,756,212)</u>		
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	(179,296,532)	(403,352,095)	(346,761,491)	(396,856,418)
Non-controlling interests of the subsidiaries	(16,988,329)	(41,323,647)		
<b>Total comprehensive income for the year</b>	<u>(196,284,861)</u>	<u>(444,675,742)</u>		
<b>Loss per share</b>	31			
Basic loss per share				
Loss attributable to equity holders of the Company (Baht)	<u>(0.047)</u>	<u>(0.066)</u>	<u>(0.079)</u>	<u>(0.065)</u>

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



**DNA 2002 Public Company Limited and its subsidiaries**  
**Statement of changes in shareholders' equity**  
**For the year ended 31 December 2017**

	Consolidated financial statements										(Unit: Baht)
	Equity attributable to owners of the Company										
	Other components of shareholders' equity										
	Other comprehensive income										
	Retained earnings (deficit)	Change in ownership interest in subsidiaries	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity					
Issued and fully paid-up share capital	Share premium	Appropriated - statutory reserve	Unappropriated	Deficit on changes in value of available-for-sale investments	Change in ownership interest in subsidiaries	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity		
<b>Balance as at 1 January 2016</b>	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	
Loss for the year - restated	-	-	-	(348,725,367)	-	-	-	(348,725,367)	(41,030,845)	(389,756,212)	
Other comprehensive income for the year	-	-	-	(2,626,728)	(52,000,000)	-	(52,000,000)	(54,626,728)	(292,802)	(54,919,530)	
Total comprehensive income for the year	-	-	-	(351,352,095)	(52,000,000)	-	(52,000,000)	(403,352,095)	(41,323,647)	(444,675,742)	
Acquisition of investment in subsidiary	-	-	-	-	-	-	-	-	75	75	
Investment in newly established subsidiary	-	-	-	-	-	-	-	-	2,100,200	2,100,200	
Disposal of investments in a subsidiary	-	-	-	-	-	(133,927)	(133,927)	(133,927)	35,383,196	35,249,269	
Change in percentage of shareholdings in a subsidiary	-	-	-	-	-	(4,887,308)	(4,887,308)	(4,887,308)	4,887,308	-	
<b>Balance as at 31 December 2016 - as restated</b>	264,583,296	842,526,519	5,991,811	(788,653,760)	(70,000,000)	7,039,623	(62,960,377)	261,487,489	46,707,395	308,194,884	
<b>Balance as at 1 January 2017 - as previously reported</b>	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	
Cumulative effect of prior year adjustment (Note 4)	-	-	-	(77,850,000)	-	-	-	(77,850,000)	-	(77,850,000)	
<b>Balance as at 1 January 2017 - as restated</b>	264,583,296	842,526,519	5,991,811	(788,653,760)	(70,000,000)	7,039,623	(62,960,377)	261,487,489	46,707,395	308,194,884	
Loss for the year	-	-	-	(248,775,617)	-	-	-	(248,775,617)	(16,988,329)	(265,763,946)	
Other comprehensive income for the year	-	-	-	(520,915)	70,000,000	-	70,000,000	69,479,085	-	69,479,085	
Total comprehensive income for the year	-	-	-	(249,296,532)	70,000,000	-	70,000,000	(179,296,532)	(16,988,329)	(196,284,861)	
Purchase of investments in subsidiaries (Note 2.2)	-	-	-	-	-	19,850,905	19,850,905	19,850,905	22,806,629	42,657,534	
Disposal of investments in subsidiaries (Note 2.2)	-	-	-	-	-	-	-	-	(1,345,541)	(1,345,541)	
<b>Balance as at 31 December 2017</b>	264,583,296	842,526,519	5,991,811	(1,037,950,292)	-	26,890,528	26,890,528	102,041,862	51,180,154	153,222,016	

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

DNA 2002 Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity (continued)  
For the year ended 31 December 2017

(Unit: Baht)

	Separate financial statements					
	Issued and fully paid-up share capital		Retained earnings (deficit)		Other components of shareholders' equity	
		Share premium	Appropriated - statutory reserve	Unappropriated	Other comprehensive income	
					Deficit on changes in value of available-for-sale investments	Total shareholders' equity
<b>Balance as at 1 January 2016</b>	264,583,296	842,526,519	5,991,811	(232,432,982)	(18,000,000)	862,668,644
Loss for the year - restated	-	-	-	(343,898,314)	-	(343,898,314)
Other comprehensive income for the year	-	-	-	(958,104)	(52,000,000)	(52,958,104)
Total comprehensive income for the year	-	-	-	(344,856,418)	(52,000,000)	(396,856,418)
<b>Balance as at 31 December 2016 - as restated</b>	264,583,296	842,526,519	5,991,811	(577,289,400)	(70,000,000)	465,812,226
<b>Balance as at 1 January 2017 - as previously reported</b>	264,583,296	842,526,519	5,991,811	(499,439,400)	(70,000,000)	543,662,226
Cumulative effect of prior year adjustment (Note 4)	-	-	-	(77,850,000)	-	(77,850,000)
<b>Balance as at 1 January 2017 - as restated</b>	264,583,296	842,526,519	5,991,811	(577,289,400)	(70,000,000)	465,812,226
Loss for the year	-	-	-	(416,761,491)	-	(416,761,491)
Other comprehensive income for the year	-	-	-	-	70,000,000	70,000,000
Total comprehensive income for the year	-	-	-	(416,761,491)	70,000,000	(346,761,491)
<b>Balance as at 31 December 2017</b>	264,583,296	842,526,519	5,991,811	(994,050,891)	-	119,050,735

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

**DNA 2002 Public Company Limited and its subsidiaries**

**Cash flows statement**

**For the year ended 31 December 2017**

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
		(Restated)		(Restated)
<b>Cash flows from operating activities</b>				
Loss before tax	(267,802,265)	(389,890,941)	(416,761,491)	(343,898,314)
Adjustments to reconcile loss before tax to net cash provided by (used in) operating activities: -				
Depreciation	24,642,618	19,123,688	1,185,635	1,548,256
Amortisation	10,845,858	24,629,456	391,820	13,678,639
Doubtful accounts	26,215,941	54,647,958	101,075,270	30,386,069
Reduction of inventories to net realisable value (reversal)	(6,446,883)	14,429,407	(15,418,541)	17,443,789
Loss on disposals and write-off of equipment	6,740,524	5,375,641	921,014	3,971,455
Loss on disposal/write-off of intangible assets	2,081,125	1,557,909	1,306,159	1,557,909
Loss on write-off other current assets	133,809	-	133,809	-
Loss on write-off other non-current assets	2,419,873	-	2,419,873	-
Long-term employee benefits expenses	1,601,769	1,339,744	233,318	220,853
Gain from changing in fair value of trading securities	(8,897)	(767,659)	(1,528)	(757,186)
Loss on sale of available-for-sale investments	102,247,907	-	102,247,907	-
Loss on impairment of investments in associates	4,890,771	-	-	-
Loss on impairment of investments in subsidiaries	-	-	164,097,117	60,099,900
Loss on impairment of other long-term investments	15,949,950	-	-	-
Loss on impairment of goodwill	29,517,951	-	-	-
Loss on impairment of intangible assets	7,982,911	-	-	-
Loss on impairment of film rights	15,355,157	10,225,857	-	10,225,857
Provision for guarantee obligation	6,411,925	-	6,411,925	77,850,000
Loss on impairment of deposits (reversal)	(19,000,000)	19,000,000	-	-
Share of loss from investments in associates	16,110,515	40,491,984	-	-
Gain on sale of investments in subsidiaries	(8,984,296)	(96,304,870)	-	-
Interest income	(8,070,975)	(10,877,250)	(13,052,177)	(11,910,541)
Dividend income	-	(8,000,000)	-	(8,000,000)
Interest expense	11,270,670	14,845,786	9,402,767	7,635,248
Loss from operating activities before changes in operating assets and liabilities	(25,894,042)	(300,173,290)	(55,407,123)	(139,948,066)
Decrease (increase) in operating assets				
Trade and other receivables	(30,881,502)	141,209,687	14,595,500	152,801,107
Inventories	(41,394,404)	24,713,564	15,418,541	11,311,901
Other current assets	2,099,395	(536,041)	4,925,270	1,377,876
Restricted bank deposits	-	29,681,958	-	23,600,004
Film rights	(5,137,457)	(8,624,612)	-	6,781,240
Prepaid rental expenses	1,836,964	1,866,735	1,836,964	661,485
Other non-current assets	(13,597,037)	(13,094,202)	(3,847,841)	303,935
Increase (decrease) in operating liabilities				
Trade and other payables	53,974,612	33,340,552	2,522,757	(13,155,332)
Other current liabilities	2,792,262	2,625,867	(15,921)	556,342
Cash paid for long-term employee benefits	(168,000)	(156,183)	-	-
Other non-current liabilities	9,237,422	4,233,363	170,959	-
Cash flows from (used in) operating activities	(47,131,787)	(84,912,602)	(19,800,894)	44,290,492
Cash received from interest income	8,070,975	9,547,233	3,311,838	10,559,973
Cash paid for interest expenses	(13,994,590)	(14,845,786)	(5,137,256)	(7,543,939)
Cash paid for income tax expenses	(2,573,000)	(1,367,240)	(79,613)	(646,125)
<b>Net cash from (used in) operating activities</b>	<b>(55,628,402)</b>	<b>(91,578,395)</b>	<b>(21,705,925)</b>	<b>46,660,401</b>

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

**DNA 2002 Public Company Limited and its subsidiaries**

**Cash flows statement (continued)**

**For the year ended 31 December 2017**

			(Unit: Baht)	
	Consolidated financial statements		Separate financial statements	
	2017	2016 (Restated)	2017	2016 (Restated)
<b>Cash flows from investing activities</b>				
Dividend income	-	8,000,000	-	8,000,000
Cash received from acquisition of subsidiaries	-	525,275	-	-
Cash received from sale of current investments	3,000,000	220,876,727	-	220,876,727
Cash paid for purchasing investment in associate	(12,100,000)	(29,000,000)	-	-
Cash received from non-controlling interest of the subsidiary	40,000,000	-	-	-
Cash received from sale of investments in subsidiaries	6,009,471	38,666,861	-	-
Cash received from sale of available-for-sale investments	66,752,093	-	66,752,093	-
Cash refunded from deposit for purchase of investments	19,000,000	-	-	-
Cash paid for purchasing investments in subsidiaries	-	-	-	(90,000,000)
Cash paid for short-term investments	-	(123,133,975)	-	(120,133,975)
Cash received from cancellation of investment deposits	-	4,000,000	-	-
Cash paid for acquisition of leasehold improvement and equip	(82,686,628)	(46,052,374)	(3,682,097)	4,477
Cash paid for acquisition of intangible assets	(7,736,458)	(8,693,909)	(1,328,231)	(13,020)
Increase in short-term loans to related parties	(6,600,000)	(19,844,100)	(42,096,739)	(31,966,586)
Cash received from short-term loans to other parties	-	41,021,627	-	-
Cash received from disposals of intangible assets	-	248,833	-	-
Proceeds from disposals of equipment	42,907,354	23,405,729	892,614	1,316,809
<b>Net cash from (used in) investing activities</b>	<b>68,545,832</b>	<b>110,020,694</b>	<b>20,537,640</b>	<b>(11,915,568)</b>
<b>Cash flows from financing activities</b>				
Increase in short-term loans	2,400,000	-	-	-
Cash received from long-term loans from banks	-	80,828,741	-	80,828,741
Repayment of long-term loans from banks	(14,990,235)	(8,524,917)	(14,990,235)	(8,524,917)
Decrease in short-term loans from banks	-	(107,058,887)	(10,000,000)	(110,478,166)
Increase in short-term loans from related parties	4,650,000	1,250,000	22,100,000	4,000,000
Repayment of liabilities under finance lease agreements	(219,275)	(553,385)	-	(241,409)
<b>Net cash used in financing activities</b>	<b>(8,159,510)</b>	<b>(34,058,448)</b>	<b>(2,890,235)</b>	<b>(34,415,751)</b>
Net increase (decrease) in cash and cash equivalents	4,757,920	(15,616,149)	(4,058,520)	329,082
Cash and cash equivalents at beginning of year	73,594,163	89,210,312	6,191,932	5,862,850
<b>Cash and cash equivalents at end of year (Note 8)</b>	<b>78,352,083</b>	<b>73,594,163</b>	<b>2,133,412</b>	<b>6,191,932</b>

**Supplemental cash flows information**

Non-cash items:

Increase (decrease) in deficit on changes in value of available-for-sale investments	(70,000,000)	52,000,000	(70,000,000)	52,000,000
Payables arising from purchasing of equipment	10,582,918	3,673,726	5,776	617,775
Receivables arising from sale of equipment	157,516	346,844	157,516	346,844

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

# Notes to the Consolidated and Company Financial Statements

## **DNA 2002 Public Company Limited and its subsidiaries**

### **Notes to consolidated financial statements**

#### **For the year ended 31 December 2017**

## **1. General information**

### **1.1 Corporate information**

DNA 2002 Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company principally engages in the sales of music CD, VCD, DVD. The Company is currently seeking a new business to replace its old business, but has not identified yet. The subsidiaries principally engage in selling of mobile phone, and producing and selling food and beverage.

The registered address of the Company is at No. 19, Soi Ramkhamhaeng 22, Ramkhamhaeng Road, Huamark, Bangkok. Subsequently on 12 January 2017, the Company registered the change of its address with the Ministry of Commerce to Room B, 21st Floor, Silom Complex Building, 191 Silom Road, Silom, Bangrak, Bangkok.

### **1.2 Accounting assumption**

As described in Note 34.4 to the consolidated financial statements, in October 2017 the Company was sued by a bank as the second defendant, together with the first defendant, which is a former subsidiary, demanding settlement amounting to Baht 81 million, together with interest calculated thereon until settlement is completed. This was a result of the Company's guarantee obligations as guarantor of liabilities of the former subsidiary. Subsequently, in November 2017, the Company was additional sued by the bank, demanding additional payment of Baht 39 million, together with interest calculated thereon until the payment is completed. The payment was demanded as a result of the default on a loan from the bank, for which a part of the Company's investment properties are mortgaged as collateral. These cases are being considered by the Court, and thus the outcome cannot be determined at this time and depends on the future judicial process. In addition, the Company is currently seeking a new business to replace its old business, which has not be identified, and the Group has incurred persistent operating losses from its operations for several years. For the year 2017, the consolidated and separate statements of comprehensive income presented net losses for the year totaling Baht 266 million and Baht 417 million, respectively, and the consolidated and separate statements of cash flows presented net cash used in operating activities of Baht 56 million and Baht 22 million, respectively.

Moreover, the consolidated and separate statements of financial position as at 31 December 2017 presented deficits of Baht 1,038 million and Baht 944 million, respectively, with current liabilities exceeding current assets by Baht 118 million and Baht 153 million, respectively. These current liabilities included provision for the Company's guarantee obligations amounting to Baht 84 million and current portion of long-term loans from two banks totaling of Baht 57 million, for which the Company was unable to comply with conditions as specified in the loan agreements. The long-term loans are secured by the Company's investment properties of Baht 86 million. These circumstances give rise to significant doubt as to the ability of the Group to continue as a going concern, and this may case the Group to be unable to sell the properties and to repay liabilities in the ordinary course of business. However, the Group believes that the Group be able to continue as a going concern because the Group has assessed its financial position and laid down financial plans for the 12 months following the year-end date of 31 December 2017, setting budget cash flows and plans to manage the sourcing of funds for the operations, as follows:

1. In October 2017, the Company was sued by a bank as second defendant, together with the first defendant, which is a former subsidiary, demanding settlement amounting to Baht 81 million, together with interest calculated thereon until settlement is completed. However, the Company intends not to accept the debt arising from the guarantee and to instruct the bank to pursue collection from the former subsidiary to the final stage. The Company's legal advisor is of the opinion that the Company has a defendable case with respect to its liability for the debt as a guarantor. In settlement negotiations, the former subsidiary proposed to repay the debt to the bank in installments and the bank responded to this proposal but proposed as an additional condition that the Company would sign as guarantor of this installment payment too, whereby no agreement could be reached. On 23 February 2018, the Company filed a defense against the lawsuit and this case is being considered by the Court.



2. Bank loans have collateral with values higher than the outstanding loan balances.
  - 2.1 Loans from a bank with a balance of Baht 39 million as at 31 December 2017, for which parts of the Company's investment properties with appraised values of Baht 53 million have been mortgaged as collateral. However, the bank is currently suing over these loans in order to compel the Company to make full settlement of the loan and interest, and to foreclose on the collateral, while the Company intends to sell the investment properties and use the funds raised to settle its debt to the bank. On 19 February 2018, the Company submitted a proposal to negotiate a settlement of the dispute with the bank, proposing that it sells the collateral in the case and use the money raised to settle debt with the bank. The Civil Court has set a date of 2 April 2018 to hear the outcome of the negotiations.
  - 2.2 Loans from another bank with a balance of Baht 21 million as at 31 December 2017 for which another portion of the Company's investment properties have been mortgaged as collateral. The appraised value of these properties was Baht 32 million. On 23 August 2017, a meeting of the Company's Board of Directors passed a resolution to sell the investment properties to an individual, and use the funds raised to settle the loan debt to the bank. Subsequently, on 12 February 2018, a meeting of the Company's Board of Directors passed a resolution approving an extension for the period for payment for the properties to 15 May 2018. At present, no agreement to sell the investment properties has been signed.
3. The Company plans to call loans to subsidiaries, associates and other companies in order to use the funds raised as working capital, as follows:
  - 3.1 Call the full amount of a loan and interest from My Network and Solution Co., Ltd. (a subsidiary), of which the balance as at 31 December 2017 was Baht 8.9 million. In January and February 2018, the Company received settlements totaling Baht 1.8 million.

- 3.2 Call the full amounts of advances and loans, together with related interest, from Digital Synergy Co., Ltd. (an associate in which shares are held by DNA Revolution Co., Ltd., which is a subsidiary) of which the balance as at 31 December 2017 was Baht 5.8 million. In January 2018, the Company received settlements totaling Baht 1.2 million.
- 3.3 Call part of a loan and interest from DNA Revolution Co., Ltd. (a subsidiary), of which the balance as at 31 December 2017 was Baht 111.6 million. DNA Revolution Co., Ltd. called loan repayment and disposed the investments as detailed below:
- 3.3.1 Sell all of the investment in Hollywood (Thailand) Co., Ltd. (a subsidiary) at its cost of Baht 5 million to an unrelated company, in accordance with a resolution passed by a meeting of the Company's Board of Directors held on 12 February 2018. The subsidiary signed an agreement to sell on 15 February 2018 and subsequently, on 19 February 2018, received full settlement.
- 3.3.2 Sell all of the investment in Smallroom Co., Ltd. (an associate) at its cost of Baht 2.25 million to an unrelated individual, in accordance with a resolution passed by a meeting of the Company's Board of Directors held on 12 February 2018.
- 3.3.3 Call the full amount of loans and interest from Digital Synergy Co., Ltd. (an associate), of which the balance as at 31 December 2017 was Baht 12 million.
- 3.3.4 Sell all investment in Digital Synergy Co., Ltd. (an associate) to an unrelated individual at an agreed price of Baht 15 million, in accordance with a resolution passed by the meeting of the Company's Board of Directors held on 12 February 2018. The subsidiary entered into an agreement to sell the shares on 15 February 2018 and subsequently, on 19 February 2018, received full payment.

4. The Company plans a reorganisation, whereby investments in subsidiaries are to be sold in order to provide working capital. The Company sold all investment in My Network and Solution Co., Ltd., in which the Company holds 50.99%, to an unrelated individual at an agreed price of Baht 1 million, in accordance with a resolution of a meeting of the Company's Board of Directors meeting held on 12 February 2018.
5. The Company issued name-registered, transferable ordinary share warrants (DNA-W1), allocating them to the existing shareholders in proportion to their shareholdings. A total of not more than 251,103,416 warrants were to be issued, with an exercise price of Baht 0.10 per share and an exercise ratio of 1 warrant to 5 ordinary shares. The warrants can be exercised once, on 18 November 2018, which is the expiry date of warrants (DNA-W1).

The Company predicts that the main group of existing shareholders to exercise about 60 percent of the total rights, and expects to receive approximately Baht 76 million from the exercise of the rights.

6. The Company planned to borrow Baht 0.4 million from its director in January 2018, another Baht 1 million in February 2018 and a further Baht 0.5 million per month between March and May 2018, or a total of Baht 5.9 million. In January 2018, the Company received Baht 0.4 million from the director.

As a result of the above, the financial statements are prepared on a going concern basis. However, there are material uncertainties relating to the adequacy of the proceeds that will be received and the likelihood of the occurrence of such events. These depend on the Court's rulings on the pending cases in which the Company is a defendant, the adequacy and the likelihood of funding sourced for the operations, and the improvement of Group's future operating results.

## 2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of DNA 2002 Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries").

Company name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017 (Percent)	2016 (Percent)
DNA Revolution Co., Ltd.	Produce and manage events, shows, concerts, etc. and operate cable TV service	Thailand	99.99	99.99
Bun Co., Ltd.	Produce and sell bakery, and franchising the trademark "Mr. Bun"	Thailand	69.50	69.50
DNA Network and Engineering Co., Ltd.	No operate the business	Thailand	99.99	99.99
P Power Plant Co., Ltd.	No operate the business	Thailand	99.99	99.99
Wi Tech International Co., Ltd. (formerly known as "P Power Plant Energy Co., Ltd.")	No operate the business	Thailand	99.99	99.99
My Network and Solution Co., Ltd.	Provide services related to Internet data service centers and Internet services	Thailand	50.99	50.99

The subsidiaries which the Company owns through other companies are as follows:

Company name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017	2016
			(Percent)	(Percent)
Subsidiaries under “DNA Revolution Co., Ltd.”				
DNA Retail Link Co., Ltd.	Sell mobile phones, music CD, VCD/DVD, television products and relevant equipment	Thailand	80.00	99.99
Hollywood (Thailand) Co., Ltd.	Media publishing and film right trading	Thailand	83.34	83.34
DNA Sports Co., Ltd.	Organising events, shows, concerts, sales and marketing campaigns, and public relational services for corporations.	Thailand	-	70.00
Subsidiaries under “DNA Network and Engineering Co., Ltd.”				
Strongtech Energy 3 Co., Ltd.	No operate the business	Thailand	-	99.97
Samed Utilities Co., Ltd.	No operate the business	Thailand	54.99	54.99
Subsidiaries under “Wi Tech International Co., Ltd.” (formerly known as “P Power Plant Energy Co., Ltd.”)				
IRESS Solution Co., Ltd. (formerly known as “P Power Plant Energy 1 Co., Ltd.”)	Design, manufacture, distribute and provide consultancy in the preparation of media productions, multimedia technology and animation	Thailand	-	99.97
Synergy Platform Co., Ltd. (formerly known as “P Power Plant Energy 2 Co., Ltd.”)	Design, manufacture, distribute and provide consultancy in the preparation of media productions, multimedia technology and animation	Thailand	-	99.97
New Ways Health and Beauty Co., Ltd. (formerly known as “P Power Plant Energy 3 Co., Ltd.”)	Distribution of supplementary food and healthy products	Thailand	-	99.97

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- g) During the year 2017, there were the following changes in the composition of the subsidiaries:

**DNA Sports Co., Ltd.**

On 24 February 2017, a meeting of the Company's Board of Directors approved the disposal of all investment in DNA Sports Co., Ltd. held by DNA Revolution Co., Ltd. a subsidiary of the Company, at a price of Baht 4.9 million, to an unrelated company. The subsidiary sold the above investment on 24 March 2017.

**New Ways Health and Beauty Co., Ltd. (Formerly known as "P Power Plant Energy 3 Co., Ltd.")**

On 30 March 2017, a meeting of the Company's Board of Directors passed a resolution approving disposal of the 60% interest in P Power Plant Energy 3 Co., Ltd. held by P Power Plant Energy Co., Ltd., a subsidiary of the Company, at the price of Baht 0.6 million to eight individuals. The meeting also approved to increase the registered share capital by Baht 2 million in P Power Plant Energy 3 Co., Ltd. (from the registered share capital Baht 1 million to Baht 3 million), through the issuance of 20,000 new ordinary shares with a par value of Baht 100 each, to be offered to the existing shareholders in proportion to their shareholding.



P Power Plant Energy Co., Ltd. sold the investment on 31 March 2017 and, as a result, its shareholding in Power Plant Energy 3 Co., Ltd. decreased to 40% of its registered share capital. Subsequently, Power Plant Energy 3 Co., Ltd. registered the increase in its share capital with the Ministry of Commerce on 31 March 2017, and registered the change of its name to “New Ways Health and Beauty Co., Ltd.” with the Ministry of Commerce on the same date, and called up the new share capital on 31 March 2017. The subsidiary already paid by Baht 0.8 million for increasing the share capital on 10 April 2017. This company is principally engaged in distribution of food supplements and health products.

However, the management of the Company determined that the subsidiary has control over New Ways Health and Beauty Co., Ltd. even though the subsidiary holds 40% of shares and voting rights, which is less than half. This is because the subsidiary is a major shareholder and has the ability to direct its significant activities, while other shareholders are only minor shareholders. As a result, New Ways Health and Beauty Co., Ltd. is deemed to be a subsidiary of the Group and has been included in the consolidated financial statements.

Later on 6 June 2017, a meeting of the Company’s Board of Directors passed a resolution approving disposal of investment in New Ways Health and Beauty Co., Ltd. of Baht 1.2 million to unrelated parties. P Power Plant Energy Co., Ltd. received proceeds from the disposal of such investment on 7 June 2017.

#### **Healthy Best Co., Ltd.**

On 30 March 2017, a meeting of the Company’s Board of Directors passed a resolution approving an incorporation by Bun Co., Ltd., which is a 69.50%-held by subsidiary of the Company, of a new subsidiary named “Healthy Best Co., Ltd.” to engage in distribution of health care and food supplement products, with a registered share capital of Baht 10 million, of which 60% is held by Bun Co., Ltd. Healthy Best Co., Ltd. registered its incorporation with the Ministry of Commerce on 10 April 2017 and called up 25% of its share capital.

On 27 September 2017, a meeting of the Company’s Board of Directors passed a resolution approving disposal of investment in Healthy Best Co., Ltd. of Baht 1.5 million at cost to an unrelated party. The subsidiary sold the above investment on 28 September 2017.

**Bun Co., Ltd.**

On 6 June 2017, a meeting of the Company's Board of Directors passed a resolution approving disposal of all investments in Bun Co., Ltd., which is a 69.50%-held subsidiary of the Company, at a price of Baht 120 million to an unrelated party. In June 2017, the Company received deposit of Baht 10 million.

Subsequently, on 23 August 2017, a meeting of the Company's Board of Directors passed a resolution approving the cancellation of the disposal of all investments in that subsidiary and returned of the deposit. In addition, the meeting also passed a resolution approving an increase of registered share capital of Baht 35 million in the subsidiary, through the issuance of 3,500,000 new ordinary shares with a par value of Baht 10 each. The Company waived its right to subscribe for such newly issued shares. As at 31 December 2017, the subsidiary did not to process of increasing its share capital.

**P Power Plant Energy 1 Co., Ltd. and P Power Plant Energy 2 Co., Ltd.**

On 6 June 2017, a meeting of the Company's Board of Directors passed a resolution approving the amendment of the objectives of these two companies to carrying out business related to technology, changes in the shareholding structure whereby all shares are held by Digital Synergy Co., Ltd., which is an associated company that holds shares through DNA Revolution Company Limited (a subsidiary of the Company) and changed in the company names. Digital Synergy Co., Ltd. purchased investments in these two companies from P Power Plant Energy Co., Ltd. on 12 July 2017. Subsequently, on 14 July 2017, P Power Plant Energy 1 Co., Ltd. and P Power Plant Energy 2 Co., Ltd. registered the amendment of their objectives, changes of shareholder to Digital Synergy Co., Ltd., and changed of the companies' names to IRESS Solution Company Limited and Synergy Platform Company Limited, respectively.

### **DNA Retail Link Co., Ltd.**

On 15 May 2017, a meeting of the Company's Board of Directors approved the purchase by DNA Revolution Co., Ltd., a subsidiary, of 300,000 new ordinary shares of DNA Retail Link Co., Ltd. with a par value of Baht 100 each, totaling Baht 30 million in order to maintain the same proportion of shareholding. DNA Revolution Co., Ltd. made payment for the additional shares on 21 June 2017, and DNA Retail Link Co., Ltd. registered the increase in its share capital from Baht 70 million to Baht 100 million with the Ministry of Commerce on 27 June 2017.

On 23 August 2017, a meeting of the Company's Board of Directors passed a resolution approving an increase of registered share capital of Baht 50 million in DNA Retail Link Co., Ltd., from the registered share capital of Baht 100 million to Baht 150 million, through the issuance of 500,000 new ordinary shares with a par value of Baht 100 each, to be offered to the existing shareholders in proportion to their shareholding.

DNA Revolution Co., Ltd., a subsidiary, exercised the right to subscribe for 200,000 ordinary shares of DNA Retail Link Co., Ltd., totaling Baht 20 million. The subsidiary waived its right to subscribe for 300,000 new ordinary shares to an unrelated party. After the capital increase, the Company's shareholding in the subsidiary decreased from 99.99% to 80% of its registered share capital. The subsidiary already received cash from increasing share capital. The subsidiary registered the increase in its share capital from Baht 100 million to Baht 150 million with the Ministry of Commerce on 6 October 2017.

### **Strongtech Energy 3 Co., Ltd.**

On 27 September 2017, a meeting of the Company's Board of Directors passed a resolution approving disposal of investment in Strongtech Energy 3 Co., Ltd., which is a 99.97%-held subsidiary of DNA Network and Engineering Co., Ltd., to existing shareholders which were unrelated party, amounting to Baht 0.25 million at cost.

- 2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

### **3. New financial reporting standards**

#### **(a) Financial reporting standards that became effective in the current year**

During the current year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

#### **(b) Financial reporting standards that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

### **4. Prior year's adjustments**

#### **4.1 Provision for guarantee obligations**

During 2014 to 2016, the Company provided guarantees for bank credit facilities of a former subsidiary of the Group amounting to Baht 228 million. In June 2016, the Group sold all investment in this company, and recognised profit from sale of investment of Baht 149 million in the consolidated statement of comprehensive income for the year ended 31 December 2016. The Company did not recognise provision for guarantee obligation in the statement of financial position as at 31 December 2016. As of selling date of the above investment, the Company was unable to cancel guarantee agreements of this company provided to the bank. As of investment selling date, this company had significant loss from operation and capital deficit, which were indicators

that this company would not be able to settle debt which the Company provided guarantees for bank credit facilities.

As discussed in Note 24 to the consolidated financial statements, in June 2017 the Company received a letter from the bank, to call up the debts which were guaranteed, and enforce this mortgage. The management considered that the Company should recognise provision for guarantee obligation of Baht 77.85 million. The Company therefore made adjustments to the prior year's financial statements and separately presented the cumulative effect of the adjustments in the statement of changes in shareholders' equity. The amounts of the adjustments affecting the statement of financial position and the statement of comprehensive income are summarised below.

(Unit: Thousand Baht)

	Consolidated and Separate financial statements
	As at 31 December 2016
<b>Statement of financial position</b>	
Increase in provision for guarantee obligation	77,850
Increase in deficit	77,850

(Unit: Thousand Baht)

	For the year ended 31 December 2016	
	Consolidated financial statements	Separate financial statements
<b>Statement of comprehensive income</b>		
<b>Profit or loss:</b>		
Decrease in gain on sale of investments in subsidiaries	77,850	-
Increase in allowance for guarantee obligation	-	77,850
Increase in loss for the year	77,850	77,850
Increase in loss per share (Baht)	(0.018)	(0.018)

#### 4.2 The presentation of the reversal of allowance for doubtful accounts

The Company restated the prior year financial statements regarding the presentation of reversal of allowance for doubtful accounts into the statement of comprehensive income for the year ended 31 December 2016, presented as comparative information. The reclassifications had no effect to previously reported loss or shareholders' equity.

The amounts of the adjustments affecting the statement of comprehensive income are summarised below.

	(Unit: Thousand Baht)	
	For the year ended 31 December 2016	
	Consolidated financial statements	Separate financial statements
<b>Statement of comprehensive income</b>		
<b>Profit or loss:</b>		
Decrease in other income	45,564	45,564
Increase in reversal of doubtful accounts	45,564	45,564

#### 5. Significant accounting policies

##### 5.1 Revenue recognition

###### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts.

###### *Rendering of services*

Service revenue is recognised when services have been rendered taking into account the stage of completion.

###### *Franchise income*

Franchise income is recognised on an accrual basis in accordance with the substance of the relevant franchise agreements.

###### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

###### *Dividends*

Dividends are recognised when the right to receive the dividends is established.



## **5.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

## **5.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

## **5.4 Inventories**

Finished goods are valued at the lower of cost under the weighted average method and net realisable value.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attribute discounts. Net realisable value is the estimate of the selling price in the ordinary course of business, less necessary costs to make inventories ready for sales. The Company and its subsidiaries sets up allowance for obsolete, slow - moving and defective inventories, where necessary, from the consideration of market situation and the aged inventories

The cost of finished goods include all production costs and attributable factory overheads. Raw materials are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

## **5.5 Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

- d) Investments in associates is accounted for in the consolidated financial statements using the equity method.
- e) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method. The Company records provision for impairment of investments (if any) in the statement of comprehensive income.

The fair value of marketable securities is based on the latest bid price of the last working day of the year.

The weighted average method is used for computation of the cost of investments.

On disposal of investments, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

## **5.6 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in profit or loss when incurred.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

## **5.7 Leasehold improvement and equipment and equipment/Depreciation**

Leasehold improvement and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of leasehold improvement and equipment is calculated by reference to their costs, on the straight-line basis over the following estimated useful lives:

Leasehold improvement	-	5, 12 years
Machinery	-	5, 10, 12 years
Furniture, fixtures and office equipment	-	5, 12 years
Computer and equipment	-	3, 5 years
Motor vehicles	-	5, 12 years

Depreciation is included in determining income.

No depreciation is provided on construction in progress.

An item of leasehold improvement and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

## 5.8 Film rights

Film rights are the rights to distribute in various channels. Film rights are stated at purchase price which includes costs directly attributable to the acquisition of rights less accumulated amortisation and allowance for diminution in value (if any).

Film rights are amortised based on ratio relating to the expected revenue received in each year over the rights period.

## 5.9 Intangible assets

The intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Leasehold right	1 - 3 years
Licenses	5 years
Computer software	10 years

## 5.10 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

#### **5.11 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

#### **5.12 Long-term leases**

Leases of plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **5.13 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### **5.14 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the leasehold improvement and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

#### **5.15 Provision for goods returns**

Provision for goods returns is estimated with reference to actual goods returns occurring during the year and calculated at the rate of sales made during the year. The Company recognises provision for goods returns based on the gross margins of goods returns.

## 5.16 Borrowings

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

## 5.17 Employee benefits

### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

### ***Post-employment benefits***

#### ***Defined contribution plans***

The Company, subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

#### ***Defined benefit plans***

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.



## 5.18 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## 5.19 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

### Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

### Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## 5.20 Fair value measurement

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

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

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

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

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

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

## 6. Significant accounting judgements and estimates

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

**Leases**

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

**Allowance for doubtful accounts**

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

**Allowance for diminution in value of inventories**

The determination of allowance for diminution in the value of inventories with regard to lost, damaged or obsolete inventories, requires management to make judgements and estimates. This requires detailed analysis of the product life cycle, useful life of each type of inventory, the competitive environment, economic circumstances and the situation within the industry.

**Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

**Impairment of equity investments**

The Company and its subsidiaries treat available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

### **Impairment of investment in subsidiaries and associates**

The Company treats investments in subsidiaries and associates as impaired if the business operations of such companies are severely impacted by an economic crisis and the investments may take some time to recover their value. The management determines the amount by which such investments have been devalued based on judgement. The use of different estimates and assumptions could affect the amounts of the allowances for impairment of investments in subsidiaries and associates and adjustments to the allowances may therefore be required in the future.

### **Investment property**

The Company presents investment property at the fair value estimated by an independent appraiser, and recognises changes in the fair value in profit or loss. The independent appraiser valued the investment property using the market approach.

### **Leasehold improvement and equipment/Depreciation**

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

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

### **Goodwill and intangible assets**

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

### **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### **Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

### **Litigations**

The Company and its subsidiaries have contingent liabilities as a result of litigations. The Company's and its subsidiaries' management have exercised judgement to assess the potential results of the litigations, and the estimated contingent liabilities are recorded as provision as at the end of reporting period. However, the actual results may differ from the estimates.

## 7. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	2017	2016	2017	2016	
<u>Transactions with subsidiaries</u>					
(Eliminate from the consolidated financial statements)					
Management income	-	-	1,048	-	Contract price
Interest income	-	-	9,047	8,719	7.5% per annum
Interest expenses	-	-	1,533	-	7.5% per annum
Purchase of leasehold improvement and equipment	-	-	2,702	-	Net book value
Purchase of intangible assets	-	-	1,306	-	Net book value
<u>Transactions with associates</u>					
Management income	1,149	-	431	-	Contract price
Interest income	5,034	3,484	3,979	2,872	7.5% per annum
<u>Transactions with related parties</u>					
Sales of equipment	603	-	203	-	Market price
Management income	204	-	54	-	Contract price
<u>Transactions with directors and close family member of directors</u>					
Sales of franchise	941	-	-	-	Market price
Sales of goods	-	-	-	-	Market price
Sales of equipment	500	-	500	-	Market price
Rental expenses for stores, office building and warehouse	3,440	3,780	325	3,780	Market price
Interest expenses	339	-	-	-	6.0% per annum



As at 31 December 2017 and 2016, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<b><u>Trade and other receivables - related parties (Note 10)</u></b>				
Subsidiaries	-	-	25,497	16,795
Associates	16,595	9,001	10,974	5,182
Related parties	372	-	170	-
Close family member of directors	949	1,183	-	1,009
Total trade and other receivables				
- related parties	17,916	10,184	36,641	22,986
Less: Allowance for doubtful accounts	(15,079)	(9,001)	(9,018)	(5,966)
Total trade and other receivables - related parties - net	2,837	1,183	27,623	17,020
<b><u>Other payables - related parties (Note 21)</u></b>				
Subsidiaries	-	-	16,912	9,068
Associates	12	-	-	-
Directors	434	997	272	-
Related parties	220	-	62	-
Total trade and other payables - related parties	666	997	17,246	9,068

**Loans to related parties and loans from related parties**

As at 31 December 2017 and 2016, the balance of loans to and loans from between the Company and those related companies and the movement are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	Balance as at 1 January 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2017
<b><u>Short-term loans to related parties</u></b>				
<b>Associates</b>				
DNA Fresh Air Co., Ltd.	51,151	-	-	51,151
Digital Synergy Co., Ltd.	15,140	12,320	(12,700)	14,760
Total short-term loans to related parties	66,291	12,320	(12,700)	65,911
Less: Allowance for doubtful debts	(66,291)	(11,720)	12,100	(65,911)
Total short-term loans to related parties - net	-	600	(600)	-
<b><u>Short-term loans from related parties</u></b>				
<b>Directors</b>	10,050	41,970	(37,820)	14,200

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 1 January 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2017
<b><u>Short-term loans to related parties</u></b>				
<b>Subsidiaries</b>				
DNA Revolution Co., Ltd.	52,751	57,323	(3,769)	106,305
DNA Network and Engineering Co., Ltd.	14,500	-	-	14,500
My Network and Solution Co., Ltd.	24,800	-	(15,957)	8,843
DNA Retail Link Co., Ltd.	-	16,000	(16,000)	-
<b>Associates</b>				
DNA Fresh Air Co., Ltd.	51,151	-	-	51,151
Digital Synergy Co., Ltd.	-	4,500	-	4,500
Total short-term loans to related parties	143,202	77,823	(35,726)	185,299
Less: Allowance for doubtful debt	(75,950)	(88,306)	15,957	(148,299)
Total short-term loans to related parties - net	67,252	(10,483)	(19,769)	37,000
<b><u>Short-term loans from related parties</u></b>				
<b>Subsidiary</b>				
P Power Plant Co., Ltd.	4,000	20,100	-	24,100
P Power Plant Energy Co., Ltd.	-	2,000	-	2,000
<b>Directors</b>	-	1,500	(1,500)	-
Total short-term loans from related parties	4,000	23,600	(1,500)	26,100

Short-term loans to and short-term loans from related parties are unsecured and due at call. Interest was charged at the rate of 7.5% per annum. Interest was charged at a rate of 6% per annum for most short-term loans from directors, while no interest was charged on some short-term loans from directors.

### Directors and management's benefits

During the year ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term employee benefits	29,160	25,431	12,754	13,920
Post-employment benefits	4,146	445	3,019	214
<b>Total</b>	<b>33,306</b>	<b>25,876</b>	<b>15,773</b>	<b>14,134</b>

### Guarantees by the Company's director

As at 31 December 2017, a director of the Company provided guarantee for purchase of goods of a subsidiary with a company amounting to Baht 11 million (2016: Nil).

## 8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash	11,228	7,691	50	70
Bank deposits	67,124	65,903	2,083	6,122
<b>Total cash and cash equivalents</b>	<b>78,352</b>	<b>73,594</b>	<b>2,133</b>	<b>6,192</b>

As at 31 December 2017, bank deposits in saving accounts and fixed deposits carried interests between 0.1 and 1.0 percent per annum (2016: between 0.1 and 1.0 percent per annum).

## 9. Investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2017		2016	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Current investments</b>				
<u>Trading securities</u>				
Unit trusts				
Units in open-end fund	159	168	3,148	3,159
Add: Changes in fair value of securities	9	-	11	-
<b>Total current investments</b>	<b>168</b>	<b>168</b>	<b>3,159</b>	<b>3,159</b>
<b>Available-for-sale investments</b>				
<u>Available-for-sale securities</u>				
Equity securities				
Listed securities	-	-	169,000	99,000
Less: Changes in fair value of securities	-	-	(70,000)	-
<b>Total available-for-sale investments</b>	<b>-</b>	<b>-</b>	<b>99,000</b>	<b>99,000</b>
<b>Other long-term investments</b>				
<u>Other investments</u>				
Equity securities				
Non-listed securities	15,950		15,950	
Less: Allowance for impairment	(15,950)		-	
<b>Total other long-term investments</b>	<b>-</b>		<b>15,950</b>	
<b>- net</b>	<b>-</b>		<b>15,950</b>	
<b>Total investments</b>	<b>168</b>		<b>118,109</b>	

(Unit: Thousand Baht)

	Separate financial statements			
	2017		2016	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Current investments</b>				
<u>Trading securities</u>				
Unit trusts				
Units in open-end fund	93	95	93	94
Add: Changes in fair value of securities	2	-	1	-
<b>Total current investments</b>	<b>95</b>	<b>95</b>	<b>94</b>	<b>94</b>
<b>Available-for-sale investments</b>				
<u>Available-for-sale securities</u>				
Equity securities				
Listed securities	-	-	169,000	99,000
Less: Changes in fair value of securities	-	-	(70,000)	-
<b>Total available-for-sale investments</b>	<b>-</b>	<b>-</b>	<b>99,000</b>	<b>99,000</b>
<b>Total investments</b>	<b>95</b>	<b>95</b>	<b>99,094</b>	<b>99,094</b>

## 10. Trade and other receivables

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<u>Trade accounts receivable - related parties (Note 7)</u>				
Aged on the basis of due dates				
Not yet due	185	161	-	-
Past due				
Not over 3 months	615	-	-	-
Over 3 months but less than 6 months	-	3,220	-	-
Over 6 months but less than 12 months	139	-	-	-
Over 12 months	3,220	-	-	-
Total trade accounts receivable - related parties	4,159	3,381	-	-
Less: Allowance for doubtful accounts	(3,207)	(3,207)	-	-
Total trade accounts receivable - related parties - net	952	174	-	-
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	26,908	7,996	-	-
Past due				
Not over 3 months	5,084	5,364	-	1,591
Over 3 months but less than 6 months	535	195	-	-
Over 6 months but less than 12 months	3,027	160	21	130
Over 12 months	9,462	10,379	8,318	9,888
Total trade accounts receivable - unrelated parties	45,016	24,094	8,339	11,609
Less: Allowance for doubtful accounts	(12,383)	(10,532)	(8,317)	(10,063)
Total trade accounts receivable - unrelated parties - net	32,633	13,562	22	1,546
Total trade accounts receivable - net	33,585	13,736	22	1,546
<u>Other receivables</u>				
Other receivables - related parties	13,757	6,803	36,641	22,986
Other receivables - unrelated parties	47,824	64,327	30,817	45,221
Prepaid expenses	9,024	8,258	1,587	1,775
Unbilled receivables	28,913	10,780	339	277
Note receivables	733	1,633	733	1,633
Total other receivables	100,251	91,801	70,117	71,892
Less: Allowance for doubtful accounts	(52,368)	(35,428)	(61,463)	(30,991)
Total other receivables - net	47,883	56,373	8,654	40,901
Total trade and other receivables - net	81,468	70,109	8,676	42,447



## 11. Loans to other parties

	Interest rate (% per annum)	Repayment schedule	(Unit: Thousand Baht)	
			Consolidated financial statements	
			2017	2016
Loans to other parties				
- Primetime Entertainment Co., Ltd.	7.5	At call	31,617	31,617
- World Sport Group Co., Ltd.	7.5*	Monthly installment of 12 installments	2,900	2,900
- DNA Sports Co., Ltd.	7.5*	Monthly installment of 24 installments	5,500	-
Total			40,017	34,517
Less: Allowance for doubtful debts			(37,117)	(31,617)
Net			2,900	2,900
Less: Short-term loans to other parties			(2,900)	(2,900)
Loans to other party due over one year			-	-

\* It has stopped recognising interest income since September 2017.

## 12. Inventories

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Inventories	103,599	75,200	8,436	23,855
Less: Reduce cost to net realisable value	(10,421)	(25,383)	(8,436)	(23,855)
Inventories - net	93,178	49,817	-	-

Movements in the allowance of diminution in value of inventories account during the year ended 31 December 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2017	25,383	23,855
Add: Reduce cost to net realisable value made during the year	28,056	25,874
Less: Reversal of reduce cost to net realisable value of inventories during the year	(43,018)	(41,293)
Balance as at 31 December 2017	10,421	8,436

## 13. Restricted bank deposits

These represent fixed deposits pledged with the banks to secure credit facilities obtained from the banks.

## 14. Investments in associates

### 14.1 Details of associates

Company's name	Nature of business	Country of incorporation	Consolidated financial statements								(Unit: Thousand Baht)	
			Shareholding percentage		Cost method		Carrying amount based on equity method		Allowance for impairment			Carrying amount based on equity method - net
			2017 (%)	2016 (%)	2017	2016	2017	2016	2017	2016		
DNA Fresh Air Co., Ltd.	Advertise, produce and manage events	Thailand	49.99	49.99	30,000	30,000	-	-	-	-	-	-
Digital Synergy Co., Ltd.	Design, manufacture, distribute and provide consultancy in the preparation of media productions, multimedia technology and animation	Thailand	49.00	40.36	106,100	94,000	19,006	23,136	(4,006)	-	15,000	23,136
Smallroom Co., Ltd. (held by DNA Revolution Co., Ltd.)	Sell CDs, DVDs and produce music, and advertising	Thailand	25.00	25.00	7,767	7,767	885	765	(885)	-	-	765
Total					143,867	131,767	19,891	23,901	(4,891)	-	15,000	23,901

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding percentage		Cost		Allowance for impairment of investment		Carrying amounts based on cost method - net	
			2017	2016	2017	2016	2017	2016	2017	2016
			(%)	(%)						
DNA Fresh Air Co., Ltd.	Advertise, produce and manage events	Thailand	49.99	49.99	30,000	30,000	(30,000)	(30,000)	-	-
Total					30,000	30,000	(30,000)	(30,000)	-	-

On 15 May 2017, a meeting of the Company's Board of Directors approved the purchase by DNA Revolution Co., Ltd., a subsidiary, of additional investment in Digital Synergy Co., Ltd. from the existing shareholders at a price of Baht 100 per share, which is equal to par value of the share, or a total investment not exceeding Baht 15.5 million.

Subsequently, on 30 June 2017, the subsidiary purchased the additional 121,000 shares from the existing shareholders at a price of Baht 100 per share totaling Baht 12.1 million (or 8.64% of the registered share capital). At a result, the interest in that company increased from 40.36% to 49%.

#### 14.2 Share of comprehensive income and dividend received

During the years, the Company has recognised its share of profit (loss) from investments in associate companies in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Associates	Consolidated financial statements			
	Share of profit (loss) from investments in associates		Share of other comprehensive income from investments in associates	
	2017	2016	2017	2016
DNA Fresh Air Co., Ltd.	-	-	-	-
Smallroom Co., Ltd.	120	(522)	-	-
Digital Synergy Co., Ltd.	(16,230)	(39,970)	-	-
Total	(16,110)	(40,492)	-	-

The Company and its subsidiaries recorded investments in associates based on the basis of financial information provided by those companies' management. Due to time constraints, those companies' management cannot provide the financial information which were audited by external auditors. However, the financial information of Digital Synergy Company Limited was audited by the auditor.

There was no dividend received from the associates during the years ended 31 December 2017 and 2016.

#### 14.3 Summarised financial information about material associates

##### Summarised information about financial position

	(Unit: Thousand Baht)			
	DNA Fresh Air Co., Ltd.		Digital Synergy Co., Ltd.	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current assets	1,870	1,964	5,436	15,852
Non-current assets		-	4,516	5,774
Current liabilities	(95,629)	(90,831)	(73,459)	(51,832)
Non-current liabilities		-	(5,097)	(27,916)
<b>Net assets</b>	<b>(93,759)</b>	<b>(88,867)</b>	<b>(68,604)</b>	<b>(58,122)</b>
Shareholding percentage (%)	49.99	49.99	49.00	40.36
<b>Shareholding percentage in net assets</b>	<b>(46,880)</b>	<b>(44,434)</b>	<b>(33,616)</b>	<b>(20,864)</b>

The differences between the portion of shareholding percentage in net assets and net book value of investments in associates are the difference occurred at the purchasing date of investment and the setting of allowance for impairment of investments. In addition, the Group did not recognise the loss from investments in associates when the net book value of equity method equal to zero.

##### Summarised information about comprehensive income

	(Unit: Thousand Baht)			
	For the years ended 31 December			
	DNA Fresh Air Co., Ltd.		Digital Synergy Co., Ltd.	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenue	6	7	17,724	38,401
Loss for the year	(4,892)	(73,553)	(33,910)	(258,090)
Other comprehensive income	-	-	-	-
Total comprehensive income	(4,892)	(73,553)	(33,910)	(258,090)

14.4 Aggregate amount of share of comprehensive income from other associates (exclude associates named in Note 14.3)

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	<u>2017</u>	<u>2016</u>
Share of comprehensive income:		
Profit (loss) for the year	120	(522)
Other comprehensive income	-	-
Total comprehensive income	<u>120</u>	<u>(522)</u>

14.5 Investment in associate with capital deficit

The Group recognised share of losses from investment in an associate, as listed below, until the value of the investment approached zero. Subsequent losses incurred by this associate has not been recognised in the Group's accounts since the Group has no obligations, whether legal or constructive, to make any payments on behalf of this associate. The amount of such unrecognised share of losses is set out below.

Associate's name	(Unit: Thousand Baht)			
	Unrecognised share of losses			
	Share of losses during the years		Cumulative share of losses up to 31 December	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
DNA Fresh Air Co., Ltd.	<u>2,446</u>	<u>36,777</u>	<u>46,880</u>	<u>44,434</u>

## 15. Investments in subsidiaries

15.1 Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Subsidiaries' name	Paid-up capital		Investment proportion		Cost		Allowance for impairment of investments		Net	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
			(%)	(%)						
DNA Revolution Co., Ltd.	260,000	260,000	99.99	99.99	260,000	260,000	(140,000)	(55,000)	120,000	205,000
Bun Co., Ltd.	80,000	80,000	69.50	69.50	79,697	79,697	(24,097)	-	55,600	79,697
DNA Network and Engineering Co., Ltd.	30,000	30,000	99.99	99.99	30,000	30,000	(30,000)	-	-	30,000
P Power Plant Co., Ltd.	25,000	25,000	99.99	99.99	25,000	25,000	(25,000)	-	-	25,000
Wi Tech International Co., Ltd. (formerly known as "P Power Plant Energy Co., Ltd.")	3,000	3,000	99.99	99.99	3,000	3,000	-	-	3,000	3,000
My Network and Solution Co., Ltd.	10,000	10,000	50.99	50.99	5,100	5,100	(5,100)	(5,100)	-	-
Total					402,797	402,797	(224,197)	(60,100)	178,600	342,697

On 19 September 2017, the Extraordinary General Meeting of shareholders of P Power Plant Energy Co., Ltd. passed resolutions to change its name to Wi Tech International Co., Ltd. and to amend its objectives to be able to do business with technology related to financial management system. The subsidiary registered the change of its name and the amendment of its objectives with the Ministry of Commerce on 21 September 2017.

There was no dividend received from the subsidiaries during the year ended 31 December 2017 and 2016.



## 15.2 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Thousand Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the years	
	<u>2017</u> (%)	<u>2016</u> (%)	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Bun Co., Ltd.	30.50	30.50	35,872	35,410	462	(164)
Samed Utilities Co., Ltd.	45.01	45.01	11,524	14,627	(3,103)	(11,056)
My Network and Solution Co., Ltd.	49.01	49.01	(13,692)	(3,203)	(10,489)	(7,769)

## 15.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling.

### Summarised information about financial position:

(Unit: Thousand Baht)

	Bun Co., Ltd.		Samed Utilities Co., Ltd.		My Network and Solution Co., Ltd.	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current assets	61,413	40,240	27,853	30,628	1,578	2,830
Non-current assets	73,826	65,569	26,013	25,713	4,543	17,671
Current liabilities	44,566	21,364	718	23,836	21,083	26,628
Non-current liabilities	20,223	14,159	25,537	-	12,980	411

### Summarised information about comprehensive income

(Unit: Thousand Baht)

	For the years ended 31 December					
	Bun Co., Ltd.		Samed Utilities Co., Ltd.		My Network and Solution Co., Ltd.	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenue	174,481	181,341	-	-	62	67
Profit (loss)	283	(536)	(4,895)	(24,340)	(21,405)	(15,854)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	283	(536)	(4,895)	(24,340)	(21,405)	(15,854)

### Summarised information about cash flows

(Unit: Thousand Baht)

	For the years ended 31 December					
	Bun Co., Ltd.		Samed Utilities Co., Ltd.		My Network and Solution Co., Ltd.	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities	9,424	15,065	(2,775)	(26,601)	14,437	12,404
Cash flows from investing activities	(19,140)	(8,904)	-	-	(8,483)	(18,510)
Cash flows from financing activities	(219)	(553)	-	-	(7,223)	-
Net increase (decrease) in cash and cash equivalents	(9,935)	5,608	(2,775)	(26,601)	(1,269)	(6,106)

## 15.4 Impairment testing of investments in subsidiaries

For the purpose of impairment testing of investments in subsidiaries, the Company determined the recoverable amount of some significant investments in subsidiaries which have events indicating that an asset may be impaired. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use. The estimated future cash flows were determined using cash flow projections covering a five-year period extracted from financial budgets approved by the management

Key assumptions used in the value in use calculations are summarised below:

	(Unit: percent per annum)
	2017
Long-term growth rate	0.00
Discount rate	10.76 and 13.48

The management determined the budgeted gross profit margin and growth rate based on historical operating results and expected market growth of those subsidiaries. The discount rate and reflects specific risks relating to the relevant segments of those subsidiaries.

The growth rate used to extrapolate cash flow projections beyond the period covered by the most recent forecasts does not exceed the long-term average growth rate for the industries in which those subsidiaries operate.

The management determined that allowance for impairment of investments in subsidiaries which were recorded in the statements of financial position as at 31 December 2017 by Baht 224 million was adequate.

## 16. Investment properties

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	<u>2017</u>	<u>2016</u>
Balance at end of year	<u>85,700</u>	<u>85,700</u>

The investment property represents condominium units. Its fair value has been determined based on the valuation performed by an accredited independent valuer, using the market approach.

The Company mortgaged investment properties as collateral for credit facilities from two banks for the Company.

In September 2017, the Company received a letter from that bank to inform the enforcement of mortgage because the Company defaulted on debt repayment as discussed in Note 22. Subsequently, the Company was sued by the bank in November 2017 for loan repayment under the loan agreement and the enforcement of the mortgage as described in Note 34.4.

On 23 August 2017, a meeting of the Company's Board of Directors passed a resolution approving disposal of a part of investment properties at a price of Baht 32 million by appraised value of an independent appraiser to repay the existing loans. Subsequently on 12 February 2018, the Company's Board of directors resolved to extend the payment period for the disposal of the investment properties to be completed by 15 May 2018. At present, no agreeing to sell the investment properties has been signed.

## 17. Leasehold improvement and equipment

Movements of the leasehold improvement and equipment account during the year ended 31 December 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Leasehold improvement	Machinery	Furniture, fixtures and office equipment	Equipment and computer	Motor vehicles	Construction in progress	
<b>Cost:</b>							
1 January 2016	48,209	44,522	4,691	22,743	5,852	229	126,246
Additions	18,199	8,570	976	14,002	-	3,559	45,306
Disposals/write-off	(16,721)	(6,493)	(1,587)	(6,237)	(205)	(229)	(31,472)
Disposals of subsidiary	-	-	-	(704)	-	-	(704)
31 December 2016	49,687	46,599	4,080	29,804	5,647	3,559	139,376
Additions	51,959	7,972	3,031	6,581	719	11,349	81,611
Disposals/write-off	(24,043)	(27,804)	(2,047)	(4,355)	(3,751)	(13,053)	(75,053)
Transfers	(15)	-	-	15	-	-	-
31 December 2017	77,588	26,767	5,064	32,045	2,615	1,855	145,934
<b>Accumulated depreciation:</b>							
1 January 2016	14,053	12,043	1,675	14,989	2,960	-	45,720
Depreciation for the year	7,680	5,973	601	4,291	579	-	19,124
Depreciation on disposals/write-off	(2,869)	(777)	18	(4,381)	35	-	(7,974)
31 December 2016	18,864	17,239	2,294	14,899	3,574	-	56,870
Depreciation for the year	10,798	5,825	1,578	5,867	575	-	24,643
Depreciation on disposals/write-off	(7,107)	(19,039)	(988)	(1,608)	(3,307)	-	(32,049)
Acquisitions of subsidiaries during the year	(467)	-	(28)	(160)	-	-	(655)
31 December 2017	22,088	4,025	2,856	18,998	842	-	48,809
<b>Net book value:</b>							
31 December 2016	30,823	29,360	1,786	14,905	2,073	3,559	82,506
31 December 2017	55,500	22,742	2,208	13,047	1,773	1,855	97,125
<b>Depreciation for the year</b>							
2016 (Baht 3 million included in manufacturing cost, and the balance in selling and administrative expenses)							19,124
2017 (Baht 7 million included in manufacturing cost, and the balance in selling and administrative expenses)							24,643

(Unit: Thousand Baht)

Separate financial statements					
	Leasehold Improvement	Furniture, fixtures and office equipment	Computer and equipment	Motor vehicles	Total
<b>Cost:</b>					
1 January 2016	8,073	1,949	15,001	3,455	28,478
Additions	-	145	354	-	499
Disposals	(41)	(13)	(3,598)	-	(3,652)
31 December 2016	8,032	2,081	11,757	3,455	25,325
Additions	1,291	244	1,433	-	2,968
Disposals / write-off	-	-	(1,269)	(2,849)	(4,118)
31 December 2017	9,323	2,325	11,921	606	24,175
<b>Accumulated depreciation:</b>					
1 January 2016	7,990	1,292	13,930	2,421	25,633
Depreciation for the year	32	315	622	579	1,548
Depreciation on disposals	(40)	(11)	(3,597)	-	(3,648)
31 December 2016	7,982	1,596	10,955	3,000	23,533
Depreciation for the year	332	272	384	198	1,186
Depreciation on disposals	-	-	-	(2,596)	(2,596)
31 December 2017	8,314	1,868	11,339	602	22,123
<b>Net book value:</b>					
31 December 2016	50	485	802	455	1,792
31 December 2017	1,009	457	582	4	2,052
<b>Depreciation for the year</b>					
2016 (Included in selling and administrative expenses)					1,548
2017 (Included in selling and administrative expenses)					1,186

As at 31 December 2016, the subsidiaries had vehicles under finance lease agreements with net book values amounting to Baht 0.4 million, which the subsidiaries made payment of liabilities under finance lease agreements in full during the current year.

## 18. Goodwill

For the purpose of impairment testing, the Company allocated goodwill acquired in business combinations to each of the cash generating units (CGUs), as presented below:

(Unit: Thousand Baht)

	Goodwill		Loss on impairment		Goodwill - net	
	2017	2016	2017	2016	2017	2016
Food and beverage segment	48,836	48,836	(18,110)	-	30,726	48,836
Utilities segment	11,408	11,408	(11,408)	-	-	11,408
Total	60,244	60,244	(29,518)	-	30,726	60,244

The recoverable amount of each CGU is determined based on a value-in-use calculation, using cash flow projections extracted from financial budgets approved by the management. The cash flow projections cover a five-year period for food segment unit.

Key assumptions used in value in use calculations for food and beverage segment are summarised below:

(Unit: percent per annum)

	2017
Long-term growth rate	0.00
Discount rate	13.84

The management determined the budgeted gross profit margin and long-term growth rate based on past performance and its expectations of market development. The discount rate used and reflects specific risks relating to the relevant segments.

The long-term growth rate used to extrapolate cash flow projections beyond the period covered by the most recent forecasts does not exceed the long-term average growth rate for the industry in which the CGU operates.

For food and beverages segment, increase in the discount rate of 2.5% per annum would result in recoverable amounts that are closed to the carrying amounts.

During the year 2017, the management considered that the progress of projects in the utilities segment had been delayed in various respects, and that the related contracts had not been signed. Therefore, the management decided to recognise impairment loss for the full value of goodwill from utilities segment.

The management considered that the impairment of goodwill amounted to Baht 30 million, which are recognised in the consolidated statement of financial position as at 31 December 2016, is adequate.

## 19. Film rights

The net book value of film rights as at 31 December 2017 and 2016 is presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
As at 31 December 2017:		
Cost	60,825	28,057
<u>Less</u> Accumulated amortisation	(35,244)	(17,831)
<u>Less</u> Allowance for diminution in value	(25,581)	(10,226)
Net book value	-	-
As at 31 December 2016:		
Cost	57,558	28,057
<u>Less</u> Accumulated amortisation	(27,491)	(17,831)
<u>Less</u> Allowance for diminution in value	(10,226)	(10,226)
Net book value	19,841	-

A reconciliation of the net book value of film rights for the years 2017 and 2016 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	19,841	45,788	-	29,958
Acquisition of film rights	5,137	18,066	-	8,519
Disposal of film right - net	-	(9,441)	-	(15,300)
Disposal of investment in subsidiaries	-	(1,500)	-	-
Amortisation	(9,623)	(22,846)	-	(12,951)
Impairment loss	(15,355)	(10,226)	-	(10,226)
Net book value at end of year	-	19,841	-	-



## 20. Intangible assets

The net book value of intangible assets as at 31 December 2017 and 2016 is presented below.

	(Unit: Thousand Baht)				
	Consolidated financial statements				Separate financial statements
	Licences	Computer software	Work in progress	Total	Computer software
<b>As at 31 December 2017:</b>					
Cost	-	15,085	7,983	23,068	6,071
<u>Less</u> Accumulated amortisation	-	(5,331)	-	(5,331)	(4,269)
<u>Less</u> Allowance for diminution in value	-	-	(7,983)	(7,983)	-
Net book value	-	9,754	-	9,754	1,802
<b>As at 31 December 2016:</b>					
Cost	872	13,108	4,572	18,552	6,049
<u>Less</u> Accumulated amortisation	(436)	(4,743)	-	(5,179)	(3,877)
Net book value	436	8,365	4,572	13,373	2,172

A reconciliation of the net book value of intangible assets for the years 2017 and 2016 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	13,373	8,282	2,172	4,457
Acquisition of licences	-	872	-	-
Acquisition of computer software	4,325	3,237	1,328	-
Acquisition of work in progress	3,411	4,572	-	-
Disposal/ write-off - net book value	(2,149)	(1,807)	(1,306)	(1,558)
Amortisation	(1,223)	(1,783)	(392)	(727)
Loss from impairment	(7,983)	-	-	-
Net book value at end of year	9,754	13,373	1,802	2,172

## 21. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Trade accounts payable				
- unrelated parties	77,536	65,073	5,098	10,556
Other payables - unrelated parties	38,383	16,508	5,997	5,655
Other payables - related parties	666	997	17,246	9,068
Accrued expenses	25,949	17,655	5,549	2,434
Advanced received	7,832	5,075	594	594
Total trade and other payables	150,366	105,308	34,484	28,307

## 22. Long-term loans from banks

			(Unit: Thousand Baht)			
			Consolidated		Separate	
	Interest rate		financial statements		financial statements	
Loan	(%)	Repayment schedule	2017	2016	2017	2016
1	MLR + 0.725	Monthly installment of Baht 1.09 million per month as from July 2016 to June 2019	20,922	29,624	20,922	29,624
2	MLR - 1	Monthly installment of Baht 1.33 million per month as from August 2016 to July 2019	36,392	42,680	36,392	42,680
Total			57,314	72,304	57,314	72,304
Less: Current portion			(57,314)	(45,584)	(57,314)	(45,584)
Long-term loans from banks, net of current portion			-	26,720	-	26,720

The loans are secured by the mortgage of investment properties of the Company, which presented fair value of Baht 86 million and guarantee provided by the Company's directors.

The loan agreements contain several covenants which, among other things, require the Company to maintain certain financial ratios at the rates prescribed in the agreements.

Since the Company was unable to comply with certain financial ratios stipulated in the loan agreement with a bank. The Company therefore classified the long-term portion of the loans as at 31 December 2017 and 2016, amounting to Baht 7.8 million and Baht 16.5 million, respectively, as current liabilities.

During the third quarter of 2017, the Company defaulted on debt repayment with another bank, the Company received a letter from a bank to inform enforcement of mortgage of condominium units in September 2017. On 24 November 2017, the Company was sued from such bank for the debt repayment and enforce the mortgage of condominium units. At present, the case is under consideration of the Court as described in Note 34. As at 31 December 2017, the Company classified the long-term loans with due over one year, amounting to Baht 20.4 million, as current liabilities.

### 23. Short-term loans

	Interest rate (% per annum)		(Unit: Thousand Baht)			
			Consolidated		Separate	
	2017	2016	financial statements		financial statements	
			2017	2016	2017	2016
Bills of exchange	4.50 - 6.75	6.75	53,285	50,000	-	10,000
Less: Deferred interest			(974)	(665)	-	-
Net			52,311	49,335	-	10,000

Short-term loans of the Company and its subsidiaries are bills of exchange with period not over 6 months, and unsecured.

### 24. Provision for guarantee obligation

During 2014 to 2016, the Company provided guarantees for bank credit facilities of a former subsidiary amounting to Baht 228 million. The Company sold this investment in a subsidiary in June 2016. Later in June 2017, the Company received a letter from the bank, to repay the debts of Baht 79 million, which were guaranteed, together with related interest until the debts are fully settled.

On 12 October 2017, the Company was involved in a lawsuit filed by the above a bank as the second defendant as a guarantor of a company which is the first defendant at the Civil Court. At present, the case is under consideration of the Court as described in Note 34.4.

However, the Company recognised allowance for guarantee obligation of Baht 77.85 million in the statement of comprehensive income for the year ended 31 December 2016 (restated), and statement of financial position as at 31 December 2016 (restated). During the year ended 31 December 2017, the Company recognised additional allowance for guarantee obligation of Baht 6.41 million, which mostly increased from accrued interest, and was presented in statement of comprehensive income for the year then ended. As at 31 December 2017, the Company had outstanding provision for guarantee obligation totaling Baht 84.26 million in statement of financial position.

## 25. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Provision for long-term employee benefits</b>				
<b>at beginning of year</b>	8,650	5,011	2,802	1,623
Included in profit or loss:				
Current service cost	1,219	1,110	146	141
Interest cost	215	230	87	80
Disposal of subsidiary	(251)	(502)	-	-
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	520	2,920	-	958
Benefits paid during the year	<u>-</u>	<u>(119)</u>	<u>-</u>	<u>-</u>
<b>Provision for long-term employee benefits</b>				
<b>at end of year</b>	<u>10,353</u>	<u>8,650</u>	<u>3,035</u>	<u>2,802</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cost of sales	1,219	1,110	146	141
Selling and administrative expenses	215	230	87	80
Total expenses recognised in profit or loss	<u>1,434</u>	<u>1,340</u>	<u>233</u>	<u>221</u>

As at 31 December 2017 and 2016, the Company and its subsidiaries do not expect to pay the long-term employee benefits during the next year.

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 18 years (Separate financial statements: 18 years) (2016: 18 years, separate financial statements: 18 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated financial		Separate financial	
	statements		statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Discount rate	3.1	3.1	3.1	3.1
Salary increase rate	5.0	5.0	5.0	5.0
Inflation rate	3.0	3.0	3.0	3.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

	Consolidated financial statements			
	As at 31 December 2017			
	Effect to		Effect to	
	provision for		provision for	
	Increase	Decrease	Decrease	Increase
	(Percent)	(Thousand Baht)	(Percent)	(Thousand Baht)
Discount rate	1.0	(1,189)	1.0	1,399
Salary increase rate	1.0	1,574	1.0	(1,348)
Staff turnover rate	20.0	(1,152)	20.0	1,453

Consolidated financial statements

As at 31 December 2016

	Increase	Effect to provision for employee benefits	Decrease	Effect to provision for employee benefits
	(Percent)	(Thousand Baht)	(Percent)	(Thousand Baht)
Discount rate	1.0	(1,069)	1.0	1,264
Salary increase rate	1.0	1,320	1.0	(1,132)
Staff turnover rate	20.0	(980)	20.0	1,224

Separate financial statements

As at 31 December 2017

	Increase	Effect to provision for employee benefits	Decrease	Effect to provision for employee benefits
	(Percent)	(Thousand Baht)	(Percent)	(Thousand Baht)
Discount rate	1.0	(341)	1.0	391
Salary increase rate	1.0	445	1.0	(389)
Staff turnover rate	20.0	(296)	20.0	336

Separate financial statements

As at 31 December 2016

	Increase	Effect to provision for employee benefits	Decrease	Effect to provision for employee benefits
	(Percent)	(Thousand Baht)	(Percent)	(Thousand Baht)
Discount rate	1.0	(336)	1.0	388
Salary increase rate	1.0	407	1.0	(357)
Staff turnover rate	20.0	(267)	20.0	299

## 26. Share capital

On 24 February 2017, a meeting of the Company's Board of Directors proposed the Annual General Meeting of the Company's shareholders to consider approval of the increase in its registered shares by 1,128,330,000 shares at the par value of Baht 0.05 each, totaling Baht 56,416,500 from its registered share capital of Baht 327,359,150 to Baht 383,775,650, and allot the new ordinary shares for general mandate of 1,058,333,184 shares and for the change in exercise terms of warrant DNA-W1 of 69,996,816 shares. After the share increase, the registered share capital of the Company will increase from 6,547,183,000 shares to 7,675,513,000 shares. Subsequently, on 7 April 2017, the Annual General Meeting of the Company's shareholders approved the above increase in the registered share capital and share allotment. The Company already registered the increase in share capital with the Ministry of Commerce on 25 April 2017.

## 27. Warrants

On 17 October 2014, the Extraordinary General Meeting of the Company's shareholders approved the issuance of 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.

On 16 January 2015, the Extraordinary General Meeting of the Company's shareholders approved the change in 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.

(Unit: Thousand units)					
	Issue date	Exercise date	Outstanding warrants as at 1 January 2017	Change during the year	Outstanding warrant as at 31 December 2017
DNA-W1	19 Nov 2014	18 Nov 2018	251,103	-	251,103



According to the terms and conditions of the rights and obligations of the issuer and the warrant holders of the Company No. 1 (DNA-W1), it is stated that warrant holders of DNA-W1 can exercise the warrants only on 18 November 2018, which is the maturity date of warrants of DNA-W1.

## 28. Statutory reserve

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

## 29. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
		(Restated)		(Restated)
Purchases of goods and services	664,868	375,127	11,867	19,326
Changes in inventories	28,399	24,714	15,419	11,312
Reversal of diminution in value of inventories	(14,962)	(6,371)	(15,419)	(6,336)
Diminution in value of inventories	-	20,801	-	23,780
Doubtful accounts	26,216	107,805	101,075	93,076
Loss on impairment of investments in associates and subsidiaries	4,891	-	164,097	60,100
Depreciation of leasehold improvement and equipment	24,643	19,124	1,186	1,548
Amortisation of film rights	9,623	22,846	-	12,951
Impairment of film rights	15,355	10,226	-	10,226
Amortisation of intangible assets	1,233	1,783	392	728
Amortisation of prepaid rent	1,837	1,867	1,837	661
Staff costs	135,312	147,190	20,095	16,121
Rental and service expenses	64,247	86,045	3,468	8,325
Utilities expenses	11,415	10,282	472	414
Repair and maintenance and supplies expenses	11,157	2,586	485	153
Loss on sale of available-for-sale investments	102,248	-	102,248	-
Loss on write-off of fixed assets	6,142	9,835	1,269	-
Loss on write-off of intangible assets	23,337	1,807	1,306	1,558
Loss on impairment of intangible assets	7,983	-	-	-
Loss (gain) on disposal of fixed assets	(348)	-	(348)	3,971
Penalty from lawsuit	2,374	23,163	-	-
Loss for guarantee obligation	6,412	-	6,412	77,850
Loss on impairment of short-term loans to related parties (reversal)	(380)	66,291	72,349	75,951
Loss on write-off of prepayment for film right	-	2,290	-	2,290
Loss on impairment of goodwill	29,518	-	-	-
Loss on impairment of other long-term investments	15,950	-	-	-

### 30. Income tax

Income tax revenues for the years ended 31 December 2017 and 2016 are made up as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
<b>Current income tax:</b>				
Current income tax charge	-	-	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(2,038)	(135)	-	-
<b>Tax income reported in the statements of comprehensive income</b>	<b>(2,038)</b>	<b>(135)</b>	<b>-</b>	<b>-</b>

The reconciliation between accounting loss and tax income is shown below.

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
		(Restated)		(Restated)
Accounting loss before tax	(267,802)	(389,891)	(416,761)	(343,898)
Applicable tax rate	20%	20%	20%	20%
Accounting loss before tax multiplied by income tax rate	(53,560)	(77,978)	(83,352)	(68,780)
Associates' results reported net of tax	3,222	8,098	-	-
Adjustment in respect of income tax of previous year	-	-	-	(15,569)
Effects to tax from elimination transaction and others	(65,770)	(134,989)	-	(29,683)
Tax losses for which no deferred tax assets was recognised	31,077	144,087	27,780	55,793
Effects of:				
Non-deductible expenses	82,993	60,647	55,572	42,670
Adjustment for non-deductible expense of previous year	-	-	-	15,569
Total	82,993	60,647	55,572	58,239
<b>Income tax reported in the statements of comprehensive income</b>	<b>(2,038)</b>	<b>(135)</b>	<b>-</b>	<b>-</b>

The components of deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Deferred tax liabilities</b>				
Surplus on revalue assets	361	2,399	-	-

As at 31 December 2017, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 796 million (2016: Baht 786 million) (the Company only: Baht 432 million (2016: Baht 224 million)), on which deferred tax assets have not been recognised as the Company and its subsidiaries believe that future taxable profits may not be sufficient to allow utilisation of the deductible temporary differences and unused tax losses.

Details of expiry date of unused tax losses are summarised as below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
31 December 2017	-	21	-	-
31 December 2018	1	1	-	-
31 December 2019	59	59	94	94
31 December 2020	346	346	54	54
31 December 2021	209	209	44	44
31 December 2022	155	-	139	-

### 31. Loss per share

Basic loss per share is calculated by dividing loss for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic loss per share.

Consolidated financial statements					
Loss for the year		Weighted average number of ordinary shares		Loss per share	
2017	2016	2017	2016	2017	2016
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
	(Restated)				(Restated)
<b>Basic loss per share</b>					
Loss attributable to equity holders of the Company					
<u>(247,776)</u>	<u>(348,725)</u>	<u>5,291,666</u>	<u>5,291,666</u>	<u>(0.047)</u>	<u>(0.066)</u>
Separate financial statements					
Loss for the year		Weighted average number of ordinary shares		Loss per share	
2017	2016	2017	2016	2017	2016
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
	(Restated)				(Restated)
<b>Basic loss per share</b>					
Loss attributable to equity holders of the Company					
<u>(416,761)</u>	<u>(343,898)</u>	<u>5,291,666</u>	<u>5,291,666</u>	<u>(0.079)</u>	<u>(0.065)</u>

There is no disclosure of diluted earnings per share in the statement of comprehensive income for the years 2017 and 2016, as the diluted earnings per share is antidilutive.

## 32. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have five reportable segments as follows:

- The technology and communication segment, which sells mobile phones and relevant equipment, and designs, manufacture, distributes and provides consultancy in the preparation of media productions, multimedia technology and animation.
- The entertainment segment, which sells music VCD, CD/DVD, media publishing and film right trading, and organising events, concerts and shows.
- The food and beverage segment, which produces and sells bakery, and franchising the trademark “Mr. Bun”.
- The utilities segment is responsible for producing and selling clean water on Samed island.
- The energy segment is responsible for producing and distribution of electricity from solar energy.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and loss information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2017 and 2016, respectively.

(Unit: Million Baht)

	Technology and communication segment		Entertainment segment		Food and beverage segment		Utilities segment		Energy segment		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
Revenue from external customers	729	-	25	283	178	174	-	-	-	-	932	457
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	729	-	25	283	178	174	-	-	-	-	932	457
Segment operating results	(49)	(15)	(53)	(284)	(23)	(18)	(5)	(25)	(2)	(1)	(132)	(343)
Gain on sale of investments in subsidiaries											9	96
Other income											72	49
Reversal of loss on impairment of deposits											19	(19)
Reversal of Doubtful accounts											(26)	(108)
Allowance for guarantee obligation											(6)	-
Loss on sale of available-for-sale investments											(102)	-
Loss on impairment of investments in associates											(5)	-
Loss on impairment of other long-term investments											(16)	-
Loss on impairment of goodwill											(30)	-
Loss on impairment of intangible assets											(8)	-
Loss on impairment of film rights											(16)	(10)
Share of loss from investments in associates											(16)	(40)
Finance cost											(11)	(15)
Loss before income tax											(268)	(390)
Tax income											2	-
<b>Loss for the year</b>											<b>(266)</b>	<b>(390)</b>

### Geographic information

The Company and its subsidiaries operated in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

### Major customers

For the years 2017 and 2016, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

### 33. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiaries and their employees contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by Kasikorn Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 1.1 million (The Company only: Baht 0.3 million) (2016: Baht 0.9 million, The Company only: Baht 0.3 million).

### 34. Commitments and contingent liabilities

#### 34.1 Operating lease commitments

The Company and its subsidiaries have entered into lease agreements in respect of the office building space. The terms of the agreements are generally between 1 and 3 years.

The Company and its subsidiaries have future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Payable:				
In up to 1 year	70.0	33.3	1.5	0.3
In over 1 and up to 5 years	73.2	22.6	0.2	1.6
In over 5 years	-	0.3	-	0.3



### **34.2 Bank guarantees**

As at 31 December 2017, there were outstanding bank guarantees of approximately Baht 2.2 million (2016: Baht 2.2 million) (the Company only: Baht 2.2 million (2016: Baht 2.2 million)) issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee to guarantee the payment to suppliers.

### **34.3 Commitment in respect of investment**

As at 31 December 2017, the Company has commitments in respect of uncalled portion of investment in a subsidiary (P Power Plant Co., Ltd.) amounting to Baht 75 million (2016: Baht 75 million).

### **34.4 Litigation**

#### **The Company**

- 1) On 12 October 2017, the Company was sued by a bank as second defendant, as guarantor of the former subsidiary which is the first defendant, in a lawsuit lodged with the Civil Court, asking that the defendants together settle outstanding debt amounting to Baht 81.3 million together with interest at a rate of 15% per annum on principal of Baht 75.8 million from the date of the lawsuit until the settlement is completed. On 23 February 2018, the Company filed a statement of defense. Moreover, in negotiations the former subsidiary proposed to repay the debt to the bank in installments and the bank responded to this proposal but proposed as an additional condition that the Company would sign as guarantor of this installment payment too, whereby no agreement could be reached. At present, the case is under consideration of the Court. Nevertheless, the Company has set aside full provision for its guarantee obligations as discussed in Note 24.

- 2) On 24 November 2107 the same bank sued the Company seeking to have it made responsible for payment of a loan amounting to Baht 38.5 million, together with interest at a rate of 15% per annum on loan principal of Baht 36.4 million, from the date of lawsuit until settlement is completed. On 19 February 2018, the Company submitted a proposal for a mediated settlement of the dispute with a bank whereby the Company offered to sell the property pledged as security in this case and use the proceeds to pay the debt to a bank. The Civil Court therefore adjourned this case to hear the outcome of the mediation on 2 April 2018.
- 3) On 7 July 2017, a company filed a lawsuit with the Civil Court against the Company for breach of agreement, claiming damages amounting to Baht 0.5 million plus interest at a rate of 15% per annum from the date of the invoice until settlement is completed, or a total of Baht 0.6 million as of the date of the lawsuit. The Court set a date of 13 November 2017 for settlement of issues but the parties had differing records of the debt and so were unable to reach agreement. The Court therefore proceeded to set a date for the examination of witnesses of the plaintiff and the defendant of 11 September 2018. Since the case has not yet been considered by the Court and the Company disputes the plaintiff's calculation of interest, the Company has not set aside provision for the interest as contingent liabilities in its books of account.

### **Subsidiaries**

- 1) In 2015, a subsidiary was sued for compensation of approximately Baht 30.9 million for breach of agreement. On 13 May 2016 the Court of First Instance ordered the subsidiary to pay compensation of Baht 20.5 million, together with interest at a rate of 7.5% per annum, calculated from 24 February 2015. Subsequently, on 22 December 2016, the Appeal Court upheld the judgement of the Court of First Instance. The subsidiary has therefore set aside full provision for this litigation in the consolidated statements of financial position as at 31 December 2017 and 2016. Subsequently, the subsidiary submitted an appeal to the Supreme Court. Currently, the case is being considered by the Supreme Court.

In 2016, the Legal Execution Department sequestered cash of the subsidiary amounting to Baht 23 million, in accordance with the above judgement. This transaction was presented under other non-current assets in the consolidated statement of financial position as of 31 December 2017 and 2016.

- 2) On 28 September 2017, a company filed a lawsuit with the Civil Court against a subsidiary for breach of agreement, claiming damages amounting to Baht 2.2 million, plus interest at a rate of 7.5% per annum from the date of the lawsuit until settlement is completed. The case has not yet been considered by the Court and the damages claimed do not match the subsidiary's records. The Court set a date of 20 November 2017 for mediation at which no agreement could be reached, and so the Court postponed the examination of the defendant's and plaintiff's witnesses to 22 - 23 May 2018. As a result, the subsidiary has not set aside a provision for the contingent liabilities in its books of account.
- 3) On 4 October 2017, a company filed a lawsuit with the Civil Court against a subsidiary for breach of agreement, claiming damages amounting to Baht 0.2 million, plus interest at a rate of 7.5% per annum from the date of the lawsuit until the settlement is completed. The case has not yet been considered by the Court, which set a date of 28 November 2017 for mediation at which no agreement could be reached, and thus postponed the examination of the defendant's and plaintiff's witnesses to 25 April 2018. However, the subsidiary believes that the provisions made in the accounts are adequate to cover any losses that may arise from this case.

### 35. Fair value hierarchy

As at 31 December 2017 and 2016, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Current investments				
Trading securities - unit trusts	-	168	-	168
Investment properties	-	85,700	-	85,700

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	As at 31 December 2016			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Current investments				
Trading securities - unit trusts	-	3,159	-	3,159
Available-for-sale investments				
Available-for-sale securities				
- equity securities	99,000	-	-	99,000
Investment properties	-	85,700	-	85,700

	(Unit: Thousand Baht)			
	Separate financial statements			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Current investments				
Trading securities - unit trusts	-	95	-	95
Investment properties	-	85,700	-	85,700

(Unit: Thousand Baht)

	Separate financial statements			
	As at 31 December 2016			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Current investments				
Trading securities - unit trusts	-	94	-	94
Available-for-sale investments				
Available-for-sale securities				
- equity securities	99,000	-	-	99,000
Investment properties	-	85,700	-	85,700

During the current year, there were no transfers within the fair value hierarchy.

### 36. Financial instruments

#### 36.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### **Credit risk**

The Company and its subsidiaries is exposed to credit risk primarily with respect to trade accounts receivable, loans, notes and other receivable. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivables, loans and notes and other receivable as stated in the statement of financial position.

### Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, short-term loans and long-term loans. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2017 and 2016, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements						
	2017						
	Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rate
							(% per annum.)
<u>Financial Assets</u>							
Cash and cash equivalents	0.1		-	67.0	11.2	78.3	0.10 - 1.00
Current investments	-		-	-	0.2	0.2	-
Trade and other receivables	-		-	-	80.7	80.7	-
Deposits at bank with restrictions	1.2		-	-	-	1.2	1.25
	1.3		-	67.0	92.1	160.4	
<u>Financial liabilities</u>							
Trade and other payables	-		-	-	154.3	154.3	-
Short-term loans	39.3		-	-	-	39.3	4.50 - 6.75
Long-term loans from banks	-		-	57.3	-	57.3	Note 22
	39.3		-	57.3	154.3	250.9	

(Unit: Million Baht)

	Consolidated financial statements						
	2016						
	Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum.)
<u>Financial Assets</u>							
Cash and cash equivalents	0.1	-	-	65.8	7.7	73.6	0.10 - 1.00
Current investments	-	-	-	-	3.2	3.2	-
Trade and other receivables	-	-	-	-	70.1	70.1	-
Deposits at bank with restrictions	1.2	-	-	-	-	1.2	1.375
	1.3	-	-	65.8	81.0	148.1	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	105.3	105.3	-
Short-term loans	43.9	-	-	-	-	43.9	6.75
Long-term loans from banks	-	-	-	72.3	-	72.3	Note 22
	43.9	-	-	72.3	105.3	221.5	

(Unit: Million Baht)

Separate financial statements							
2017							
Fixed interest rates							Effective interest rate (% per annum.)
Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total		
<u>Financial Assets</u>							
Cash and cash equivalents	-	-	-	2.1	-	2.1	0.1 - 1.00
Current investments	-	-	-	-	0.1	0.1	-
Trade and other receivables	-	-	-	-	8.7	8.7	-
Short-term loans to related parties	37.0	-	-	-	-	37.0	5.50 - 7.50
Deposits at bank with restrictions	1.2	-	-	-	-	1.2	1.25
	38.2	-	-	2.1	8.8	49.1	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	34.5	34.5	-
Long-term loans from banks	-	-	-	57.3	-	57.3	Note 22
	-	-	-	57.3	-	91.8	



(Unit: Million Baht)

	Separate financial statements						
	2016						
	Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum.)
<u>Financial Assets</u>							
Cash and cash equivalents	-	-	-	6.1	0.1	6.2	0.10 - 1.00
Current investments	-	-	-	-	0.1	0.1	-
Trade and other receivables		-	-	-	42.4	42.4	-
Short-term loans to related parties	67.3	-	-	-	-	67.3	7.50
Deposits at bank with restrictions	1.2	-	-	-	-	1.2	1.375
	68.5	-	-	6.1	42.6	117.2	
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	-	28.3	28.3	-
Short-term loans	10.0	-	-	-	-	10.0	6.75
Long-term loans from banks	-	-	-	72.3	-	72.3	Note 22
	10.0	-	-	72.3	28.3	110.6	

### 36.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

During the current year, there were no transfers within the fair value hierarchy.

### 37. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximize shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 2.75 (2016: 1.18:1) and the Company's was 1.73 (2016: 0.42:1).

### 38. Events after the reporting period

On 12 February 2018, a meeting of the Company's Board of Directors passed the following resolutions:

- To approve of the disposal of all investment in My Network and Solution Co., Ltd. which is a 51%-held subsidiary of the Company, at a price of Baht 1.0 million, to an unrelated individual.
- To approve of the disposal of the 99.99% interest in Hollywood (Thailand) Co., Ltd. held by DNA Revolution Co., Ltd., a subsidiary of the Company, at a price of Baht 5.0 million to an unrelated company. The subsidiary entered into a share purchase agreement on 15 February 2018 and received proceeds from the disposal of the investment on 19 February 2018.
- To approve of the disposal of the 99.99% interest in Digital Synergy Co., Ltd. an associate company which is held by DNA Revolution Co., Ltd., a subsidiary of the Company, at a price of Baht 15 million to an unrelated party. The subsidiary entered into the share purchase agreement on 15 February 2018 and received proceeds from the disposal of the investment on 19 February 2018.
- To approve of the disposal of the 99.99% interest in Smallroom Co., Ltd., an associated company which is held by DNA Revolution Co., Ltd., a subsidiary of the Company, at a price of Baht 2.25 million to an unrelated individual.

On 28 February 2018, a meeting of the Company's Board of Directors passed a resolution to propose to the Annual General Meeting of the Company's shareholders for consideration resolutions to (i) cancel all unallocated registered ordinary shares that were issued under the general mandate approved by the 2017 Annual General Meeting of the Company's shareholders (reducing the registered share capital by a total of Baht 56,416,500, from Baht 383,775,650 to Baht 327,359,150 by cancelling the 1,128,330,000 unallocated ordinary shares with a par value of Baht 0.05 each) and (ii) amend clause 4 of the memorandum of association regarding the registered capital, in order to reflect the decrease in the registered capital and amend the memorandum of association to reflect the decrease in the registered capital.

### 39. Reclassifications

In addition to restatement of financial statements as described in Note 4, certain amounts in the statement of financial position as at 31 December 2016 and the statement of comprehensive income for the year ended 31 December 2016 have been reclassified to conform to the current year's classification. The reclassifications (including the restatement of financial statements as described in Note 4) are as follows:

(Unit: Thousand Baht)

	As at 31 December 2016			
	Consolidated		Separate	
	financial statements		financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Trade and other payables	105,308	128,471	28,307	28,307
Provision for legal case	23,163	-	-	-

(Unit: Thousand Baht)

	As at 31 December 2016			
	Consolidated		Separate	
	financial statements		financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Gain on sale of investments				
in subsidiaries	96,305	-	-	-
Other income	49,336	269,055	24,118	69,683
Cost of sales	385,091	395,317	96,361	106,587
Administrative expenses	191,820	364,189	47,101	245,842
Doubtful accounts	107,805	-	93,076	-
Loss on impairment of deposits	19,000	-	-	-
Loss on impairment of				
investment in subsidiaries	-	-	60,100	-
Loss on impairment of film rights	10,226	-	10,226	-

### 40. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2018.





**DNA 2002 Public Company Limited**

21<sup>st</sup> floor, Room B, 191 Silom Complex Building, Silom, Bangrak, Bangkok 10500

Tel : +66 (0) 2231-3555 Fax : +66 (0) 2231-3554

[www.dna2002.com](http://www.dna2002.com)