

**LIFE IS
FULL OF
DETAILS**

**ANNUAL
REPORT
2016**

daii

Daii Group Public Company Limited



LIFE IS FULL OF DETAILS

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Financial Statements

Investors can study the additional information from the Annual Registration Report (Form 56-1) of the Company at www.sec.or.th or the Company's website, www.daiigroup.com



General Information and Other Information

General Information and Other Information (As of March 2017)

Name	: Daii Group Public Company Limited
Symbol	: DAI
Head Office	: 123 Sun Towers Tower A, 11 th Floor, Vibhavadi-Rangsit Road, Chom Phon, Chatuchak, Bangkok 10900
Tel	: 02-105-6789
Fax	: 02-105-6787
	www.daiigroup.com
Type of Business	: Property and Construction
Company Registration No.	: 0107547000851
Registered Capital	: Baht 1,180,600,000 divided into 1,180,600,000 common shares of par value at Baht 1
Paid-Up Capital	: Baht 1,180,599,978 divided into 1,180,599,978 common shares of par value at Baht 1

Other Information

Share Registrar	: Thailand Securities Depository Company Limited 93 Ratchadapisek Road, Dindaeng, Bangkok 10400, Thailand
Tel	: 02-009-9000
Fax	: 02-009-9001
Auditor	: Bunchikij Co.,Ltd. 87/102-103 Modern Town Bldg. (9 th Floor) Ekamai Soi 3, Sukhumvit 63 Road, Wattana, Bangkok 10110
Tel	: 02-382-0414
Fax	: 02-381-5849

Information of Business Held by Daii 10% Upward

As of 31 December 2016

Company Name/Address	Type of Business	Registered Capital (Baht)	Type of Shares	No. of Shares Issued and Paid-up	Par Value (Baht)	Shareholding (%)
Qtech Products Co., Ltd. 123 Sun Towers Tower A, 11 th Floor, Vibhavadi-Rangsit Road, Chom Phon, Chatuchak, Bangkok 10900 Tel : 02-105-6789 Fax : 02-105-6787	Property Development	10,000,000	Common Stock	1,000,000	10	99.99
Atech Enterprise Co., Ltd. 123 Sun Towers Tower A, 11 th Floor, Vibhavadi-Rangsit Road, Chom Phon, Chatuchak, Bangkok 10900 Tel : 02-105-6789 Fax : 02-105-6787	Trading of aluminum door and windows products	7,000,000	Common Stock	700,000	10	99.99
Deeji Home Center Co., Ltd. 123 Sun Towers Tower A, 11 th Floor, Vibhavadi-Rangsit Road, Chom Phon, Chatuchak, Bangkok 10900 Tel : 02-105-6789 Fax : 02-105-6787	Construction	8,000,000	Common Stock	800,000	10	99.99
Ginza Home Co., Ltd. 123 Sun Towers Tower A, 11 th Floor, Vibhavadi-Rangsit Road, Chom Phon, Chatuchak, Bangkok 10900 Tel : 02-105-6789 Fax : 02-105-6787	Construction	5,000,000	Common Stock	500,000	10	99.99
Landy Development Co., Ltd. 1 Soi Ladprao 19, Ladprao Road, Chom Phon, Chatuchak, Bangkok 10900 Tel : 02-938-3460	Rent Office Building	40,000,000	Common Stock	4,000,000	10	14.89

The Extraordinary General Meeting of Shareholders No.1/2016 dated 16 December 2016 has passed the resolution to purchase Nirvana Development Co., Ltd. ("Nirvana") at the amount of 8,787,681 shares from Nirvana's shareholders, 4,481,717 shares from Singha Estate Public Company Limited and other 28 shareholders of the amount of 4,305,964 shares. After that the Company will transfer of all ordinary shares of Nirvana in which Nirvana's properties include all assets and liabilities of "Nirvana" including any right, obligation and encumbrance having or should have available to "Nirvana" at the date of transaction is successful, comprising all shares held by Nirvana in

- (1) Nirvana Construction Company Limited in a proportion of 99.99%
- (2) Nirvana U Company Limited in a proportion of 99.99%
- (3) Nirvana Rama 9 Company Limited in a proportion of 99.99%
- (4) Subthanarin Company Limited in a proportion of 99.99%
- (5) Nirvana River Company Limited in a proportion of 70.00%
(Nirvana River Company Limited is a joint venture company between Nirvana and BP Partner International at 70% and 30% respectively. The BP Partner International is a juristic person which registered in Singapore. This Company has only one shareholder that is Mr. Parichat Yamphan who is not a connected person of the Company)



CEO Message

“

At the end of 2016, Daii Group Public Company Limited has acquired and officially announced the merger with Nirvana Development Company Limited. This merger is the business expansion "Beyond Synergy" or a combination of business by conjoining strengths and advantages in all aspects of the two companies together. The Company aims to entirely advance the real estate business with the purpose of escalating competitiveness. Moreover, the Company is also a full-scale real estate developer serving products and services in order to maximize the benefits to consumers.

In 2017, the Company shall focus on Living Solution that meets all customers' living and also concentrate on new innovation. It is the first time that the strength of Daii Group Public Company Limited in terms of building technology is employed to help develop the building of Nirvana's homes for the delivery of products to consumers with high quality and faster. Meanwhile, the Company also utilizes the advantage of Nirvana Development Company Limited in the aspect of outstanding design and understanding of target customers for developing products and services of Daii Group Public Company Limited to be interesting and better fulfill lifestyles of consumers.

In the part of real estate development, the Company shall be able to expand the group of customers to meet all demands in the business operation of real estate development, including housing development projects, homebuilding on the land of customers, and distribution of building materials, which shall make us a fully integrated Living Solution.

Over the past period, Daii Group Public Company Limited would like to thank our customers, shareholders, financial institutions, business partners, bondholders, and mass media who have trusted and strongly supported so far. The Company is committed to operating businesses based on the principles of good corporate governance with integrity for sustainable growth of the Company everlastingly.

”



Sornsak Somwattana

Mr. Sornsak Somwattana
Chief Executive Officer

The Board Of Directors

As of March 2017

Mr. Sutthichai Sungkamanee

Independent Director
Chairman of the Board
Chairman of the Audit Committee
Chairman of the Nomination and Remuneration Committee



Mr. Sornsak Somwattana

Director
Member of the Risk Management Committee
Member of the Executive Committee
Chief Executive Officer
Acting of Chief Financial Officer



Mr. Naris Cheyklin

Director
Member of the Nomination and Remuneration Committee
Chairman of the Executive Committee



Mr. Tawat Meeprasertsul

Director
Member of the Executive Committee



Mr. Terachart Numanit

Director
Member of the Executive Committee



Mrs. Pojanard Prinyapatpakorn

Independent Director
Member of the Audit Committee
Member of the Nomination and Remuneration Committee
Chairman of the Risk Management Committee



Dr. Preeprem Nonthaleeraklin

Independent Director
Member of the Audit Committee
Member of the Risk Management Committee



Policy and overall business operation

Daii Group Public Company Limited ("the Company"), formerly named Daiichi House Co., Ltd., was established on 22 March 1994 with an initial registered capital of THB 5 million. Later, the Company was listed on the Market for Alternative Investment (MAI) on 23 July 2015 with the registered capital of THB 130 million and paid-up capital of THB130 million.

The Company has increased its registered capital and paid-up capital from THB 130 million to THB 1,180.60 million on 17 January 2017 since the Company has approved the allocation of newly issued ordinary shares of the Company to the Private Placement (PP) by entering into the transaction of assets acquisition. Details of the transaction are as follows;

(1) Purchase of all NIRVANA's ordinary shares in which NIRVANA's assets consist of all assets and liabilities which include but not limited to the rights, duties, obligations, and responsibilities that NIRVANA is bound on a transferring date, including all shares held by NIRVANA in (A) Nirvana Construction Company Limited in a proportion of 99.99% of paid-up capital (B) Nirvana U Company Limited in a proportion of 99.99% of paid-up capital (C) Nirvana Rama 9 Company Limited in a proportion of 99.99% of paid-up capital (D) Subthananarin Company Limited in a proportion of 99.99% of paid-up capital (E) Nirvana River Company Limited in a proportion of 70% of paid-up capital

(2) Purchase of 2 plots of land from Singha Estate Public Company Limited ("S"), including (1) Land Deed No. 1930, 28508, 28509 and 43102 with the total area of 4 rais 1 ngans 94.8 square wahs located on Rattanathibet Road (Tor Lor. 302) Bang Rak Yai sub district, Bang Bua Thong district, Nonthaburi province. (2) Land Deed No. 1922 and No. 2138 with the total area of 7 rais 3 ngans 50 square wahs located on the Rattanathibet road, Bang Kraso sub district, Nonthaburi Muang district, Nonthaburi province.

As at 31 December 2016, the Company's group operated businesses of finished fence, homebuilding, aluminum-finished doors and windows. After the Company received all shares transferred from NIRVANA, the Company's business segment will increase since the group of NIRVANA operated real estate development by focusing on the development of real estate for residence.



Vision and mission

Vision

The manufacturer and distributor of finished fence, concrete block, homebuilding, including doors and windows from Japan. The Company predicts an overview of the Company to grow continuously in the future by focusing on principles of "Innovation for value of living" from conducting research to reduce manufacturing costs and adapt new innovations in order to serve quality and durable products with an economical price to customers.

Mission

The Company engages in the businesses of manufacturing and distribution of finished fence in response to the construction in the new era which requires materials and equipment for the construction that is fast, strong, beautiful and economical under the trade mark of FENZER and manufacturing of prefabricated structure, beams, and pillars under the trade mark of NIVA. In addition, the Company's group also operates the business of prefabricated homebuilding on the land under the brand of GINZA Home and the distribution and installation of aluminum-finished doors and windows under the brand of Atech Window from the Japanese manufacturer.

Policy and objectives of the Company's operations

In 2016, the Company has objectives of the business operation as follows;

1. Objectives of the business operation

1) Finished fence branded FENZER; the Company focuses on maintaining the market leader status of finished fence by developing finished fence in several models to cover targeted groups across the country. The Company has a plan to establish manufacturing factories in the regional area installed with fence automatic manufacturing machinery to reduce transportation costs and support logistic network system in which the Company is currently expanding the network covering all provinces across the country.

2) Homebuilding business; the Company focused on research and development of prefabricated homebuilding materials with advanced manufacturing technology from the factory for all parts of the home. The Company has objectives to reduce the cost of homebuilding to accommodate wider customer bases and can built in diverse areas nationwide.

3) Aluminum-finished doors and windows; the Company focused on high-quality aluminum windows and doors in order to be accepted by the high-end market and jointly participate with manufacturers in research and development of aluminum doors, windows for economical price to propose to the real estate business and construction contractor of building, homes in general.

2 Objectives of the management

The Company has a policy to operate businesses with transparency and good corporate governance by disclosing information in accordance with the appropriate guidelines to create the fairness and strengthen equality between all shareholders.

In addition, the Company has provided the monitoring system by internal and external independent auditors to ensure that the management and operation of the Company's businesses are accurate and transparent.





Significant changes and development

1994 Daiichi House Co., Ltd. was established with a registered capital of THB 5 million to engage in businesses of casting finished beams, pillars and sold to general projects. The group of founders were Meeprasertskul, Meeprasertskul, Tansalarak, Maneerattanaporn

1995 The Company has increased its paid-up capital to THB 30 million to support the growth of the business in finished beams, pillars.

1997 The Company has increased its paid-up capital to THB 32.94 million to increase its working capital in the period of economic crisis in 1997.

2000 the Company has reduced its paid-up capital to THB 26.32 million to clear retained losses and expand the production line to finished fence in which the Company has research and development of finished fence in a brand of "FENZER" to introduce to the market as the first

2001 The Company has reduced its paid-up capital to THB 12.50 million to clear retained losses.

2003 The Company has increased its paid-up capital to THB 56 million to expand its business to the finished fence after the Company's products has received good response by the market.

2004 Established its subsidiary, Qtech Products Co., Ltd., with a registered capital of THB 1 million as a selling agent of the finished structure of the Company in which the Company has a shareholding of 80 percent.

Established its subsidiary, Atech Enterprise Co., Ltd., with a registered capital of THB 1 million as a selling agent of aluminum doors, windows from the Japanese manufacturer in which the Company has a shareholding of 80 percent.

The Company was registered as a public company limited with the paid-up capital of THB 80 million and the Company's name was changed to Daiichi Corporation PLC.

2007 The Company began to engage in a business of homebuilding through Qtech Products Co., Ltd. under the name of Qsaf Diamond.

2008 Restructured the shareholding structure between As a result, after the restructuring, did not hold shares of the Company. Meeprasertskul, Tansalarak, Maneerattanaporn

2009 Qtech Products Co., Ltd. has increased its registered capital to THB 5 million and established 3 subsidiaries: 1) Qsaf Diamond Co., Ltd. operates a business of semi-finished homebuilding 2) Ginza Home Co., Ltd. operates a business of prefabricated homebuilding of Ginza home and 3) Qsaf Fresh Co., Ltd. operates a business of homebuilding in which each company has a registered capital of THB 1 million.

2010 The Company invested in the sales office for the business of homebuilding at Central Plaza, Rama 3.

2011 The Company invested in the sales office for the business of homebuilding at Central Plaza, Bangna.

2013 Changed the Company's name to Daii Group Public Company Limited.

In February, the Company increased its paid-up capital from THB 80 million to THB 90 million allocated to a group of investors of 10 million shares at a par value of THB 1 baht in which the Company spent proceeds from capital increase for the purchase of production machinery of FENZER, Sandy model, and the purchase of land in order to prepare to expand the factory and distribution center.

2013 In December, Dcorp Group Co., Ltd. has acquired all shares of Qsaf Fresh Co., Ltd. which did not operate any business from Daii Group Public Company Limited at a book value and Dcorp Group Co., Ltd. planed to close Qsaf Fresh Co., Ltd. due to the company did not operate any business.

2014 In August, the Company has invested in the sales office for the business of homebuilding at Central Plaza, Salaya.

In October, the Company has restructured its shareholding structure within the group in which the Company increased its paid-up capital from THB 90 million to THB 100 million and allocated 10 million shares at par value of THB 1 per share (fair value per share of THB 3.61) for the payment of the shares of 300,000 shares of Qtech Products Co., Ltd. with par value of THB 10 per share (fair value per share of THB 144.68), which accounted for 30 percent of its paid-up capital of Qtech Products Co., Ltd. from Miss Vacharaporn Skulchan, Mr.Supakin Agwongsa and Mrs. Piyorot Loughajareonyos which was equivalent to the swap ratio of 100: 3 (100 shares of Daii Group PLC. to 3 shares of Qtech Products Co., Ltd.). The IFA has considered the swap ratio and has an opinion that the transaction was appropriate. After the restructuring of shareholding structure of the Group, the Company has a shareholding of Qtech Products Co., Ltd. of 100 percent of the paid-up capital.

In October, the Company acquired the shares of Atech Enterprise Co., Ltd., from Mr. Toontawee Mongkolsangsuree of 40,000 shares at a price per share of THB 0.01, due to the book value of Atech Enterprise Co., Ltd. was lower than THB zero. According to the restructuring of the Group, the Company has a shareholding of Atech Enterprise Co., Ltd. of 100 percent of the paid-up capital.

In October, the Company increased its registered capital from THB 100 million to THB 130 million and issued newly issued shares of 30 million shares for initial public offering.

2015 In October, established Area Wow Co., Ltd. with a shareholding of 50 percent by investing in the joint venture with Agency for Real Estate Affairs Co., Ltd. to develop the website for purchase, sales, rent of real estate in a full system, allowing the Company to have the online media channel to expand the business in the future.

In December, the Company sold Qsaf Diamond Co., Ltd. at the book value and invested in the business of semi-finished homebuilding under the name of Dichi Home operated by Deeji Home Center Co., Ltd.

2016 In May, the Company opened the showroom of Ginza Home on Pradit Manutham Road as a showroom and sales office for customers to experience the real Ginza home.

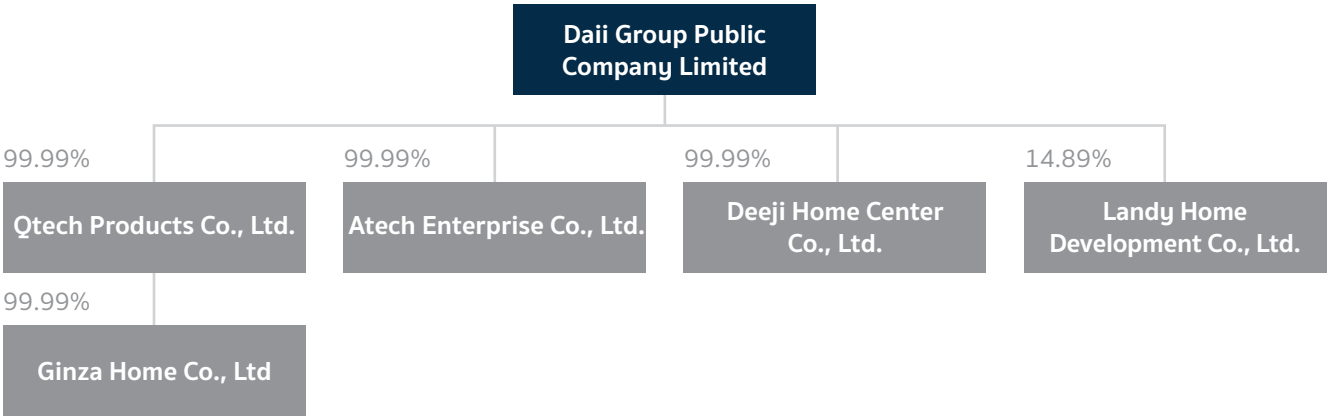
In July, the Company launched the showroom of Ginza Home located in Mabkha Sub-district, Muang District, Rayong province to serve customers in the eastern region.

In October, the Company sold shares of Area Wow Co., Ltd. in which the Company has a shareholding of 50 percent to Dcorp Group Co., Ltd. at a price of THB 500,000 in which the book value as at 30 June 2016 was equal to THB 490,117.09.

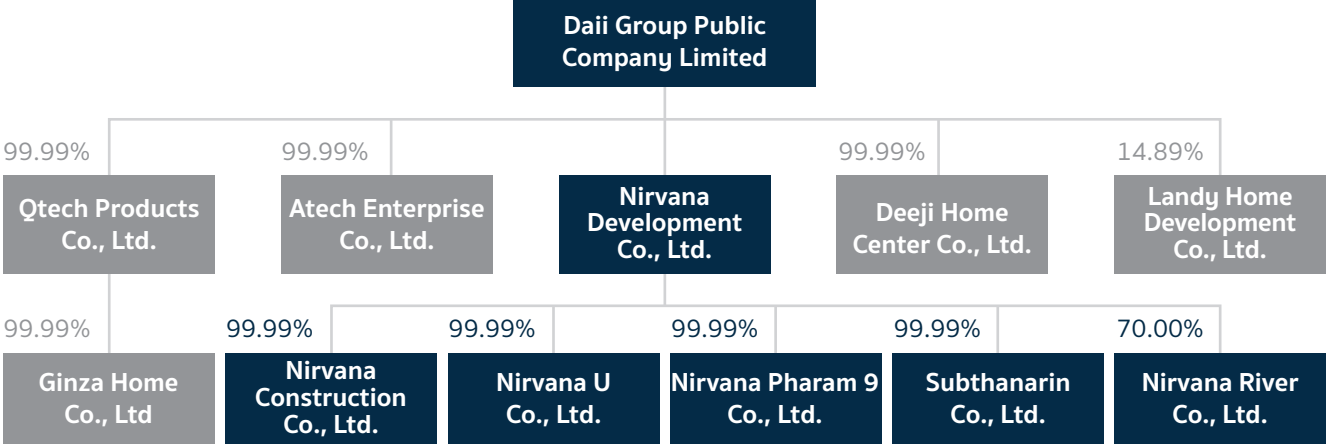
In December, the Company increased its registered capital from THB 130 million to THB 1,180 million.

Shareholding Structure

As at 31 December 2016, the shareholding structure of the company was as follows:



At present, the shareholding structure of the Company is as follows:



Nature of Business

Revenue structure

Business	Operated by	%Shareholding of the Company	For the accounting year ended					
			31 Dec 2014		31 Dec 2015		31 Dec 2016	
			THB million	%	THB million	%	THB million	%
Finished fence	The Company	100%	166.84	46.61	163.39	41.33	119.71	35.68
Homebuilding ¹	Qtech and Ginza Home	99.99%	165.43	46.21	209.62	53.03	183.54	54.70
Finished aluminum doors and windows	Atech	99.99%	25.71	7.18	22.31	5.64	32.28	9.62
Total		357.98	100.00	395.32	100.00	335.53	100.00	

Note: ¹The revenue from business of homebuilding for 12 months ended 31 December 2016 was the combination of the total revenue from normal homebuilding in which the Company has built home on the land of customer and the revenue recognized from the sale of homes and land of The Ginza project, similar to housing development project. The recognition of revenue from The Ginza project was equal to THB 23.97 million.

Business operation of each product line

Business of the Company's group can be classified into 3 sub-businesses as follows;

1. Business of finished fence
2. Business of homebuilding
3. Business of finished aluminum doors and windows

1. Business of finished fence

Characteristics of the product

The company is a manufacturer and distributor of finished fence, including finished fence sheet, finished footing, pole, and lintel. Finished fence of the Company is designed to not absorb water, be beautiful, durable for longer than 10 years. The products are designed for the convenience of the installation and the faster speed

of the construction of fence than conventional fencing, reducing problems and labor costs in construction. Finished fence of the Company are divided into 2 types as follows;

1) Finished fence under the brand of "FENZER"

Finished fence manufactured by pre-stressed concrete system with the capacity of higher than 300 kilograms



per square centimeter (ksc) with the modern manufacturing technology of finished parts from Japan according to ACI CODE standard and ISO 9001:2008, consisting of two-sided smooth surface concrete sheets, poles, lintel sheet, cornice, capitals and footing, which have anti-fungal qualification appropriate to fencing detached home, housing development projects, including all areas required to be fenced. Finished fence under the brand of "FENZER" in which the Company currently manufactures could be classified into 6 models as follows;

1.1 M-Wall FENZER is finished fence appropriate for the construction of fence surrounding the real estate projects and large industrial factories. It has strength, 1-sided smooth surface within used area, and is stronger and durable more than conventional finished fence in the market.

1.2 Anti-Water FENZER is finished fence developed after a major flood in 2011. The Company has designed this particular model of fence to be stronger for water pressure when the project is surrounded by flood. In addition, it can better prevent the seepage of water from flooding with economical price and suitable for the use in the areas at risk of flooding in the future.

1.3 Double S FENZER is finished fence manufactured by advance technology of modern wet system, having 2-sided smooth surface appropriate for the construction of the fence that requires beauty both inside and outside, and creating remarkableness of the buildings. The surface of fence sheet does not have cracks due to the use of pre-stressed concrete as well.

1.4 Sandy and Brick FENZER is a versatile block manufactured by automatic machinery from Japan which is

the manufacturing process of dry system. The block's size is 20x40 cm and can be used in many forms, such as fence around the factory, fence surrounding the projects, fence in the course of plot, and soil embankment, etc. The block will be available in a variety of formats in accordance with the various purposes of use of the projects. The aforementioned technology can effectively reduce manufacturing costs of the construction of different types of projects and can expand the production capacity very quickly.

Product Highlights

- Beautiful design with pattern on the surface. Therefore, there is no need to be painted with plaster.
- Can construct a fence without using the pole N - N beams.
- Can plaster with conventional lime and not required to use a special type of plaster lime similar to plastering lightweight concrete blocks.
- Can construct quickly and orderly.
- Construction costs are lower than lightweight concrete blocks and plastering concrete and masonry in general.
- Quality of concrete blocks is stronger than conventional blocks with standard size and very small difference of the size between blocks, resulting in saving plaster lime. In some cases, the surface of the concrete blocks can be shown.

The Company has developed the blocks as new models of finished fence of FENZER under the model of brick FENZER and Sandy FENZER.

1.5 Slim B FENZER is finished fence that is lightweight and thin used for fencing between plots of detached homes in housing development projects. It is manufactured by a wet system by vertically casting the 2-sided smooth surface of fence. The workers will assemble and disassemble the model to provide a smooth surface on both sides. The Company does not expect to sell finished fence of model Slim B FENZER in which the Company will manufacture and distribute finished fence of model Zen FENZER instead due to the finished fence of model Zen FENZER is manufactured by using machinery for automated assembling and disassembling which have a prototype from Japan, reducing workforces and improving the quality of fence.

1.6 Mac Fenzer is finished fence manufactured by advance technology of modern wet system, having 2-sided smooth surface appropriate for the construction of the fence that requires beauty both inside and outside, economical price. It is appropriate for fence between plots in the housing development projects or residential homes which requires unique remarkableness.



2) Finished fence under the brand of "NUEVO"

Finished fence manufactured by pre-stressed concrete system. It is a premium grade fence manufactured by machinery with the manufacturing technology of finished parts in which the Company has collaborated with Japan in research and development. There is special color coating of seven color tones and there are patterns for selection, both smooth surface and natural stone pattern, appropriate for fencing detached homes and residential housing development projects that require uniqueness and beauty. Finished fence under the brand of "NUEVO" in which the Company currently manufactures and distributes could be divided into 2 models as follows;

2.1 Classic NUEVO is finished fence manufactured by special machinery. It is smooth on both two sides as semi-classical Roman style and coated with special seven color tones, appropriate for the buildings that require remarkableness and elegance. Its price is higher than fences in a group of FENZER and the market due to its special features from design and high quality anti-fungal coating.



2.2 Roma NUEVO is finished fence with natural stone pattern both 2 sides and coating with 7 special color tones. It has been researched and manufactured by advance technology that can create pattern embedded in the concrete. This finished fence model is suitable for specific application that requires uniqueness and remarkableness different from others.



Revenue from the business of finished fence

	Consolidated financial statements for the accounting year ended			
	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016
	THB million	THB million	THB million	THB million
Revenue from business of finished fence	177.16	166.84	163.39	119.72

Market and competition

Competitive Strategy

• Product quality

Finished fence has been developed by the Company's manufacturing technology by applying the manufacturing technology of finished concrete from Japan, allowing the Company to manufacture high quality products with uniqueness that competitors cannot easily imitate.

Team of contractors for installation, having specific expertise, can install finished fence of the Company quickly with high quality standard and has schedule to participate in training session held by the Company on an annual basis.

• Price

Advanced manufacturing technology has been adopted in the manufacturing of finished fence of the Company. The Company uses efficient machinery and has materials management plan in order to control manufacturing costs. In addition, the Company has set proper selling prices of its products in which the Company recognizes price setting that can compete with major competitors, which is the group of Siam Cement Public Company Limited, to respond big target groups which are growing in accordance with changes in behavior of construction from traditional fence to use finished fence to avoid labor shortages and continuous increase in wages.

In order to maintain the profitability of the Company, it is necessary to research and develop products with lower costs, increase efficiency and reduce waste from the plant's manufacturing system. In addition, the Company has introduced a special version of products that competitors cannot manufacture to maintain its leadership position and set the price at a higher level.

• Services

The Company focuses on services. The policy related to services are as follows;

1. Manage logistic system with quality, including transportation. Planning to manufacture in order to deliver products to the customers on time.

2. Develop customer relationships, resulting in repeated purchase and recommendation to other customers.

3. Conduct research and development to serve requirements of key account in order to provide customers with unique products at low cost but reasonable quality according to the objectives of the client's usage.

4. Set up technical and engineering agency to provide advice and solutions that are accurate and timely.

• Period of delivery

Since the fence is manufactured by modern machinery and there is steady time of manufacturing a piece of product per hour, the Company can set up schedule of period of delivery to all customers on time. The development of the distribution center of the Company will efficiently help promote delivery service to the customers in various locations.

• Distribution channels

The Company is showcasing the finished fence at 3 branches of the Company, including Central Rama 3 branch, Central Bangna branch, and Central Salaya branch. In addition, the Company also exhibits its products through more than 100 distributors nationwide, as well as the Company participates in exhibition, architecture events that allow the Company to better promote the Company's products to the projects' owners and architects.

The Company has been building another 3 showrooms, including a showroom at Pradit Manutham, a showroom at Prasert-Manukitch, and a showroom at Rayong in which the Company expects that these 3 showrooms will be fully open in the middle of 2016.

In addition, the Company has developed the online trading system www.daiiBuy.com to provide potential customers with the convenience of the purchase of the Company's group products.

• Warranty

The Company guarantees the quality of parts of finished fence for a period of 1 year (not including the damage caused by the installation in which the contractor performs itself) to create customers' confidence.

Targeted customers

The Company has a policy to diversify its customer base to cover all groups of customers to ensure that the Company does not heavily depend on one group of customers. The main targeted customers of the Company for the business of finished fence could be classified into 4 main groups as follows;

1. Group of real estate developers in which most customers are large, well-known, and financial sound real estate developers in the country. Examples of the customer group of real estate developers, including Pruksa Real Estate Public Company, Sansiri Public Company Limited, AP (Thailand) Public Company Limited, L.P.N. Development Public Company Limited, Quality Houses Public Company Limited, Sena Development Public Company Limited, Prinsiri Public Company Limited, Land and Houses Public Company Limited, and Sammakorn Public Company Limited, etc.
2. Group of Contractors in which this group of customers includes large and well-known contractors, both domestic and international. Examples of the customer group of contractors, including Ritta Company Limited, Pre-Built Public Company Limited, Thai Takenaka International Company Limited, Thai Shimizu Company Limited, Thai Nakano Company Limited, Italian-Thai Development Public Company Limited, etc.
3. Group of government agencies, including ministries and departments, such as the Department of Transportation, the State Railway of Thailand, Ministry of Public Health, and government agencies of military and police, etc.
4. Group of general customers is a group of customers who build homes, factories, condominium and apartment, empty land, shopping malls, showrooms, golf courses, and exhibition centers, etc.

The Company has a proportion of revenue from the manufacturing and distribution of finished fence from each group of customers as follows;

	For the accounting year ended					
	31 Dec 2014		31 Dec 2015		31 Dec 2016	
	THB million	%	THB million	%	THB million	%
Real estate developers	85.32	51.14	73.61	45.05	1.66	1.39
Contractors	14.46	8.67	8.55	5.23	66.12	55.23
Government agencies	1.56	0.94	3.38	2.07	9.54	7.96
General customers	65.50	39.26	77.85	47.65	42.40	35.42
Total	166.84	100.00	163.39	100.00	119.72	100.00

Distribution Channels

Currently, the Company distributes all finished fences domestically through 2 distribution channels as follows;

1. Dealers of construction materials

The Company distributes its finished fences through wholesale and retail dealers. Examples of dealers of construction materials, including Home Product Center Public Company limited, and dealers of construction materials nationwide. In 2016, the Company distributed its finished fences through the dealers of construction materials of approximately 90 percent of total sales of finished fence.

2. Distribution online via www.daiiBuy.com and through distributors across the country

In order to support trade and new business models that can distribute to targeted groups in all areas of the country. In 2016, the Company distributed finished fence online of about 30 percent of total sales of finished fence.

Competition

At present, most contractors and the owners of real estate projects, especially large real estate projects, begin using finished fence due to the installation requires less time and workforce than conventional ones. Management of the Company estimated that the competition in the business of finished fence is still not severe and the needs of finished fence remained at a high level in the next five years. The Company's rivals who have production capacity at the same level as the Company, which are expected to have a capacity of over 500,000 square meters per year, are 2 companies, including Siam Cement Public Company Limited and the Group of Yongsawad Construction Products. The key factors that customers consider in their decision to purchase finished fence are price, quality and speed of delivery in which the Company has set price for finished fence at competitive level and the Company also controlled the manufacturing process to ensure that the products have quality. In addition, the Company guarantees its finished fence to create customers' confidence.

Estimate finished fence manufacturer in Thailand	Number of manufacturers
Large players (production capacity of over 500,000 square meters per year)	3 (including the Company)
Medium players (production capacity of 150,000 - 500,000 square meters per year)	2
Small players (production capacity of less than 150,000 square meters per year)	More than 20

The Company can compete with its rivals in the business without disadvantage based on the quality of the products in which the finished fence of the Company is developed by the Company's manufacturing technology with application of finished concrete technology from Japan. Therefore, the Company can manufacture high quality products with uniqueness that competitors cannot easily imitate.

Product supply

Factory of finished fence of the Company is located in the area of approximately 30 rais in Don Tum District, Nakhon Pathom province, having manufacturing platforms of finished fence in 2 zones with a total production capacity as of 31 December 2016 of 669,162 sq.M. per year. During 2014 to 2016, the Company had rate of capacity utilization of 44.38 percent, 41.92 percent and 39.00 percent, respectively. In addition, the Company also hired one of manufacturers for the manufacturing of finished fence wallboard model M-wall FENZER only due to the technology used in manufacturing of the aforesaid finished fence wallboard was not complicated in which the Company was the manufacturer of footing, poles, and lintels. Nowadays, the Company does not have a policy to hire others to manufacture other models of finished fence, apart from finished fence wallboard model M-Wall FENZER. If this manufacturer is unable to manufacture finished fence wallboard to the Company or unable to deliver finished fence wallboard punctually, the management believes that the Company can increase production capacity of finished fence wallboard Model M-Wall FENZER to meet customers' need certainly.

The following table shows the production capacity of the Company's finished fence and the production capacity of finished fence wallboard of the manufacturer hired by the Company (only the production capacity for the Company) as follows;

	31 Dec 2014		31 Dec 2015		31 Dec 2016	
	Square meter	%	Square meter	%	Square meter	%
The Company's factory	431,511	67.14	619,798	71.57	669,162	78.35
Hired manufacturer1	211,196	32.86	246,240	28.48	184,869	21.65
Total	642,707	100.00	866,038	100.00	854,058	100.00

Note 1 information informed by the hired manufacturer of finished fence wallboard of the Company

The following table shows the Company's manufacturing volumes of finished fence and manufacturing volumes of finished fence wallboard of the manufacturer hired by the Company.

	2014		2015		2016	
	Square meter	%	Square meter	%	Square meter	%
The Company's factory	191,514	59.19	259,798	79.08	260,980	95.76
Hired manufacturer	132,040	40.81	68,722	20.92	11,564	4.24
Total	323,554	100.00	328,520	100.00	272,544	100.00

Manufacturing processes of finished fence are as follows;

Manufacturing processes of finished fence

Manufacturing of fence by wet system

1. Mold cleaning

Workers use water to clean molding table, mold, equipment with high-pressure washer, and fine sandpaper as clean as scheduled.

2. Mold assembly

Workers apply chemical liquid on molding table, mold, and equipment. Then, workers put steel joining the head of mold on wooden wedge tightly and thread PC Wire through wire pulling press, steel joining head of mold until throughout the manufacturing platform. Then, pulling PC Wire as tight as scheduled.

3. Concrete pouring

Workers pour ready mixed concrete into the mold and vibrate concrete. Then, workers decorate the concrete in the mold as scheduled and wait for the concrete to be set and then polish concrete and groove cutting.

4.Parts disassembly

After the concrete dried in a period of time required, workers will test the strength of concrete. When compressive strength of the concrete meets requirement, the workers will start cutting PC wire and disassembling workpieces from mold and take workpieces to the next processes.

5. Surface coating or color coating

Workers clean the surface of the workpieces and use skim smoothing rendering powder to remove skim code on the surface of the workpieces, then, wait until skim smoothing rendering powder dries and polish. Then, spraying color or packing as scheduled, as well as moving to the storage of inventory.

Manufacturing of fence by dry system

1. Preparation of materials

- Start from using a tractor to mix materials, such as sandstone, ornamental stone in the mixing container which is prepared for mixing concrete to fully fill the mixing container.

2. Concrete mixing

- Operating officers open the concrete mixing machine and push mixing button, the concrete mixing machine will convey mixed materials in the mixing container through the conveyor belt to weighing apparatus of mixed materials.
- After the weight of mixed materials is as specified in a recipe, the machine will automatically mix concrete. When the concrete mixed evenly, then the machine will leave the mixed concrete on the conveyor belt for the preparation of extrusion in the next stage.

3. Extrusion

- Mixed concrete will be transported by the conveyor belt into the forming mold, then the forming machine will press the mixed materials into the mold and vibrate during pressing in order to compress the mixed materials and
- Subsequently, the forming machine will release the formed workpieces on the conveyor belt and officers will lift the formed workpieces to the racks in the storage.



4. Concrete curing

- After the rack is full of workpieces, the rack will be moved by forklift into curing room and wait until the compressive strength of concrete is as scheduled. Then, the following step will be performed.

5. Pattern pressing

- When workpieces have compressive strength as scheduled, the officers will bring the rack to the pattern pressing machine by transporting workpieces through the conveyor belt. Then, pattern pressing machine will move workpieces and press workpieces in different ways in order to create pattern as required. Then, the officers will collect workpieces with pattern to the next processes.

6. Storage and warehousing

- After the workpieces passed pattern pressing process and had compressive strength of concrete as scheduled, the officers will transport all workpieces to pallets and wrap the products with clear thin plastic sheet fastened with straps, and take them to the warehouse.

Products delivery

The Company will hire an external delivery company to deliver products to the delivery locations and charge the delivery costs into the selling price of both finished fence manufactured by wet and dry systems. If the products are damaged during delivery, the external delivery company will be responsible for the damages. However, some customers will receive products at the factory of the Company in which the customers will receive the discount of transportation costs from the selling price of the product and the customers will install finished fence by themselves.

2. Business of homebuilding

Characteristics of the product

The Company operates the business of semi-prefabricated homebuilding under the brand of Deeji home Center which is operated by Dichi Home Center Co., Ltd. and the business of prefabricated homebuilding under the brand of Ginza home which is operated by Ginza Home Co., Ltd. The Company is engaged in the business of homebuilding, residential building, and office building with a maximum height of 4-storey by using technology of poles, beams, and prefabricated wallboards manufactured by the factory of Daii Group Public Company Limited. The products of the business of homebuilding could be classified into 2 types as follows;

Deeji Home

Operated by Deeji Home Center Co., Ltd. in the form of a semi-prefabricated homebuilding in which the Company will implement only structural parts, beams, poles, floor, roof and masonry which can serve the building of up to 4-storey with an area of 50 to 4,000 square meters.

Special features of Deeji Home could be summarized as follows;

1. Homeowners can select between prefabricated wallboard or masonry wall

1.1 Prefabricated wallboard is a reinforced concrete wall from a factory qualified ISO 9001: 2008, manufactured by pre-stressed concrete system with the capacity of 350-400 kg per square centimeter (ksc), and reinforced by steel inside designed by the team of engineers of the Company. Therefore, there is no cracks on the wall and the wall has pattern similar to decorative stones on the wall. The wall can be cleaned easily, causing the home looks new and there is no moss on the wall.

1.2 Masonry wall is coated with Skim Coat to smoothen the surface and prevent cracks.

2. Finished poles and beams structure are manufactured by pre-stressed concrete system with the capacity of 350 kilograms per square centimeter (ksc) from the factory qualified ISO 9001: 2008. Therefore, they are very strong and durable.

3. Roofing structures are made of light lip channel steel and prefabricated roofing structures are made of galvanized steel from a factory, having strength and durability. Structured steels are coated with anti-rust paint at least two times.

4. Special chemicals will be used in plastering, resulting in smooth surface similar to the application of wallpaper. As a result, the home will be livable and help save decoration costs.

2. Ginza home "Home with Japanese knowhow"

operated by Ginza Home Co. Ltd. This is a full-scale prefabricated homebuilding in which all parts came from the factory. The construction uses prefabricated concrete walls in Japanese style. Interior part uses modern prefabricated walls with partial interior decoration so that the customers are ready to move into the homes immediately.

The construction system is the parts assembly manufactured from the factory and help solve the problem of strength and durability in conditions of earthquake. The Company can control quality in all manufacturing processes from the factory to the construction site Special features of Ginza Home could be summarized as follows;

1. Exterior and interior walls are prefabricated concrete walls manufactured by pre-stressed concrete system with anti-fungal coating. There is no cracks for the wall's lifetime and the wall has pattern similar to decorative stones on the wall. The wall can be cleaned and repainted always and also has protection system for earthquake.

2. Special grade tiles used for toilet decoration.



3.Homeowners can receive the delivery of home faster than conventional systems.

4.Quality control from the factory has better standard than the construction using labor-based in the market.

Revenue from the business of homebuilding

	Consolidated financial statements for the accounting year ended		
	31 Dec 2014	31 Dec 2015	31 Dec 2016
	THB million	THB million	THB million
Revenue from business of homebuilding	165.43	209.62	183.54

Note: The revenue from business of homebuilding for 12 months ended 31 December 2016 was the combination of the total revenue from normal homebuilding in which the Company has built home on the land of customer and the revenue recognized from the sale of homes and land of The Ginza project, similar to housing development project. The recognition of revenue from The Ginza project was equal to THB 23.97 million.

Market and competition

Competitive Strategy

• Product quality

Prefabricated homes of the Company built by the pre-fabricated structure, which is manufactured by the factory of the Company, causing the structure of the homes very strong, durable, long-lasting, and high quality. The Company has a team of engineers to design prefabricated parts and check the correctness to be in line with customers' needs, as well as send the design to the factory controlled by ISO 9001: 2008. When the construction site of the homeowner is ready, the team of specialized experts from piling will assemble prefabricated roofing structures, and construct walls in accordance with the standard and agreement signed by the customer. The Company has the process of manual usage to monitor the quality and the inspection team to inspect the quality in particular in order to ensure that the homeowners will receive homes with grade A quality according to the Company's standard.

• Construction period

Construction period of the Company is shorter than other construction systems in general due to the usage of prefabricated poles-beams-walls structure in construction. As a result, the preparation process is relatively fast since all parts are already prepared, resulting in time saving. In addition, the installation is implemented by the modern machinery instead of human labor so that installation can be done in larger amounts in an equal period of time to the conventional construction. Therefore, the Company can build a home within a specified period of time and faster without relying on a number of skilled workforce compared to the conventional construction.

• Price

The Company serves homebuilding service by using the prefabricated poles – beams — walls structure manufactured by the factory of the Company so that the Company can control building costs efficiently. The Company has a policy to set the price at a competitive level compared to other homebuilding companies and at the level that is valuable compared to the quality of the home.

• Branding of Deeji and Ginza Home, as well as sales promotion

The Company is branding Ginza Home through advertisement in several media channels, such as Thairath

newspaper, Intania magazine, etc. The Company aims to create market recognition of a semi-prefabricated homebuilding with grade A quality system for every home. There is a wide variety of standard homes for the selection in which all homes are completely built in accordance with the agreement and having unique features under the valuable prices compared to its competitors. The Company believes that the development and public relation of the Company's brands will increase its competitiveness in the future.

The Company has sales promotion at 2 branches, including Central Bangna branch, and Central Salaya branch, and its head offices at Soi Ladprao 19 and in 2016 the Company has expanded another 2 showrooms, including;

1. Showroom at Rayong which is the building of model homes Modules 228 along with a single-storey sales office. The showroom will start operating in March 2016.

2. Showroom at Pradit Manutham which is the building of model homes Modules 405 along with a 2-storey sales office. The showroom will start operating in May 2016.

• Warranty

The Company guarantees the quality from general use of 1 year and guarantees the subsidence of the pile and the structure's strength of 10 years. Therefore, the Company's customers can be confident in the quality of homes built by the Company.

However, in the guarantee of the subsidence of the structure of 10 years, there has been no customers, in the past, having any complaints to the Company and requesting for the repair.

• Services

The Company focuses on the service by having the policies regarding the services as follows;

1. Manage logistic system with quality, including transportation. Planning to manufacture in order to deliver products to the customers on time.

2. The Company has set a team of after sales services which is ready to coordinate during the construction. As a result, the customers' satisfaction can be fulfilled from the products that the Company has constructed and delivered.

Targeted customers and distribution channels

The Company's customers are people who have moderate to relatively high income and demand for building high quality homes on their own land or demand to demolish their old homes and build new ones on the previous land. The Company has main distribution channels through all 4 sales offices of the Company, including headquarters, Central Rama 3 branch, Central Bangna branch, and Central Salaya branch,



showroom Rayong



Central Bangna branch

Competition

In 2016, according to the Company, which is a member of Home Builder Association, it found that the number of companies engaged in the business of homebuilding is more than 40 companies. However, only 2 companies, which are the Company and the group of Siam Cement Public Company Limited, serve homebuilding service by mainly using prefabricated structure and have their own factories for manufacturing of prefabricated structure. Overall, the business of homebuilding grew less than 10 percent per year and had fluctuation in line with economic conditions, resulting in the intense and volatile competition. Therefore, competitiveness will be based on the research and development of prefabricated system from the factory.

The Company has research and development of prefabricated home, Ginza Home, and introduced to the market in 2014 by using manufacturing technology from

For the new home model of Ginza Home, which is in the period of market introduction, is appropriate for the new generation who demand homebuilding service at a fast speed, economical prices, and are acceptable to the homebuilding with advance technology, and buying a home online via www.daiiBuy.com which is the homebuilding service with high standard and delivered faster than semi-prefabricated homes.



showroom Pradit Manutham



Central Salaya branch

the factory that can assemble the entire prefabricated home to compete with large homebuilders which Imported technology from abroad with the cheaper price of approximately 50 percent of the selling price of the entire home. This is an opportunity for the Company to extend its homebuilding service with the new technology and grow up during the currently high competition from homebuilders, as well as the opportunity to grow from the popularity of prefabricated homebuilding instead of conventional homebuilding.

The Company can compete with its rivals in this business without disadvantage in which the prefabricated homes of the Company built by the prefabricated structure manufactured by the Company's factory, causing the prefabricated structure very strong, durable, long-lasting, and high quality. In addition, the Company can save construction costs very well in which the Company can control quality from the manufacturing of parts from the factory until the parts assembling process to the homes.

Product supply

1. Home design

Design team will design homes beautifully and modern in which the layout of rooms and size of rooms will be in accordance with customers' needs, and help save energy. In addition, the design team will design homes in a variety of styles and sizes to meet the needs of customers. Moreover, the sales team will listen to customers' feedback and inform the design team in order to develop a model of home that can meet the customers' needs more.

2. Evaluation of building prices

Evaluation of building prices is an important step which will affect the profitability of the Company. If the Company evaluates the prices too high, customers may select other homebuilders instead. But if the Company evaluates the prices too low, the Company may suffer losses. Therefore, the Company focuses on evaluation of building prices in which the Company will monitor the price of construction materials, equipment, labor costs and other costs prior to pricing the building of each model. When customers have already selected homes, the Company will explore the construction site before proposing the building price to its customers

However, the Company has used the results of the evaluation of building prices presented to the customers to prepare the budget of building which is the same document. The development of this system helps reduce the risk of errors of building costs in every home.

3. Building operation

3.1 Building of semi-prefabricated home under the brand "Deeji"

The Company will send the quantity and pattern of poles and beams that will be used in building to the factory of the Company. Then, the factory will set up manufacturing plan to control manufacturing costs based on budget and the delivery of home to the customers on time. When the factory has manufactured these structures, the factory will deliver poles and beams structure to the construction site. Sub-contractor will install prefabricated structures in which the building team of the Company will control the assembly of these prefabricated structures by using cranes and assembling equipment in assembly instead of the construction workers. Then, Sub-contractor will install prefabricated roofing structure and masonry, including building operation the rest parts based on the schedule plan in order to deliver work to the customers as schedule specified in the agreement.

3.2 Building of prefabricated homes under the brand of "Ginza Home"

The Company has a factory which manufactures pre-stressed concrete in order to mold prefabricated wallboards in which the factory can manufacture wallboards of all storey in the factory for single and two-storey homes within 1 day under the design of standard home of Ginza. After checking the quality of each wallboard at the factory, the factory will transport by a trailer to the installation team of prefabricated wallboard and floor from the factory by crane with the period of 1 storey per day. The installation team will assemble prefabricated wallboard and floor as a home, conceal wiring and water pipe within the wallboard. Then, the building team will operate roofing installation and complete architecture works. The overall construction period is approximately 120 days.

4. Work follow-up

Project engineers will have duties in monitoring correctness and the progress of the building, as well as sending pictures from the building site to inform the progress of the building to customers as scheduled. The project engineers will compare the progress of the building with the building plan and compare the real costs with the estimate costs in order to analyze building time and costs, as well as to control the building quality to be well recognized by customers. The Company has hired an external engineer to recheck the quality of building work in each working slot.

5. Work delivery

When the building is completed, the Company will notify the customer to check the quality together with the Company's representative, as well as provide documents that are required by the customers in the future, such as building layout, building permit, temporary and permanent transfer of water supply — electricity, warranty certificate of the subsidence of the pile and the structure's strength of 10 years, work warranty, and termite warranty, etc.

6. Repair under warranty

The Company guarantees the quality from general use of 1 year and guarantees the subsidence of the pile and the structure's strength of 10 years in order to create satisfaction and confidence in homebuilding service of the Company.



3. Business of finished aluminum doors and windows

Characteristics of the product

Business of finished aluminum doors and windows is operated by Atech Enterprise Co., Ltd. which is the Company's subsidiary. Atech Enterprise Co., Ltd. is a dealer of aluminum doors and windows under the brand "ATECH", manufactured by Lixil (Thailand) Public Company Limited, a leading manufacturer of aluminum doors and windows in Japan. The product is a set of finished aluminum doors and windows manufactured and cut from the factory. It is a high quality product with unique features that distinguish it from conventional aluminum doors and windows in terms of 100 percent water resistant with the gutter system which is completely soundproof from the product coating by electrical dipping approach, resulting in the long-lasting color that will not fade throughout the lifespan. The security was enhanced by a special lock system and can also block sunlight, dust and wind. In addition, aluminum doors and windows are manufactured in accordance with the exporting standard to Japan and certified by ISO 9001: 2000, ISO 14001: 1996 and JIS. Moreover, the Company currently began selling aluminum doors and windows from 2 domestic manufacturers, including Winset Aluminium Co., Ltd. and AB&W Innovation Co., Ltd, which are domestic manufacturers of aluminum doors and windows in which the products of these 2 companies have prices and quality lower than Lixil (Thailand) Public Company Limited due to the Company aims to increase the variety of products for distribution to medium-level customers and real estate projects.

Revenue from business of aluminum doors and windows

	For the accounting year ended		
	31 Dec 2014	31 Dec 2015	31 Dec 2016
	THB million	THB million	THB million
Revenue from business of aluminum doors and windows	25.71	21.36	32.28

Market and competition

Competitive Strategy

• Product quality

Finished aluminum doors and windows are products that the Company had operated marketing plan, and product design in cooperation with the manufacturer from Japan, a leader and an experienced professional in the manufacturing of aluminum windows for a long time, due to the Company has close relationship with customers and understand the needs of customers well. The products have special features different from other products in the market with the high quality and long lifespan.

• Price

Finished aluminum windows are high-quality products different from conventional products in the market. Therefore, the targeted market is high-level customers. However, the price is not too high compared to other products at the same level and is acceptable by the targeted group.

• Services

The Company focuses on the services in which the Company arranges training courses to educate employees regarding the products and services served to the customers. The Company distributes finished aluminum doors and windows and installs at the customer's location by the installation team having specialized expertise. The Company collaborates with the manufacturer to educate the installation team on a usual basis.

• Distribution channels

The Company exhibits finished aluminum doors and windows at 4 branches of the Company, including the Company's headquarters, Central Rama 3 branch, Central Bangna branch, and Central Salaya. In addition, the Company also participates in exhibition, architecture events, and a large showroom at the headquarters of the manufacturer in providing products' information to the customers that allow the Company to better promote the Company's products to the projects' owners and architects.



— LIFE IS FULL OF DETAILS —



Distribution channels and targeted customers

Due to aluminum doors and windows are high quality products with higher prices than conventional aluminum doors and windows. The main targeted customers of the Company are the groups that focus on product quality which can be classified into 2 main groups as follows;

2.1 Group of homeowners; who mainly own a large detached house with high purchasing power and demand for quality products. In 2015, the Company distributed aluminum doors and windows to a group of homeowners of approximately 90 percent of revenue from sales of aluminum doors and windows.

2.2 Group of contractors; who mainly are the building contractors of large detached homes. Examples of a group of building contractors are Royale House Co., Ltd., Fourpattana Co., Ltd., Kree Thai Homes Co., Ltd., etc. The sales person of the Company will present the Company's products directly to homeowners through architects and contractors. In 2015, the Company distributed aluminum doors and windows to a group of contractors of approximately 10 percent of revenue from sales of aluminum doors and windows.

3 Competition

Finished aluminum doors and windows "ATECH" are high quality products, having many competitors both domestic manufacturers and product importers from abroad. However, the format of the sales of aluminum doors and windows of each brand has different features and patterns of usage. Therefore, the decision of customers who build high-end homes relies on the provision of products' information, special features, manufacturing technology, benefits of the use of aluminum doors and windows as a decision point. Services and knowledge of the sales persons are extremely critical to sales and marketing. The management estimates that the level of competition of finished aluminum doors and windows for the building of high-end homes is currently not severe due to the architect, in general, will be the person who determines the pattern and brand of finished aluminum doors and windows.

Product supply

Sales persons of the Company will contact the technical staff of the Company to measure the size of doors and windows at the construction site in order to offer prices to the customer. Then, sales persons of the Company will send the size of doors and windows to the factory of manufacturing of doors and windows. When the factory has finished manufacturing of aluminum doors and windows, the factory will deliver finished doors and windows to the construction site which is considered as the delivery is completed. After that the installation team of aluminum doors and windows, who are specialists and directly hired by the customer, will implement the installation of doors and windows for the customer. When the installation is completed, the customer will ask for the cooperation of the quality inspection team of the Company to inspect the correctness of the installation of doors and windows that fully meets the needs of customer.

1. Industry outlook

Building materials industry

Building materials industry is the industry that is highly relevant to the real estate business due to the demand for building materials will change in accordance with the growth of the real estate business and the growth of the building industry. During the second half of 2016, the government has promoted real estate business in many areas, positively impacting to the confidence of consumers towards the Thai economy although most consumers are encountering with the increasing costs of living and rising household debt, incorporating with the continuous economic slowdown since 2015, resulting in the low level of the recovery of the real estate market. While private investment in commercial and industrial sectors will optimistically adjust in accordance with the investment projects from the government that are clearer. In the part of the new projects of government sector, they will partially be operated in the fiscal year 2016, but we have to follow up the clarity of the details of each project.

Kasikorn Research Center indicated that the slowdown of growth in the real estate and building sectors in Thailand was mainly due to the following factors;

"The number of residential properties for sales in Bangkok and vicinity areas at the end of 2016 was likely to decline from the end of 2015 which was a result of government measures to boost the recovery of housing market in the short term, as well as the real estate developers tended to decelerate the launch of new homes sales. Kasikorn Research Center estimated that the number of residential properties for sales in Bangkok and vicinity areas at the end of 2016 will be approximately equal to 150,000 to 160,000 units, down 4-10 percent compared to the end of 2015.

Although the number of residential properties for sales was likely to decline, the economic conditions did not much recover, resulting in the weak purchasing power. Moreover, the government measures had absorbed the demand from the housing market, therefore, it will result in the ability to release residential properties for sales in 2016 close to the year 2015 at 18-22 months.

Real estate developers may encourage the purchase of residential properties by offering promotion related to interest rate, as well as considering needs and constraints of the customers more deeply in order to develop the real estate projects more appropriately. For Land and Building Tax Act B.E..... ,which may take effect in 2017, it may be an accelerating factor to increase the turnover of land traded for the building of more residential properties, as well as an accelerating factor to encourage real estate developers, who have land held for development, to select to develop new residential projects faster, "

Net loans of commercial banks in Thailand

Loan	2012	2013	2014	2015	2016
Million Baht	8,591,426	9,723,784	10,122,147	10,469,758	10,602,143
Growth % YoY	14.04	13.18	4.10	3.43	1.26

In addition, Kasikorn Research Center has summarized the information of loans, deposits and liquidity of 14 Thai commercial banks at the end of December 2016 from Summary Statement of Asset and Liabilities "private investment and consumption recovered slowly, together with changes in government funding sources, resulting in net loans of commercial banks in Thailand in 2016 grew at a slower pace of 1.26% compared to 2015 at 3.43%, which is the lowest growth rate in 7 years.

In December 2016, the special factor of the arrangements for the transfer of private consumers business from Standard Chartered Bank to TISCO Financial Group pressured the increase in loans in the system of less than THB 30 billion (less than in November 2016 that the loans increased by THB 50 billion) although typical loans in the last month of the year often expanded following the seasonal effects. The aforementioned image resulted in the total loans at the end of 2016 grew less than expected hugely. If the special factor above was excluded, loans of commercial banks for the year would be close at an increase of 1.67% YoY.

Apart from the special factor aforementioned, in 2016, loans in the system was still be pressured by the repayment of government loans and the repayment of corporate sector loans occasionally. While retail lending grew carefully in which commercial banks were monitoring risks. In addition, the ability of households to receive loans was limited from the rising household debts, although at a slower pace in some way. Moreover, the loans for SME were impacted by the fragile purchasing power in the country."

Housing Industry

Real estate sector is a key industry consistent with the overall economic situation of the country, meaning that if the country's overall economy grows well, the real estate sector will expand also. In addition, if the real estate sector grows well, it will also result in growth of related industries, such as building industry, financial Industry related to lending, as well as the domestic employment as well. Important factors that affect the real estate industry, including economic growth factors in the country, interest rate, and building materials in which changes in the said important factors are as follows;

Forecast Summary			
Percentage per Year	2558*	2559	2560
GDP Growth	2.8	3.2 (3.2)	3.2 (3.2)
Headline Inflation	- 0.9	0.2 (0.3)	1.5 (2.0)
Core Inflation	2.8	0.7 (0.8)	0.8 (1.0)

Remark*: The actual data
() Monetary Policy Report of September 2016
from: Office of The National Economic and Social Development Board Ministry of Commerce and Bank of Thailand

2. Environmental impact

Manufacturing of finished fence, prefabricated poles-beams-wallboard structure, and prefabricated homebuilding of the Company has not created significant environmental impact in which the Company has always complied with the relevant environmental laws and regulations strictly. Therefore, since the Company started the operations, the Company has no disputes or litigation regarding the impact on the environment and has not been cautioned or fined by the State agencies relevant to the environment.

4 Backlog

As at 31 December 2016, the Company has projects under construction of 75 units which is a backlog value of THB 172.56 million. The average construction period of the Company is approximately equal to 4-5 months for prefabricated home and 6-8 months for semi-prefabricated home by counting from the date of piling.

According to the resolutions of the Extraordinary General Meeting of Shareholders No. 1/2016, held on 16 December 2016, has approved the purchase of shares of Nirvana Development Company Limited ("NIRVANA") of 8,787,681 shares from the shareholders of NIRVANA which are Singha Estate Public Company Limited of 4,481,717 shares and from 28 other shareholders in the amount of 4,305,964 shares. After the Company has already acquired NIRVANA's shares, the Company will receive the entire business transfer, including all assets and liabilities which includes but not limited to the rights, duties, obligations, and responsibilities that NIRVANA is bound at a transferring date, as well as all shares held by NIRVANA, resulting in the increase in the Company's business sector, which is the business of real estate development. Details are as follows;

Nirvana Development Company Limited and its subsidiaries are engaged in the business of real estate development by focusing on the development of residential real estate primarily, in the form of detached homes, townhouses, and commercial buildings with facilities. NIRVANA will focus on modern design of home different from other projects in general. Targeted customers are business owners or executives, new generation, who have high purchasing power. The prices of land and homes are in the range of THB 4-18 million. Each project will offer a wide variety of sizes and models for selection in which customers can select either home ready to sell or the homebuilding service on the land that the customers purchased from NIRVANA. Customers can modify the layout and the use of decoration materials as required. Current business operations of NIRVANA's group could be summarized based on the nature of the business as follows;

1. Purchase - sales of land which is the purchase of large land and allocate by dividing into plots and then manage and develop the projects to be facilitated by roads and utilities prior to selling to retail buyers.
2. Land development with building which is included since the allocation of land, building design, contracting for the construction, and other services to add value to the land, such as housing development together with the land which could be classified into detached homes, townhouses, and commercial buildings.
3. Contracting for the construction to customer who purchases land from NIRVANA by hiring sub-contractors under the supervision of NIRVANA's staff.

NIRVANA currently have investments in 5 subsidiary companies as follows;

Investments in subsidiaries	Nature of business operation	Shareholding (%)
1. Nirvana Construction Company Limited (NC)	Construction contractor	99.99%
2. Nirvana Rama 9 Company Limited (NR)	Real estate development	99.99%
3. Nirvana U Company Limited (NU)	Real estate development	99.99%
4. Subthanarin Company Limited (STR)	Real estate development	99.99%
5. Nirvana River Company Limited (RV)	Real estate development	70.00%

• Nirvana Construction Company Limited (NC) was established on 27 February 2006 with registered capital of THB 140 million. Its main objective is to operate the business of construction contractor for Nirvana's group. Currently, there are projects under the operation of Nirvana Construction Company Limited, including Beyond project (NU), Intro and Tara project (STR), Beyond 2 project, Beyond 3 project, Beyond 4 project, Beyond 5 project, Wongwaen project (ND) and Icon/Bylite project (NR).

• Nirvana Rama 9 Company Limited (NR) was established on 22 February 2008 with registered capital of THB 150 million. Its main objective is to operate the business of real estate development of Icon/Bylite project (NR).

• Nirvana U Company Limited (NU) was established on 28 September 2009 with registered capital of THB 80 million. Its main objective is to operate the business of real estate development of Beyond 1 project, which has already closed the project since 2013.

• Subthanarin Company Limited (STR) was established on 12 March 2001 with registered capital of THB 65 million. Its main objectives are to operate the businesses of construction contractor for buildings, commercial buildings and residential buildings, as well as the management service for real estate projects, including Intro project and The Tara project.

• Nirvana River Company Limited (RV) was established on 15 November 2013 with registered capital of THB 5 million. Its main objective is to operate the business of trading and services, including the management service for real estate, the allocation of land, houses, buildings, condominium and buildings for sales, rent and lease.

Management's Discussion and Analysis

(A) Analysis of operating results

Overall operating results

The Company had revenue from sales and services of construction in 2015 and 2016 of THB 395.32 million and THB 335.54 million, respectively. The changes in revenues from sales and services of construction mainly came from the followings;

Business of finished fence

Revenue from manufacturing of finished fence of the Company's group in 2015 and 2016 was equal to THB 163.39 million and THB 119.72 million, respectively. In 2016, revenue from manufacturing of finished fence of the Company's group was equal to THB 119.72 million, decreased by THB 43.67 million compared to the year 2015 of THB 163.39 million, or down 26.72 percent due to in 2016 there was an economic downturn, resulting in deceleration of real estate development from real estate developers and homebuilding business. In addition, the business of finished fence encountered with price competition from big manufacturers of finished fence, impacting on sales and gross profit margins significantly, as well as the slowdown of the economy also affected the purchasing power.

Revenue from homebuilding business in 2016 was equal to THB 159.57 million, decreased by THB 10.05 million from THB 169.62 million in 2015 due to the opening of showroom of Ginza Home for presenting a real home, which was launched in May 2016, delayed from the schedule, resulting in the delay in the revenue from the prefabricated home of Ginza Home in 2016 as well.

Revenue from the real estate development business in 2016 was equal to THB 23.97 million, declined by THB 16.02 million from THB 39.99 million in 2015, the decrease in revenue mainly came from the recognition of revenue from the sales of the homes and land of The Ginza Project which was launched in July 2014. In 2015, the project gradually transferred homes after the complete construction of THB 39.99 million and in 2016, the remaining homes transferred was equal to only THB 23.97 million.

Business of aluminum doors and windows

Revenue from aluminum doors and windows of the Company's group in 2015 and 2016 was equal to THB 22.32 million and THB 32.28 million, respectively. Revenue of aluminum doors and windows rose by THB 9.96 million, or increased 44.62 percent since in 2016 the Company had a new major client.

Net profit in 2015 was equal to THB 13.00, representing a net profit margin of 3.23 percent, and in 2016, net loss was equal to THB 15.59 million, representing 4.57 percent.

Net profit in 2016 decreased by THB 28.59 million or down 2 times compared to the year 2015 due to (1) in 2016, the economy and the government were not stable, resulting in deceleration of real estate development from real estate developers and the delay in decisions to purchase of most customers. (2) gross profit margin of the construction business declined in 2016 due to a high competition creating price war in order to close the sales, including revenue from sales of finished fence has decreased due to the loss of major customer to competitors. While, the Company had higher depreciation costs, which was the fixed costs, because the Company has purchased the manufacturing machinery of finished fence, model of Sandy and Brick FENZER, as well as according to the Company's revenue decline this year, the Company could not increase its production capacity as targeted and cover the increased costs and (3) Administrative expenses increased from the record of depreciation costs of assets arising from the acquisition and the receipt of transfer of the assets during the construction in the types of machinery and equipment of THB 19 million.

Revenue from sales and services of construction

Revenue from sales of products and service of construction of the Company's group in 2015 and 2016 was equal to THB 395.32 million and THB 335.54 million, respectively. The main revenue of the Company's group came from the manufacturing of finished fence of approximately 35.68 percent of revenue from sales of products and services of construction and homebuilding business of around 54.70 percent of the revenue from sales of products and services of construction. The rest of revenue came from the business of aluminum doors and windows. Details of the revenue from sales of products and services of construction are as follows;

	Consolidated financial statements for the accounting year ended			
	31 Dec 2015		31 Dec 2016	
	THB million	%	THB million	%
Revenue from business of finished fence	163.39	41.33	119.72	35.68
Revenue from business of homebuilding	209.61	53.03	183.54	54.70
Revenue from business of aluminum doors and windows	22.32	5.64	32.28	9.62
Total revenue from sales of products and services of construction	395.32	100.00	335.54	100.00

Note: The revenue from business of homebuilding for the year ended 31 December 2016 was the combination of the total revenue from normal homebuilding in which the Company has built home on the land of customer and the revenue recognized from the sale of homes and land of The Ginza project, similar to housing development project. The recognition of revenue from The Ginza project was equal to THB 23.97 million.

Revenue from the business of manufacturing of finished fence of the Company's group in 2015 and 2016 was equal to THB 163.39 million and THB 119.72 million, respectively. In 2015, revenue from the business of manufacturing of finished fence decreased by THB 3.45 million or 2.07 percent, due to the economic downturn which impacted the real estate developers and some customers to delay in purchasing decisions.

Revenue from the business of manufacturing of finished fence of the Company's group in 2015 and 2016 was equal to THB 163.39 million and THB 119.72 million, respectively. The aforementioned revenue decreased by THB 43.67 million, or 26.72 percent because there was price war from big competitors in the market, impacting on sales and gross profit margins significantly, as well as the slowdown of the economy also affected to the decrease in purchasing power.

Revenue from the business of homebuilding of the Company's group in 2015 and 2016 was equal to THB 209.62 million and THB 183.54 million. In 2015, the revenue of the business of homebuilding of THB 209.62 million, increased by THB 44.19 million, or 26.71 percent from THB 165.43 million.

Revenue from the business of homebuilding of the Company's group in 2016 was equal to THB 183.54 million, decreased by THB 26.07 million, or 12.44 percent from THB 209.61 million in 2015. The decrease in revenue was mainly due to the beginning of revenue recognition from the sales of homes and land of The Ginza project launched in July 2014 in which during the first quarter of 2015, there were gradual transfers of homes and land of 5 units after the completion of the construction, totaling of THB 39.99 million. Therefore, in 2016, the Company had only 3 units left, totaling of THB 23.97 million, declined by THB 16.02 million. However, the business of homebuilding on land of the customer was slowing in which the Company had revenue from homebuilding on the land of customers decreased by THB 10.05 million compared to the same period in 2015.

Revenue from the business of aluminum doors and windows of the Company's group in 2015 and 2016 was equal to THB 22.32 million and THB 32.28 million. In 2015, there was an economic slowdown affecting purchasing power and confidence of consumers, resulting in delay in purchasing decision of some customers.

In 2016, revenue from the business of aluminum doors and windows of the Company's group increased compared to 2015. In 2016, the Company had the revenue from the business of aluminum doors and windows of THB 32.28 million, increased by THB 9.96 million, or 44.62 percent compared to the revenue of THB 22.32 million in 2015. The increase in sales of aluminum doors and windows was mainly due to the Company had a new major customer in 2016.

Cost of sales

Cost of sales of products and services of construction of the Company's group in 2015 and 2016 was equal to THB 264.32 million and THB 244.62 million, respectively. Details of the cost of sales of products and services of construction could be summarized as follows;

	Consolidated financial statements for the accounting year ended			
	31 Dec 2015		31 Dec 2016	
	THB million	%	THB million	%
Cost of sales from business of finished fence	101.49	38.40	82.33	33.67
Cost of sales from business of homebuilding	146.57	55.45	137.88	56.39
Cost of sales from business of aluminum doors and windows	16.26	6.15	24.31	9.94
Total of cost of sales	264.32	100.00	244.52	100.00

Note: The cost of the business of homebuilding for the year ended 31 December 2015 was the combination of the cost of the business of normal homebuilding in which the Company has built home on the land of customer and the cost recognized from the sale of homes and land of The Ginza project, similar to housing development project. The recognition of costs from The Ginza project was equal to THB 19.03 million.

The main costs of the business of finished fence consisted of materials, such as stone, cement, sand and high-tensile steel wire, etc., of approximately 38 percent of the cost of sales, consumable materials, such as plaster, skim coat, and wooden pallets, etc. of about 7 percent of the cost of sales, wages and salary of employees of about 30 percent of the cost of sales, depreciation of around 17 percent of the cost of sales, and factory overheads of about 8 percent of the cost of sales.

Cost of the business of homebuilding consisted of building materials, such as stone, cement, sand, steel, high-tensile steel wire, finished steel roofing structure, and tiles, etc. of approximately 40 percent of the cost of sales and labor costs of about 60 percent of the cost of sales.

Cost of the business of aluminum doors and windows consisted of costs of products of around 95 percent of the cost of sales and transaction cost of about 5 percent of the cost of sales.

Gross profit and gross profit margin

Gross profit of the Company's group in 2015 and 2016 was equal to THB 131.00 million and THB 91.02 million, respectively, representing a gross profit margin of 33.14 percent and 27.13 percent of the revenue from sales and services of construction of the Company's group, respectively. Details of gross profit and gross profit margin of 3 core businesses could be summarized as follows;

	Consolidated financial statements for the accounting year ended			
	31 Dec 2015		31 Dec 2016	
	THB million	Gross profit margin (%)	THB million	Gross profit margin (%)
Gross profit from business of finished fence	61.90	37.88	37.39	31.23
Gross profit from business of homebuilding	63.05	30.08	46.66	24.88
Gross profit from business of aluminum door and windows	6.05	27.12	7.97	24.69
Total gross profit	131.00	33.14	91.02	27.13

Gross profit from the business of finished fence in 2015 and 2016 was equal to THB 61.90 million and THB 37.39 million, representing a gross profit margin of 37.88 percent and 31.23 percent of revenue from the business of finished fence,

respectively. The decrease in gross profit margin in 2016 compared to 2015 was mainly due to the Company's group has provided more commercial discounts to customers since there was serious price competition, the Company must give customers more discounts for retention purpose.

Gross profit from the business of homebuilding in 2015 and 2016 was equal to THB 63.04 million and THB 46.66 million, representing a gross profit margin of 30.07 percent and 24.88 of the revenue from the business of homebuilding. The decrease in gross profit margin of the business of homebuilding mainly came from the severe price competition from small and big competitors in the market in order to close sales with customers. Therefore, the Company must offer discounts to customers to close sales and to maintain sales of the Company to achieve its target, resulting in the decline in a gross profit margin in 2016.

Gross profit of the business of aluminum doors and windows in 2015 and 2016 was equal to THB 6.06 million and THB 7.97 million, representing a gross profit margin of 27.15 percent and 24.69 percent of the revenue from aluminum doors and windows. The gross profit margin of the aforementioned business remained the same but gross profit decreased because the Company had sales from a group of major customers in which the Company had to offer trade discounts more than retail customers, thus the gross margin declined in 2016.

Other revenue

Other revenue of the Company's group in 2015 and 2016, respectively. Details of other revenue of the Company are as follows;

	Consolidated financial statements for the accounting year ended	
	31 Dec 2015	31 Dec 2016
	THB million	THB million
Revenue from service of central facilities	-	-
Revenue from rental fee	0.17	0.03
Interest income	0.08	0.08
Revenue from sales of scrap materials	0.44	1.73
Revenue from sales of rights for the management of branches	-	-
Gain on disposal of investment in subsidiaries	0.30	0.04
Gains (losses) on disposal of assets	-	2.24
Doubtful accounts (reversal)	-	-
Other revenue ¹	5.85	1.43
Total	6.84	5.55

Note¹ Significant other revenue consisted of revenue from the sales of assets, the adjustments of revenue received in advance, reserved payment and deposits from the cancellation of the construction, and withhold insurance of the contractor.

Selling and administrative expenses

Selling and administrative expenses of the Company's group in 2015 and 2016 was equal to THB 120.80 million and THB 110.09 million, respectively, representing of 30.56 percent and 32.81 percent of the revenue from the sale of products and services of construction. Details of selling and administrative expenses of the Company's group were as follows;

	Consolidated financial statements for the accounting year ended			
	31 Dec 2015		31 Dec 2016	
	THB million	Percentage ¹	THB million	Percentage ¹
Selling expenses	48.14	12.18	39.25	11.70
Administrative expenses	60.23	15.24	59.15	17.63
Executive compensation	12.43	3.14	11.69	3.48
Total	120.80	30.56	110.09	32.81

Note¹ Percentage of the Revenue from sales of products and services of construction.

Selling expenses of the Company in 2015 and 2016 was equal to THB 48.14 million and THB 39.25 million, respectively, representing of 12.18 percent and 11.70 percent of revenue from sales of products and services of construction. Details of selling expenses are as follows;

	Consolidated financial statements for the accounting year ended			
	31 Dec 2015		31 Dec 2016	
	THB million	Percentage ¹	THB million	Percentage ¹
Sales staff expenses	12.73	3.22	8.97	2.67
Transportation expenses	17.18	4.35	14.39	4.29
Advertising expenses	11.96	3.03	7.37	2.20
Promotional materials	6.27	1.59	8.52	2.54
Total	48.14	12.18	39.25	11.70

Note¹ Percentage of the Revenue from sales of products and services of construction.

Main selling expenses of the Company were transportation expenses and sales staff expenses. In 2015, the Company's group had selling expenses equivalent to THB 48.14 million, increased by THB 6.98 million compared to the same period of 2014, or up 16.99 percent in which the overall selling expenses increased from the growth of the Company's advertising expenses used for advertising of homebuilding through the radio, television, and newspapers continued from the fourth quarter of 2014.

In 2016, the Company's group had selling expenses equal to THB 39.25 million, decreased by THB 8.89 million compared to the same period of 2015, or down 18.47 percent. The overall selling expenses decreased mainly due to lower transportation expenses in line with the lower sales volume. In addition, the Company had a policy to reduce advertising expenses via radio, television, and newspapers.

Administrative expenses of the Company in 2015 and 2016 were equal to THB 60.23 million and THB 59.15 million, respectively, representing of 15.24 percent and 17.63 percent of the revenue from the sales of products and services of construction. Details of administrative expenses were as follows;

	Consolidated financial statements for the accounting year ended			
	31 Dec 2015		31 Dec 2016	
	THB million	Percentage ¹	THB million	Percentage ¹
Employees expenses	28.46	7.20	27.83	8.29
Fee and service charge	9.15	2.32	12.29	3.66
Rental fee of headquarters and branches	11.82	2.99	12.11	3.61
Depreciation	5.22	1.32	4.37	0.76
Other expenses ²	5.58	1.41	2.55	1.30
Total	60.23	15.24	59.15	17.63

Note ¹ Percentage of the Revenue from sales of products and services of construction.

² Major other expenses consisted of building tax, signboard tax, postal fee, traveling expenses, donation, doubtful account.

Main administrative expenses of the Company were employees expenses, headquarters and branches expenses. In 2016, administrative expenses decreased by THB 1.08 million, or down 1.79 percent which was mainly due to the event occurred in 2015 in which the Company recorded a provision for liabilities that may arise from a lawsuit in the amount of THB 0.93 million and there was sales of an indirect subsidiary company, Qsaf Diamond Co., Ltd. In 2016, the Company has paid fees and legal consultant and financial advisory fees for consultation on the acquisition in late 2016.

Finance costs

Finance costs of the Company's group in 2015 and 2016 were equal to THB 0.83 million and THB 0.001 million, respectively. In 2016, finance costs of the Company decreased by THB 0.83 million and there was very small amount of finance costs in 2016 of only THB 0.001 million due to the Company had cash flow from operating activities to use as working capital sufficiently.

Income tax

Income tax in 2015 was equal to 19.67 percent of profit before income tax. In 2015, there was real corporate income tax rate as usual. In 2016, the Company had a loss but there was income tax equal to THB 2.07 million due to the Company has reversing entries on temporary differences between the tax amount and the balance upon account which was deferred tax liabilities from leasing machinery. In 2016, there was a record of deferred income taxes of THB 1.28 million and for the tax amount of THB 0.79 million was a tax of subsidiaries

Net profit (loss)

Net profit in 2015 was equal to THB 13.00 million, representing a net profit margin of 3.23 percent and in 2016, the Company had a net loss of THB 15.59 million, representing a net loss margin of 3.38 percent of total revenue.

(B) Financial position

Assets

The Company engages in the businesses of manufacturing of finished fence, homebuilding, and distribution and installation of finished-aluminum doors and windows from Japanese manufacturers. The main assets of the Company consists of trade and other receivables, inventories, and property, plant and equipment.

Total assets of the Company as at 31 December 2015 and 31 December 2016 were equal to THB 347.69 million and THB 325.32 million in which the total assets of the Company as at 31 December 2016 was equal to THB 325.32 mil-

lion, decreased by THB 22.37 million, or down 6.43 percent compared to the total assets as at 31 December 2015. The decrease in total assets was mainly due to the decrease in trade receivables from THB 30.66 million to THB 21.44 million, as well as the decrease in costs of real estate project development which decreased by THB 17.78 million from the transfer of homes and land of Ladprao 62 project.

Trade and other receivables

Trade receivables of the Company consisted of trade customers of the business of finished fence manufacturing, homebuilding, and aluminum doors and windows. Other receivables of the Company included advance deposit, pre-paid expenses, and receivables of other companies.

Trade receivables of the Company could be classified by overdue duration as follows;

	Consolidated financial statements for the accounting year ended	
	31 Dec 2015	31 Dec 2016
	THB million	THB million
Within credit terms	15.83	12.29
Overdue 0-3 months	9.56	4.40
Overdue 3-6 months	3.15	2.59
Overdue 6-12 months	1.89	2.49
Overdue 12 months	0.23	0.67
Total	30.66	21.44
Trade receivables	30.66	21.44
Less allowance for doubtful accounts	-	-
Net trade receivables	30.66	21.44
Other receivables	3.49	4.48
Total Trade and other receivables	34.15	25.92

Trade receivables of the Company as at 31 December 2015 and 31 December 2016 were equal to THB 30.66 million and THB 21.44 million, respectively. The increase and decrease in trade receivables were in line with the increase and decrease in revenue of the Company's group.

The Company has a policy to set an allowance for doubtful accounts by considering the overdue duration of receivables and the Company shall set an allowance for doubtful accounts of 100 percent of the trade receivables which have overdue duration longer than 12 months subtracted by the receivables that can be collected. In 2016, the receivables which have overdue duration longer than 12 were equal to THB 0.67 million in which the Company has not set an allowance for this amount because it is in the legal process of debt collection.

The average collection period of the Company in 2015 and 2016 was equal to 23.88 days and 27.95 days, respectively. The average collection period was in a normal level since the Company provided trade credit to the customers of the business of finished fence of approximately 0 to 60 days, and customers of the business of aluminum doors and windows of about 0 to 60 days. For the business of homebuilding, the Company shall provide homebuilding service in accordance with work installment.

Accrued revenue

Accrued revenue of the Company came from a business of homebuilding in which the Company has already provided services but still could not collect payment from the customers due to the customers received loans from banks and were required to submit work installment to the banks for evaluation prior to payment of work installment. In 2016, the Company had accrued revenue of THB 0.39 million.

Inventories

	Consolidated financial statements for the accounting year ended	
	31 Dec 2015	31 Dec 2016
	THB million	THB million
Finished goods	19.58	23.05
Goods in process	2.50	1.31
Construction in process	0.54	0.00
Raw materials	2.83	2.60
Supplies	1.45	1.72
Total	26.90	28.68
Less Allowance for decline in value	(0.18)	(0.12)
Net inventories	26.72	28.56

Inventories of the Company as at 31 December 2015 and 31 December 2016 were equal to THB 26.72 million and THB 28.68 million, respectively. While, average inventory period of the Company in 2015 and 2016 was equal to 22.06 days and 31.38 days, respectively.

The Company and its subsidiaries had a policy to set an allowance for decline in value of inventories by considering the inventories that did not have any movement and from the opinion of management of the Company and its subsidiaries. The allowance for decline in value of inventories as at 31 December 2015 and 31 December 2016 was equal to THB 0.18 million and THB 0.12 million, respectively.

The Company had a policy to reserve inventories classified by the nature of the products into two categories: (1) Standard products, such as fence panels and prefabricated structures, etc. The Company has reserved inventories of approximately 30 days (2) special products, such as semi-finished home and special type of fence, etc. The Company has not reserved inventories in which the Company shall manufacture products only when the Company received purchase orders from the customers. Most inventories of the Company were construction materials which were relatively difficult to be obsolete.

Costs of real estate project development

Costs of real estate project development of the Company as at 31 December 2015 were equal to THB 17.78 million, which was the costs of real estate project development of The Ginza project that the Company has launched this project on 30 July 2014. The costs of real estate project development decreased by THB 23.30 million in 2015 due to the gradual transfer and recognition of revenue from the sales of The Ginza project and in 2016, the Company transferred and recognized all revenues from brought forward at the beginning of 2016 of THB 17.78 million.

Property, plant and equipment

Property, plant and equipment of the Company as at 31 December 2015 and 31 December 2016 were equal to THB 191.81 million and THB 200.21 million, respectively. Property, plant and equipment of the Company as at 31 December 2016 were equal to THB 200.21 million, increased by 8.4 million, or up 4.38 percent compared to the value as at 31 December 2015 due to the Company has completed the construction of a showroom on Pradit Manutham Road for exhibiting examples of prefabricated homes of Ginza Home and completed the construction of the model home at the showroom in Rayong, totaling of THB 9.61 million. The Company constructed the finished fence casting mold and prefabricated home casting mold of Ginza home in the overall value of about THB 9.15 million in Nakhon Pathom. In addition, the Company had assets during the construction of THB 15.45 million, which mainly included the construction of machinery for the production of casting mold for Module wallboard, installation of production line and casting mold for finished fence sheet, the improvement of manufacturing factory of Module2, the construction of spray painting room, the construction of a sales office in Rayong, subtracted by depreciation and the transfer of assets during the construction to property.

(C) Sources of fund

Appropriateness of capital structure

The Company had the total liabilities to equity ratio as at 31 December 2015 and 31 December 2016 of 0.34 times and 0.38 times, respectively, reflecting on the financial strength of the Company. The Company had the total liabilities to equity ratio as at 31 December 2016 of 0.38 times, slightly increased from 2015 in which the main cause was due to the Company had loss in 2016, resulting in a decrease in shareholders' equity, while the liabilities has not changed from 2015.

Liabilities

Total liabilities of the Company as at 31 December 2015 and 31 December 2016 were equal to THB 88.41 million and THB 89.55 million, respectively. Most liabilities were trade and other payables, as well as bank overdrafts and short-term loans from financial institutions.

Total value of trade and other payables of the Company as at 31 December 2015 and 31 December 2016 was equal to THB 75.84 million and THB 73.12 million, respectively, due to the decrease in trade payables of THB 6.80 million from THB 28.11 million as at 31 December 2015 to THB 21.31 million as at 31 December 2016, or down 24.19 percent. The decrease in trade payables was in line with the decrease in sales in 2016. The Company had advance deposit as at 31 December 2015 and 31 December 2016 of THB 42.53 million and THB 47.77 million, respectively, mainly from advance deposits received from the customers of homebuilding business of THB 39.50 million and the sales of products of THB 8.27 million.

Commitments and contingent liabilities

As at 31 December 2016, the Company had commitments and contingent liabilities as follows;

1) As at 31 December 2016, the Company had commitments in accordance with the letter of guarantee signed with one commercial bank based on the consolidated financial statements of the Company of THB 3.48 million in which the commitments under the letter of guarantee of the Company has been combined with the guarantees of Qtech Products Co., Ltd. (a subsidiary of the Company) in the amount of THB 0.10 million. The aforementioned commitments came from the issuance of letters of guarantee to the manufacturer of construction materials, such as cement and high-tensile steel wire, etc.

2)The Company's group had commitments under the operating leases as a result of the lease of 3 sales offices in Central Rama 3, Central Bangna, and Central Salaya. At Central Rama 3, the Company has closed the branch due to the renovation of the department store during September and the Company has leased its headquarters with the leasing period of 1-3 years, and the lease of photocopier with the leasing period of 1-4 years. Therefore, as at 31 December 2015 and 31 December 2016 the Company had a minimum amount to pay under the operating leases based on the consolidated financial statements as follows;

	Consolidated financial statements for the accounting year ended	
	31 Dec 2015	31 Dec 2016
	THB million	THB million
Operating leases		
Within 1 year	7.86	7.86
After 1 year but within 4.5 years	5.99	5.11
Total	13.85	12.97

3) The Company has provision for long-term employee benefits as at 31 December 2015 and 31 December 2016 of THB 6.80 million and THB 10.09 million, respectively.

4) As at 31 December 2016, a subsidiary of the Company had contingent liabilities from the civil lawsuit made by an individual in case of the breach of the sales and hire of work agreement with the claimed amount of THB 0.55 million. While, the case is being considered by the Supreme Court, the Company's group has recorded provision for payment on claims based on the judgment of the Court of Appeals of THB 0.24 million. In addition, a subsidiary of the Company had contingent liabilities from the civil lawsuit made by a company and an individual in case of the breach of the sales and hire of work agreement with the claimed amount of THB 2 million and on 4 February 2015 the Supreme Court dismissed the case in accordance with the judgment of the Court of Appeals.

Shareholder's equity

The Company had the shareholders' equity as at 31 December 2015 and 31 December 2016 of THB 259.28 million and THB 235.78 million, respectively. The shareholder's equity of the Company as at 31 December 2016 decreased by THB 23.50 million due to the Company recorded a loss from operations in 2016 of THB 15.59 million, including a dividend payment in 2016 of THB 6.50 million, as well as the other comprehensive loss according to the projection based on actuarial science that was due for recalculation of THB 1.41 million.

The return on shareholder's equity in 2015 was equal to 6.49 percent, decreased from 13.22 percent in 2014. The decline was due to the shareholder's equity of the Company as at 31 December 2015 increased by THB 118.01 million to THB 259.28 million compared to the shareholder's equity as at 31 December 2014 because of the reasons mentioned in the part of shareholders.

In 2016, the return on shareholder's equity was equal to (6.87) percent due to the Company had losses.

Liquidity analysis

Cash flows from operating activities

The Company had cash flows from (used in) operating activities in 2015 and 2016 of THB 47.86 million and THB 29.95 million, respectively.

The Company had cash flows from operating activities in 2015 of THB 47.86 million, due mainly to the Company had an increase in trade and other payables of THB 20.34 million, including a decline in costs of real estate project development of THB 23.30 million. The decline in costs of real estate project development was consistent with the transfer of the sales of home and land of The Ginza project and depreciation of THB 19.13 million.

The Company had cash flows from operating activities in 2016 of THB 29.95 million, due mainly to a decrease in trade receivables of THB 8.81 million, including a reduction of the costs of real estate project development of THB 17.78 million. The decline in the costs of real estate project development was consistent with the transfer of sales of home and land of The Ginza project and depreciation of THB 21.74 million. While, the outstanding of trade and other payables decreased by THB (2.67) million and the net profit from discontinued and sale of fixed assets of THB (1.77) million and the net loss before income tax of THB (13.52) million.

The Company had cash flows used in investing activities in 2015 and 2016 of THB 84.92 million and THB 24.09 million, respectively.

The Company had cash flows used in investing activities in 2015 of THB 84.92 million, due mainly to the Company has purchased fixed assets of THB 92.29 million, mostly paid for the construction of manufacturing factory of Module of finished construction materials for prefabricated home of The Ginza home and purchased land for the building of a showroom of the Company's group and the sales of assets of THB 9.83 million.

The Company had cash flows used in investing activities in 2016 of THB 24.09 million, due mainly to the Company has purchased fixed assets of THB 30.63 million such as the construction of a showroom for exhibiting the prefabricated home of The Ginza Home, the building of the factory of prefabricated homes, the purchase of production machinery of finished fence, and the construction of production machinery of casting mold for Module wallboard, etc. Meanwhile, the Company has received a repayment of short-term loans from other persons of THB 3.5 million and cash received from sale of investment in joint ventures of THB 0.50 million.

Cash flows from financing activities

The Company had cash flows from (used in) financing activities in 2015 and 2016 of THB 66.73 million and THB (6.48) million, respectively.

The Company had cash flows from financing activities in 2015 of THB 66.73 million since the Company has repaid bank overdrafts and short-term loans from financial institutions and related parties of THB 31.23 million and received cash from capital increase of THB 115.11 million and dividend payment in 2015 of THB 10 million.

The Company had cash flows used in financing activities in 2016 of THB (6.48) million, due mainly to the Company had paid dividend for the operating results in 2015.

(A) Analysis of key financial ratios.**Current Ratio**

The Company had current ratio as at 31 December 2015 of 1.70 times and 1.37 times, respectively, in which the current ratio of the Company reflected that the financial position in terms of liquidity was sound and sufficient to operate the business.

Profitability ratio

The Company had gross profit margin in 2015 and 2016 of 33.14 percent and 27.13 percent, respectively. The gross profit margin in 2016 decreased from the gross profit margin in 2015 due to a business of finished fence encountered with severe price competition, resulting in the Company was required to offer additional discount to customers for the purpose of customer retention. In addition, the Company has recognized revenue from real estate project development of The Ginza Home which was a business that has a higher cost than homebuilding on the land of the customers, as well as the Company has invested more in the construction of manufacturing factory of prefabricated homes in 2016 in order to support the sales that will occur in the future, causing an increase in depreciation costs while the Company could partially utilize the capacity.

Efficiency ratio

The Company had a return on equity ratio in 2015 and 2016 of 6.49 percent and (6.87) percent, respectively. The return on equity ratio of the Company decreased in 2015 because the Company has increased the registered capital from THB 100 million to THB 130 million while the net profit of the Company remained equal to the previous year. In 2016, the Company's operating performance had a net loss, resulting in a return on equity ratio and return on fixed assets ratio decreased from 2015.

Financial policy ratio

The Company had total liabilities to equity ratio as at 31 December 2015 and 31 December 2016 of 0.34 times and 0.38 times, respectively, in which total liabilities to equity ratio significantly decreased as at 31 December 2015 due to the capital increase of the Company and the increase in the shareholder's equity of the Company from the increase in profit of the Company, as well as total liabilities to equity ratio declined because the repayment of bank overdrafts and short-term loans from financial institutions, and the payment of financial lease agreement from the purchase of Tiger machinery. In addition, the shareholder's equity of the Company grew from net profit from operations. In 2016, the total liabilities to equity ratio slightly increased due to losses in 2016, resulting in a decrease in shareholder's equity while the liabilities remained equal to the previous year.

(B) Main factors and influence that might affect the operation or the financial position in the future**Fluctuation in the economy**

Economic condition and construction and real estate condition are factors that greatly affect the business operation of the Company. If the economic condition and construction and real estate condition adjusted to the better direction, the financial position of the Company shall adjust to the better direction as well since the Company's revenue is directly related to housing construction and real estate market. As a result, in the situation that the economic condition and construction and real estate condition changed in a worse direction, the Company's operation must be negatively impacted.

Changes in costs of construction materials

One of the important keys of the business of homebuilding and the manufacturing of construction materials is the control of costs within competitive levels. The changes in the costs of construction materials shall affect the operations of the Company. The Company's main raw materials, including cement and steel. However, according to a good relationship between the Company and suppliers of construction materials, the Company is able to plan to supply raw materials, both in terms of volumes and prices relatively well. There are the medium-term and long-term purchase agreements signed with the sellers. In addition, for the business of homebuilding, the Company has a policy to set the current costs which can control the prices close to the real cost of construction. The Company mostly produces prefabricated structural parts in the factory prior to the beginning of the construction which will spend a short period of time after signing the service agreement with client.

Price competition

Currently, the Company is encountering with the fierce price competition. However, in general, the setting of pricing strategies of the Company in the past, the Company shall take the costs of production and operation into account rather than considering various factors abovementioned that may cause a loss of marketing and business opportunity. However, determining pricing strategy is challenging for the Company's ability to determine strategy or the prices of finished fence and homebuilding to be appropriate to the environmental factors and coordinating seamlessly with other marketing strategies.

Changes in organizational structure

Since, at present, the Company's businesses in part of the building of residential property and the production of construction materials still cannot utilize at a full capacity. Therefore, the Company has a plan to participate in the business of real estate development to invest in the potential projects and to increase organizational productivity. The Company has received an approval from the shareholders' meeting held on 16 December 2016 regarding the acquisition of Nirvana Development Co., Ltd. with a total shares of 8,787,681 shares from the shareholders of NIRVANA, including the Entire Business Transfer of Nirvana Development Co., Ltd. Subsequent to the Company's acquisition of NIRVANA's shares and the Company was approved by the shareholders' meeting on the purchase of 2 land plots by issuing newly issued shares and allocated to Singha Estate Public Company Limited in the allocation to Private Placement, constituting a joint investment with Singha Estate Public Company Limited. However, it depends on the outcome of the due diligence of Nirvana Development Co., Ltd., in which the Company expected the benefits from the entering into the transaction as follows;

- Expansion of production capacity of the Company.
- Opportunity in creating added value from a vertical integration with Nirvana Development Co., Ltd.
- New management team with experience and expertise in real estate business.

LIVE NO COMPROMISE

Key Financial Information

Statements of financial position

1. Key financial information

A) Summary of financial statements

	Consolidated financial statements for the accounting year ended					
	31 Dec 2014		31 Dec 2015		31 Dec 2016	
	THB million	%	THB million	%	THB million	%
Current assets						
Cash and cash equivalents	17.89	7.17	47.56	13.68	46.93	14.43
Trade and other receivables	23.00	9.22	34.15	9.82	25.92	7.97
Unbilled receivables	0.49	0.20	-	-	0.38	0.12
Short-term loans to related parties	-	-	3.5	1.01	-	-
Inventories	17.84	7.15	26.72	7.69	28.56	8.78
Advance payment for constructions	41.08	16.46	17.78	5.11	-	-
Other current assets	4.07	1.63	5.92	1.70	5.42	1.67
Total current assets	104.37	41.82	135.63	39.01	107.21	32.96
Non-current assets						
Restricted deposit at financial institutions	0.74	0.30	1.12	0.32	0.45	0.14
Other long-term investments	5.34	2.14	5.13	1.48	5.13	1.58
Property, plant and equipment	126.16	50.56	191.81	55.17	200.21	61.54
Other intangible assets	1.76	0.71	1.26	0.36	0.85	0.26
Deferred tax assets	5.63	2.26	5.52	1.59	4.37	1.34
Other non-current assets	5.54	2.22	7.22	2.08	7.1	2.18
Total non-current assets	145.17	58.18	212.06	60.99	218.11	67.04
Total assets	249.54	100.00	347.69	100.00	325.32	100.00
Current liabilities						
Bank overdrafts and short-term loans from financial institutions	24.23	9.71	-	-	-	-
Trade and other payables	56.83	22.77	75.84	21.81	73.12	22.48
Short-term loans and accrued interest payables - related parties	7.00	2.81	-	-	-	-
Current portion of financial lease liabilities	2.82	1.13	-	-	-	-
Income tax payable	2.01	0.81	0.13	0.04	0.25	0.08
Other current liabilities	3.84	1.54	3.95	1.14	4.63	1.42
Total current liabilities	96.73	38.76	79.92	22.99	78.00	23.98

Statements of financial position (Continued)

	Consolidated financial statements for the accounting year ended					
	31 Dec 2014		31 Dec 2015		31 Dec 2016	
	THB million	%	THB million	%	THB million	%
Non-current liabilities						
Financial lease liabilities	4.35	1.74	-	-	-	-
Deferred tax liabilities	-	-	1.45	0.42	1.22	0.38
Provision for long-term employee benefits	6.26	2.51	6.8	1.96	10.09	3.10
Provision for payment on claims	0.93	0.37	0.24	0.07	0.24	0.07
Total non-current liabilities	11.54	4.62	8.49	2.44	11.55	3.55
Total liabilities	108.27	43.39	88.41	25.43	89.55	27.53
Shareholder's equity						
130,000,000 ordinary shares						
of THB 1 each	130.00		130.00			
1,180,600,000 ordinary shares						
of THB 1 each					1,180.60	
Issued and paid-up						
100,000,000 ordinary shares						
of THB 1 each	100.00	40.07	-	-	-	-
130,000,000 ordinary shares						
of THB 1 each	-	-	130.00	37.39	130.00	39.96
Premium on ordinary shares	56.10	22.48	141.21	40.61	141.21	43.41
Capital surplus from payment based on share	2.59	1.04	2.59	0.74	2.59	0.80
Retained (losses) earnings	13.39	5.37	16.39	4.71	(7.12)	(2.19)
Other components of shareholder's equity	(30.81)	(12.35)	(30.91)	(8.89)	(30.91)	(9.50)
Equity attributable to the shareholders of the Company	141.27	56.61	259.28	74.57	235.77	72.47
Non-controlling interests of subsidiaries	-	-	-	-	-	-
Total shareholders' equity	141.27	56.61	259.28	74.57	235.77	72.47
Total liabilities and shareholders' equity	249.54	100.00	347.69	100.00	325.32	100.00

Income statement

	Consolidated financial statements for the accounting year ended					
	31 Dec 2014		31 Dec 2015		31 Dec 2016	
	THB million	%	THB million	%	THB million	%
Sales income and service income on construction						
Sales income	192.55	53.79	185.71	46.98	152.00	45.30
Service Income on construction	165.43	46.21	169.62	42.91	159.57	47.56
Sales income – real estate development business	0.00	0.00	39.99	10.12	23.97	7.14
Total sales income and service Income on construction	357.98	100.00	395.32	100.00	335.54	100.00
Cost of sales and cost of service on construction						
Cost of sales	(131.57)	(36.75)	(117.75)	(29.79)	(106.63)	(31.78)
Cost of service on construction	(102.60)	(28.66)	(114.45)	(28.95)	(118.85)	(35.42)
Cost of sales — real estate development business	0.00	0.00	(32.12)	(8.13)	(19.03)	(5.67)
Total cost of sales and cost of service on construction	(234.17)	(65.41)	(264.32)	(66.86)	(244.51)	(72.87)
Gross profit	123.81	34.59	131.00	33.14	91.03	27.13
Other income	9.87	2.76	6.84	1.73	5.56	1.66
Profit before expenses	133.68	37.34	137.84	34.87	96.59	28.79
Selling expenses	(41.16)	(11.50)	(48.14)	(12.18)	(39.25)	(11.70)
Administrative expenses	(55.60)	(15.53)	(60.23)	(15.24)	(59.15)	(17.63)
Executive compensation	(11.35)	(3.17)	(12.43)	(3.14)	(11.69)	(3.48)
Profit before share of loss of joint ventures	25.57	7.14	17.04	4.31	-13.50	(4.02)
Share of loss of joint ventures	-	-	(0.03)	(0.01)	(0.01)	(0.00)
Profit before finance costs and income tax expenses	25.57	7.14	17.01	4.30	-13.51	(4.03)
Finance costs	(1.31)	(0.37)	(0.83)	(0.21)	(0.01)	(0.00)
Profit (loss) before income tax expenses	24.26	6.78	16.18	4.09	-13.52	(4.03)
Income tax expenses	(6.72)	(1.88)	(3.18)	(0.80)	(2.07)	(0.62)
Profit (loss) for the year	17.54	4.90	13.00	3.29	(15.59)	(4.65)
Discount on change in the proportion of investments in subsidiaries	0.00	0.00	0.00	0.00	(1.41)	(0.42)
Total comprehensive income for the year	17.54	4.90	13.00	3.29	-17.00	(5.07)
Total comprehensive income attributable to:						
Equity holders of the Company	12.72	3.55	13.00	3.29	-17.00	(5.07)
Non-controlling interests of the subsidiaries	4.82	1.35	-	-	-	-
Profit attributable to equity holders of the Company (per share)	0.14		0.11		(0.12)	

Cash flow statement

	Consolidated financial statements for the accounting year ended		
	31 Dec 2014	31 Dec 2015	31 Dec 2016
	THB million	THB million	THB million
Cash flows from operating activities			
Profit (loss) before income tax expenses	24.26	16.19	(13.52)
Adjustments to reconcile profit (loss) before income tax expenses to net cash provided by (paid from) operating activities;			
- Depreciation	16.15	19.13	21.74
- Amortization	0.65	0.54	0.46
- Bad debts and doubtful accounts	1.95	-	-
- Doubtful Accounts (Reversal)	(0.47)	1.79	-
- Amortization of withholding tax deducted at source	0.11	0.22	0.01
- (Gain) loss on sales of investments in subsidiaries	-	(0.30)	-
- (Gain) loss on disposal of assets	-	(2.96)	-
- Share of loss of joint ventures	-	0.03	0.02
- Loss from discontinued assets	0.17	-	(1.77)
- Transfer of assets to expenses	0.98	0.48	0.05
- Transfer of liabilities to income	(7.07)	(1.62)	(0.44)
- Loss on decreased value of inventories (Reversal)	0.17	0.02	(0.06)
- Expenses of employee benefits	0.87	0.98	0.93
- Provision for legal cases	0.92	0.10	-
- Gain on sales of investment in joint venture	-	-	(0.04)
- Interest income	(0.04)	(0.09)	(0.08)
- Interest expenses	1.31	0.82	0.00
Cash flows from operating activities before change in assets and liabilities	39.96	35.33	7.30

Cash flow statement (Continued)

	Consolidated financial statements for the accounting year ended		
	31 Dec 2014	31 Dec 2015	31 Dec 2016
	THB million	THB million	THB million
Changes in operating assets and liabilities	39.96	35.33	7.30
(Increase) decrease in assets			
- Trade and other receivables	1.60	(14.24)	8.81
- Unbilled receivables	(0.49)	0.48	(0.38)
- Inventories	2.49	(9.13)	(1.78)
- Property development for sale	(12.14)	23.30	17.78
- Other current assets	(0.13)	(2.60)	(0.41)
- Other non-current assets	(0.69)	(0.15)	0.93
Increase (decrease) in liabilities			
- Trade and other payables	(37.46)	20.34	(2.67)
- Other current liabilities	0.54	1.66	1.00
- Cash generated from operations	-	-	-
Interest paid	(1.30)	(0.84)	0.00
Refund of prepaid corporate income tax	-	-	0.84
Income tax paid	(11.71)	(6.29)	(1.47)
Net cash provided by operating activities	(19.33)	47.86	29.95
	(19.33)	47.86	29.95

Cash flow statement (Continued)

	Consolidated financial statements for the accounting year ended		
	31 Dec 2014	31 Dec 2015	31 Dec 2016
	THB million	THB million	THB million
Cash flows from investing activities			
Increase in current investments	0.59	-	-
Short-term loans to other persons	-	-	3.50
Increase in restricted deposit at financial institutions	(0.01)	(2.83)	0.20
Additional investments in subsidiaries	(1.41)	-	-
Cash paid for investments in joint ventures		(0.50)	0.50
Cash received from sale of investment in subsidiaries	1.00	1.19	-
Cash and cash equivalents of subsidiaries as at the date of sale	-	(0.39)	-
Purchase of fixed assets	(22.80)	(92.29)	(30.63)
Repayment of payables for assets	-	-	(0.49)
Cash received from the sale of fixed assets	0.21	9.83	2.79
Purchase of intangible assets	(0.24)	(0.02)	(0.04)
Interest received	0.09	0.09	0.08
Net cash flows from (used in) investing activities	(22.57)	(84.92)	(24.09)
Cash flows from financing activities			
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	10.12	(24.23)	-
Increase (decrease) in short-term loans from related parties	7.00	(7.00)	-
Long-term loans from financial institutions	-	16.46	-
Repayment of long-term loans from financial institutions	-	(16.46)	-
Repayment of financial lease liabilities	(3.08)	(7.17)	-
Cash received from capital increase	-	115.11	-
Dividend payment	-	(9.98)	(6.48)
Net cash flows from (used in) financing activities	14.04	66.73	(6.48)
Net increase (decrease) in cash and cash equivalents	(27.86)	29.67	(0.62)
Cash and cash equivalents at beginning of year	45.75	17.89	47.55
Cash and cash equivalents at end of year	17.89	47.56	46.93

Financial ratios

	Consolidated financial statements for the accounting year ended		
	31 Dec 2014	31 Dec 2015	31 Dec 2016
Liquidity ratio			
Current ratio	1.08	1.70	1.37
Quick ratio	0.42	1.02	0.93
Operating cash flow ratio	(0.17)	0.54	0.00
Account receivable turnover	14.64	15.08	12.88
Average collection period	24.60	23.88	27.95
Inventory turnover	16.47	16.32	11.47
Average inventory period	21.86	22.06	31.38
Account payable turnover	8.56	11.08	9.90
Average payable period	42.05	32.50	36.38
Cash cycle	4.41	13.44	22.95
Profitability ratio			
Gross profit margin	34.59	33.14	27.13
EBIT to net sale	4.39	2.58	(5.68)
Other income margin	2.68	1.70	1.63
Operating cash flow to EBIT	(123.12)	469.22	(157.14)
Net profit margin	4.77	3.23	(4.57)
Return on equity	13.22	6.49	(6.87)
Efficiency ratio			
Return on assets	9.92	5.70	(4.01)
Return on fixed assets	27.50	20.21	2.42
Asset turnover	1.43	1.35	1.01
Financial policy ratio			
Total liabilities to equity	0.77	0.34	0.38
Interest coverage	(8.63)	62.49	3,203.00
Commitment coverage on cash basis	(0.74)	0.41	0.98

Shareholders

Top ten major shareholders as at 31 December 2016

No	Name	As at 31 December 2016	
		No. of shares	Percent
1	Dcorp Group Company Limited	66,995,952	51.535
2	Thai NVDR Co., Ltd.	4,436,415	3.413
3	Ms. Chayanunt Meeprasertsakul	3,570,000	2.746
4	Ms. Nijchaya Meeprasertsakul	3,235,000	2.488
5	Ms. Vachiraporn Skulchan	2,472,800	1.902
6	Ms. Warangkana Techaiya	1,800,000	1.385
7	Mr. Supakin Aiwongsa	1,658,000	1.275
8	Mr. Wongsakorn Panrattanamongko	1,600,000	1.231
9	Mr. Sakbaworn Pukkanasut	1,520,700	1.170
10	Mr. Piya Utamachan	1,510,000	1.162
11	Others	41,201,133	31.693
Total		130,000,000	100.00

The Extraordinary of Shareholders' Meeting No.1/2016 dated 16 December 2016 has passed a resolution to approve the transfer of all ordinary shares of Nirvana Development Company Limited ("NIRVANA") totaling 8,787,681 shares from the Shareholders of NIRVANA, including the Entire Business Transfer ("EBT") of NIRVANA after the Company has already held shares of NIRVANA and resolved to approve the purchase of 2 plots of land from Singha Estate Public Company Limited ("S"). In this case, the Company issued new ordinary shares to the Private Placement (PP) and allocated not to exceed 1,050,600,000 shares with par value of Baht 1 per share by allocating to NIRVANA and S shareholders at Baht 5.00 per share instead of cash payment.

Therefore, the shareholders' list as at 17 January 2017 will change as follows:

Top ten major shareholders as at 17 January 2017

No	Name	As at 17 January 2017	
		No. of shares	Percent
1	Singha Estate Public Company Limited	658,599,968	55.785
2	Mrs. Wattana Somwattana	133,950,514	11.346
3	Thailand Securities Depository Co., Ltd.	129,761,340	10.991
4	Walford United Holding Ltd.	72,000,064	6.099
5	Mr. Sornsak Somwattana	71,718,214	6.075
6	Mr. Anuchart Angsumethangkul	34,439,847	2.917
7	Mr. Thanisorn Koosuwan	25,939,129	2.197
8	Mr. Vibul Raksaseri	10,503,521	0.890
9	Mr. Vichien Jiekjerm	7,009,448	0.594
10	Ms. Chantima Raksaseri	6,044,188	0.512
11	Others	30,633,745	2.594
Total		1,180,599,978	100.00

Remarks: The Company's shareholders' list may change due to the Company's securities is on the process of tender offer during the period of 30 January 2017 — 6 March 2017 by Singha Estate Public Company Limited

Restriction on foreign shareholdings in securities

The Company's shares can be transferred without any restrictions. The shares held by foreigners at any time must not have an amount more than 49% of the total number of shares sold. Any transfer of shares will result in the Company's shareholding ratio in the excess of the above ratios, the Company has the right to refuse the transfer of its shares.

Dividend Payment Policy

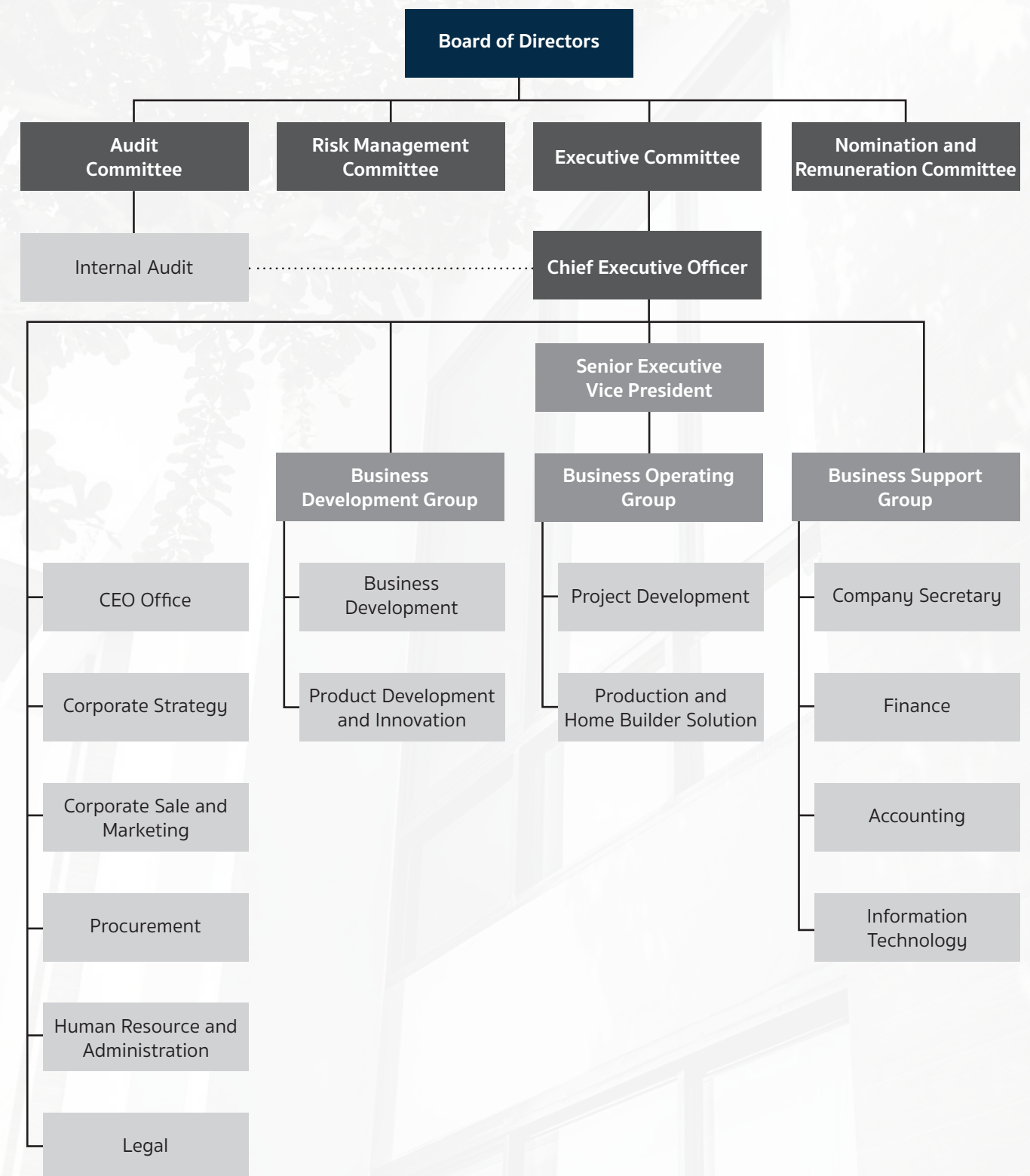
Dividend Payment Policy of the Company

The Company has a policy to pay dividends to shareholders at the rate of not less than 50% of net profit according to the separate financial statements after taxes, legal reserve, and other reserves (if any). However, the dividend payment is subject to change depending on operating performance, financial position, liquidity, business expansion, and other factors relating to the Company's operations and management.

Dividend Payment Policy of the Company's subsidiaries

The Company's subsidiaries have a policy to pay dividends to shareholders at the rate of not less than 50% of net profit according to the separate financial statements of the Company's subsidiaries after taxes, legal reserve, and other reserves (if any). However, the dividend payment is subject to change depending on operating performance, financial position of the subsidiaries, liquidity of the subsidiaries, business expansion, and other factors relating to the subsidiaries' operations and management.

Organization Chart



Management Structure

1. Board of Directors

Currently, the Board of Directors is comprised of 7 directors as follows:

Name	Position	Appointment Date of Directorship
1. Mr. Sutthichai Sungkamanee	Independent Director / Chairman of the Board of Directors / Chairman of the Audit Committee / Chairman of the Nomination and Remuneration Committee	17 January 2017
2. Dr. Preeprem Nonthaleerak	Independent Director / Member of the Audit Committee / Member of the Risk Management Committee	17 January 2017
3. Mrs.Pojanard Prinyapatpakorn	Independent Director / Member of the Audit Committee / Chairman of the Risk Management Committee / Member of the Nomination and Remuneration Committee	17 January 2017
4. Mr. Naris CheyKlin ^{/1}	Director / Chairman of the Executive Committee / Member of the Nomination and Remuneration Committee	17 January 2017
5. Mr. Terachart Numanit ^{/1}	Director / Member of the Executive Committee	17 January 2017
6. Mr. Tawat Meeprasertskul	Director / Member of the Executive Committee	26 February 2013
7. Mr. Sornsak Somwattana	Director / Member of the Executive Committee / Member of the Risk Management Committee / Chief Executive Officer and Acting of Chief Financial Officer	17 January 2017

Note^{/1} Directors from major shareholders' representative
Ms. Thamonwan Woraphongjirakarn is the Company Secretary of the Company

As at 31 December 2016, the Board of Directors is comprised of 7 directors as follows:

Name	Position
1. Mr. Prasert Virasathienpornkul	Chairman of the Board of Directors, Chairman of the Audit Committee and Independent Director
2. Mr. Pornsak Limboonyaprasert	Member of the Audit Committee and Independent Director
3. Mr. Weerawit Sattayanond	Member of the Audit Committee and Independent Director
4. Professor Chaiyaporn Bhuprasert	Member of the Audit Committee and Independent Director
5. Mr. Tawat Meeprasertskul	Director
6. Ms. Kanyada Bhusawang	Director
7. Mr. Eakasit Siwakulrangsun	Director

Ms. Nipansa Saimaya was the Company Secretary of the Company

Meetings of the Board of Directors

Details of the meetings of the Board of Directors in 2016 are as follows:

Name	Meeting Attendance	
	No. of the Meeting	No. of the Attendance
1. Mr. Prasert Virasathienpornkul	8	8
2. Mr. Pornsak Limboonyaprasert	8	8
3. Mr. Weerawit Sattayanond	8	8
4. Professor Chaiyaporn Bhuprasert	8	8
5. Mr. Tawat Meeprasertskul	8	8
6. Ms. Kanyada Bhusawang	8	8
7. Mr. Eakasit Siwakulrangsun	8	8

The Authorized Directors of the Company

The Authorized Directors who sign on behalf of the Company are two directors, Mr. Naris CheyKlin signs with Mr. Terachart Numanit or Mr. Sornsak Somwattana with the Company's seal affixed.

Composition of the Board of Directors

- Independent Director is comprised of (1) Mr. Sutthichai Sungkamanee, (2) Dr. Preeprem Nonthaleerak and (3) Mrs. Pojanard Prinyapatpakorn
- Non-Executive Director is comprised of (1) Mr. Naris CheyKlin, (2) Mr. Terachart Numanit and (3) Mr. Tawat Meeprasertskul
- Executive Director is comprised of (1) Mr. Sornsak Somwattana

The Scope of Authority, Duties and Responsibilities of the Board of Directors

The 2013 Annual General Meeting of Shareholders of the Company, held on 29 April 2013, has approved the authority, duties, and responsibilities of the Board of Directors as follows;

- Perform its duties with honesty, integrity and prudence in accordance with the law and the Company's objectives and Articles of Association, including the resolutions of shareholders' meeting, and carefully protect the Company's interests.
- Set out details and give an approval of vision, strategic business operation, policy, objectives, directions, and action plan of the Company in which the management team prepared and presented to the Board of Directors.
- Supervise the administration and performance of the management team or any person designated by the Board of Directors to be in accordance with the policy set by the Board of Directors.
- Follow up the operating performance of the Company incessantly in order to comply with the action plan and budget of the Company.
- Provide reliable accounting system, the production of financial reports, and auditing system, including adequate and appropriate internal control.

6. Review risk management process and risk management policy, as well as follow up operational performance of risk management.
7. Approve of the acquisition or disposition of assets, investment, and any action to be in agreement with the law, related notifications, regulations, and Articles of Association.
8. Approve of connected transactions of the Company to be in accordance with the law, related notifications, regulations, and Articles of Association.
9. Ensure avoidance of conflict of interests amongst the Company's stakeholders.
10. Consider all issues by taking the interests of shareholders and all stakeholders of the Company into account fairly. Directors must notify the Company without delay if there is an interest in the agreements signed with the Company. For transactions dealt with Directors or any person who may have a conflict of interest, the Directors who have interests are not entitled to cast votes to approve the transactions.
11. Set up the policies regarding good corporate governance in writing and review the policies of corporate governance of the Company to ensure that the Company has responsibilities to all stakeholders equitably.
12. Request for professional opinions from outside organizations, if necessary, to be as part of appropriate decisions.
13. Appoint committees, such as, audit committee, and executive committee, etc. and define the authority of the aforementioned committees to oversee the administration and the internal control system to be in accordance with the policies described.
14. Consider the amendment of the scope of authority, duties and responsibilities of audit Committee, executive committee, and managing director as appropriate and necessary.
15. Appoint the Company secretary to supervise the Board of Directors and the Company to comply with the law, related notifications, regulations, and Articles of Association.
16. Facilitate the performance evaluation of the Board of Directors of the Company in which the Board of Directors shall evaluate its own performance on an annual basis and consider approaches to increase the efficiency of the Board of Directors' performance.

The delegation of authority, duties and responsibilities of the Board of Directors must not be the delegation of authority or the delegation of authority's substitute that allows the Board of Directors and/or attorney authorized by the Board of Directors to approve the transactions that the Board of Directors or persons who may have a conflict (as defined in the Notifications of the Securities and Exchange Commission or the Notifications of the Capital Market Supervisory Board) may have an interest or may obtain benefits in any manner or may have a conflict of interest with any other companies, except the transactions are approved in accordance with the policy and guidelines approved by the shareholders' meeting or the Board of Directors of the Company.

2. Management Team

Currently, the management team of the Company consists of 5 persons as follows:

Name	Position
1. Mr. Sornsak Somwattana	Chief Executive Officer and Acting of Chief Financial Officer
2. Mr. Anuchart Angsumethangkoon	Senior Executive Vice President
3. Mr. Surapong Jiem-on	Executive Vice President – Business Operating Group
4. Mr. Nantachart Kliebphipat	Executive Vice President – Project Development
5. Mr. Ronnachai Trisunan	Executive Vice President – Business Development Group

As at 31 December 2016, the management team of the Company consists of 5 persons as follows;

Name	Position
1. Mr. Tawat Meeprasertskul	Managing Director and Deputy Managing Director – Operating
2. Mrs. Petchpailin Rakswachon	Deputy Managing Director – Marketing
3. Mrs. Piyorot Loughajareonyos	Deputy Managing Director – Chief Financial Officer
4. Ms. Kanyada Bhusawang	Deputy Managing Director – Human Resources
5. Mr. Eakasit Siwakulrangsun	Deputy Managing Director – Plant

3. Company Secretary

The Board of Directors' Meeting No.2/2017 dated 17 January 2017 approved the appointment of Ms. Thamonwan Woraphongjirakarn to replace Ms. Nipansa Saimaya

Duties and responsibilities of the Company Secretary

The Company Secretary shall act in accordance with the Article 89/15 and Article 89/16 of the Securities and Exchange Act (No. 4) B.E. 2551 which came into force on 31 August 2008 with responsibility, precaution, and integrity, including act consistent with the law, objectives, the Articles of Association, the resolutions of the Board of Directors, as well as the resolutions of the shareholders' meeting. The statutory duties of the Company Secretary are as follows;

1. Prepare and maintain documents as follows;
 - Director registration.
 - Notice of Meeting of the Board of Directors, Minutes of Meeting of the Board of Directors, and annual report of the Company.
 - Notice of the Shareholders' Meeting and Minutes of Meeting of Shareholders.
2. Maintain a report of interest of Directors and Executives or related persons and submit a copy of the report under the Article 89/14 to the Chairman of the Board and the Chairman of Audit Committee within 7 days from the date that the Company has been reported.
3. Arrange the meeting of the Board of Directors and the meeting of shareholders to be in accordance with the relevant rules, regulations, and the law.
4. Advise on the operations of the Company and the Board of Directors to be in accordance with the Memorandum of association, the Articles of Association, the Securities and Exchange Act, Public Limited Companies Act, and the related laws.
5. Be a center of communication of information and news between Directors, Executives and Shareholders.
6. Coordinate and monitor the operations in accordance with the resolutions of the Board of Directors and the shareholders' meeting.

7. Ensure the disclosure of information and information memorandum in its own responsible parts to the supervising agencies in accordance with the rules and regulations of the government agencies.
8. Perform in accordance with the Notification of the Capital Market Supervisory Board or the assignment of the Board of Directors.

4. Remuneration for the Company's Directors and Executives

4.1 Remuneration for the Company's Directors

• Remuneration in cash

The 2016 Annual General Meeting of the Shareholders held on 21 April 2016 has approved the remuneration of the Directors in 2016 as follows;

- Chairman of the Board of Directors, attendance fee of THB 20,000 per meeting
- Directors, attendance fee of THB 10,000 per meeting
- Chairman of the Audit Committee, attendance fee of THB 30,000 per meeting
- Audit Committee, attendance fee of THB 20,000 per meeting
- Executive Committee, attendance fee of THB 3,000 per meeting

In addition, the aforementioned Annual General Meeting of the Shareholders has approved remuneration to the Directors of the Company in 2016 of up to THB 1,190,000 per year. Details of remuneration to Directors in 2016 are as follows:

Name	Position	Remuneration (Baht)		
		Board Of Director	Audit Committee	Executive Committee
1. Mr. Prasert Virasathienpornkul	Chairman of the Board of Directors, Chairman of the Audit Committee and Independent Director	160,000	150,000	-
2. Mr. Pornsak Limboonyaprasert	Member of the Audit Committee and Independent Director	80,000	100,000	-
3. Mr. Weerawit Sattayanond	Member of the Audit Committee and Independent Director	80,000	100,000	-
4. Professor Chaiyaporn Bhuprasert	Member of the Audit Committee and Independent Director	80,000	100,000	-
5. Mr. Tawat Meeprasertsukul	Director	80,000	-	15,000
6. Ms. Kanyada Bhusawang	Director	80,000	-	15,000
7. Mr. Eakasit Siwakulrangsun	Director	80,000	-	15,000
Total		640,000	450,000	45,000

4.2 Remuneration for Executives

Remuneration of Executives of the Company (excluding remuneration received as a Director) could be summarized as follows;

	Year 2015	Year 2016
Number of executive (person)	5	5
Remuneration (THB million)	9.29	9.61

• Other remuneration

- None -

5. Employees

The Company does not have significant changes in the number of employees and major labor disputes.

5.1 Number of Employees

Number of employees (excluding executives) in each division of the group of Company could be summarized as follows;

Core Division	31 December 2014	31 December 2015	31 December 2016
Factory	30	30	29
Engineer	10	11	9
Architect	8	6	6
Accounting and Finance	10	12	12
Support	34	35	35
Sales	16	16	14
Total	108	110	105

5.2 Remuneration for Employees

Remuneration of Employees of the Company (excluding Directors) could be summarized as follows;

Type of Remuneration	Remuneration of Employees (THB million)		
	For the year ended 31 Dec 2016		For the year ended 31 Dec 2015
Salary, Bonus, and other remuneration	75.98	Salary, Bonus, and other remuneration	74.75

Employees of the Company did not establish the labor of union. The Company has a policy to treat all employees fairly and legally, therefore, the Company has a good relationship with employees.

5.3 Labor Dispute

- None -

5.4 Policy of Human Resources Development.

The Company believes that all employees are valuable resources and play a major role for the success of the Company. As a result, the Company has a policy to develop ability of employees in order to enhance the administration by facilitating training courses, seminar for both old and new employees continuously on a regular basis so that the employees could apply knowledge and new technology to their work. In addition, the Company also focuses on recruitment process and supervises remuneration system to be consistent with companies in the same industry.

The Company has a policy to **"provide reasonable returns for the right person"** by setting up the promotion system in order to encourage employees to make progress and grow along with the Company. The guidelines are as follows;

- Recruit employees who have competency, qualifications and suitable for the specific position.
- Arrange the training course for employees when they first start to work in order to help them become acquainted before start a real work.
- Arrange the regular training courses in a topic of the specialized knowledge and techniques, both in-house training and public training courses so as to increase employees' skills. In addition, the Company also supports employees to study abroad where is the source of particular knowledge and technology, as well as hires highly qualified personnel from overseas to train employees.

- Criteria for salary consideration, the Company considers salary based on the appropriateness to the organization and itself, ensuring the pleasure of both parties, to attract high quality persons and suitable for duties. By comparison with other companies and labor market, the Company has attractive rate of salary compared to other organizations in the same level.
- Criteria for bonus consideration, the Company considers based on performance and working period of employees, including sales and profits of the Company. If the Company's sales and profits are high, employees will receive high bonus.

5.5 Provident Fund

The Company has established a provident fund of the Company since 1 April 2013.

Corporate Governance

1. Corporate Governance Policy

The Company has concentrated on the implementation of the principles of good corporate governance as guideline for the operation of the Company. As a result, the Company has set the corporate governance policy of the Company in which the principles and practices of the policy are consistent with the principles of the good corporate governance for listed companies in 2012 of the Stock Exchange of Thailand.

2. Sub-Committees

The current management structure of the Company consists of 4 sub-committees, namely the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, and the Executive Committee.

As at 31 December 2016, the management structure of the Company consists of two sub-committees, namely the Audit Committee and the Executive Committee.

2.1 The Audit Committee

Currently, the Audit Committee consists of 3 members as follows;

Name	Position
1. Mr.Sutthichai Sungkamanee	Chairman of the Audit Committee
2. Dr. Preeprem Nonthaleerak	Member of the Audit Committee
3. Mrs.Pojanard Prinyapatpakorn	Member of the Audit Committee

Note: Dr. Deeprem Nonthaleelak is a member of the audit committee who has sufficient knowledge and experience to review creditability of the financial statements in which Ms. Thamonwan Woraphongjirakarn performs as the Secretary of the Audit Committee.

As at 31 December 2016, the Audit Committee consists of 4 members as follows:

Name	Position
1. Mr. Prasert Virasathienpornkul	Chairman of the Audit Committee
2. Mr. Pornsak Limboonyaprasert	Member of the Audit Committee
3. Mr. Weerawit Sattayanond	Member of the Audit Committee
4. Professor Chaiyaporn Bhuprasert	Member of the Audit Committee

Note: Mr. Pornsak Limboonyaprasert is a member of the audit committee who has sufficient knowledge and experience to review creditability of the financial statements in which Ms. Nipansa Saimaya performs as the Secretary of the Audit Committee.

The Scope of Authority, Duties and Responsibilities of the Audit Committee

The Board of Directors' Meeting No. 2/2013, held on 5 April 2013, has approved the authority, duties, and responsibilities of the Audit Committee of the Company as follows;

1. Review the Company's financial statements to be accurate and adequate.
2. Review the Company's internal control and the internal audit to be appropriate and effective, and consider the independence of internal audit unit, as well as approve the appointment, transfer and dismissal of the Chief internal audit and/or the employment of the internal audit firm or any other agencies responsible for the internal audit.
3. Review the Company's operations to be in accordance with the Securities and Exchange Act, rules and regulations of the Stock Exchange of Thailand, and the laws regarding to the Company's businesses.
4. Select and nominate the persons who are independent to perform as the external auditors of the Company and consider the remuneration of the external auditors, as well as attend the meeting with the external auditors without management in attendance at least once a year.
5. Consider the connected transactions or transactions that may have conflicts of interest to be in accordance with the laws, rules and regulations of the Stock Exchange of Thailand, in order to ensure that the aforesaid transactions are reasonable and beneficial to the Company.
6. Prepare a report of the Audit Committee disclosed in the annual report of the Company. The report must be signed by the Chairman of the Audit Committee and must contain the following information as a minimum;
 - 1) An opinion regarding the accuracy, completeness and reliability of the financial statements of the Company.
 - 2) An opinion regarding the adequacy of the internal control system of the Company.
 - 3) An opinion regarding the practice in accordance with the Securities and Exchange Act, rules and regulations of the Stock Exchange of Thailand, and the laws regarding to the Company's businesses.
 - 4) An opinion regarding the appropriateness of the external auditors.
 - 5) An opinion regarding the transactions that may have a conflict of interest.
 - 6) The number of meetings of the Audit Committee and the attendance of each committee member.
 - 7) An opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter.
 - 8) Other transactions which, according to the Audit Committee's opinion, should be known to the share holders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors
7. In its performance of duties, if it is found or suspected that there is a transaction or any of the following acts, which may materially affect the Company's financial condition and operating results, the Audit Committee shall report it to the Board of Directors for rectification within the period of time that the Audit Committee thinks fit;
 - 1) Any transaction which causes any conflict of interest
 - 2) Any fraud, irregularity, or material defect in an internal control system.
 - 3) Any infringement of the law on the Securities and Exchange Act, rules and regulations of the Stock Exchange of Thailand, and the laws regarding to the Company's businesses.
8. Perform other duties as assigned by the Board of Directors of the Company with the consent of the Audit Committee.

In its performance according to the scope of authority, duties and responsibilities of the Audit Committee, the Audit Committee has the authority to invite concerned executives, management and officers of the Company to express opinions, attend meetings or deliver documents as deemed necessary.

The Board of Directors has the authority to adjust the scope of authority, duties and responsibilities of the Audit Committee, as appropriate and necessary.

Meetings of the Audit Committee

Details of the meetings of the Audit Committee in 2016 are as follows;

Name	Meeting Attendance	
	No. of the Meeting	No. of the Attendance
1. Mr. Prasert Virasathienpornkul	5	5
2. Mr. Pornsak Limboonyaprasert	5	5
3. Mr. Weerawit Sattayanond	5	5
4. Professor Chaiyaporn Bhuprasert	5	5

2.2 The Nomination and Remuneration Committee

In March 2017, the Nomination and Remuneration Committee consists of 3 members as follows:

Name	Position
1. Mr. Sutthichai Sungkamanee	Chairman of the Nomination and Remuneration Committee
2. Mrs. Pojanard Prinyapatpakorn	Member of the Nomination and Remuneration Committee
3. Mr. Naris CheyKlin	Member of the Nomination and Remuneration Committee

Ms. Thamonwan Woraphongjirakarn is the secretary of the Nomination and Remuneration Committee Committee. As at 31 December 2016, the Company has not established the Nomination and Remuneration Committee.

2.3 The Risk Management Committee

In March 2017, the Risk Management Committee consists of 3 members as follows;

Name	Position
1. Mrs. Pojanard Prinyapatpakorn	Chairman of the Risk Management Committee
2. Dr. Preeprem Nonthaleerak	Member of the Risk Management Committee
3. Mr. Sornsak Somwattana	Member of the Risk Management Committee

As at 31 December 2016, the Company has not established the Risk Management Committee. Ms. Phruthiphon Khoosuwan is the secretary of the Risk Management Committee.

2.4 The Executive Committee

In March 2017, the Executive Committee consists of 6 members as follows;

Name	Position
1. Mr. Naris CheyKlin	Chairman of the Executive Committee
2. Mr. Terachart Numanit	Member of the Executive Committee
3. Mr. Sornsak Somwattana	Member of the Executive Committee
4. Mr. Tawat Meeprasertskul	Member of the Executive Committee
5. Mr. Vichien Jearkjirm	Member of the Executive Committee
6. Mr. Anuchart Angsumethangkoon	Member of the Executive Committee

Ms. Thamonwan Woraphongjirakarn is the secretary of the Executive Committee

As at 31 December 2016, the Executive Committee consists of 5 members as follows:

Name	Position
1. Mr. Tawat Meeprasertskul	Chairman of the Executive Committee
2. Ms. Kanyada Bhusawang	Member of the Executive Committee
3. Mr. Eakasit Siwakulrangsun	Member of the Executive Committee
4. Mrs. Piyorot Loughajareonyos	Member of the Executive Committee
5. Mrs. Petchpailin Rakswachon	Member of the Executive Committee

Ms. Nipansa Saimaya was the secretary of the Executive Committee

The Scope of Authority, Duties and Responsibilities of the Executive Committee

The Board of Directors' Meeting No. 2/2013, held on 5 April 2013, has approved the authority, duties, and responsibilities of the Executive Committee of the Company as follows;

1. Manage and operate the Company to be in line with the objectives of the business of the Company in which the said management and operations of the Company must be in accordance with the policies, guidelines, and action plans approved by the Board of Directors of the Company and/or resolutions of the Shareholders' Meeting.
2. Set vision, business strategies, goals, policies, guidelines, operating plans of the Company to be consistent and appropriate to the economic situation and competition and propose to the Board of Directors of the Company for consideration to approve.
3. Monitor and follow up the implementation of policies and guidelines for the management of the Company to be in accordance with the approval of the Board of Directors of the Company efficiently.
4. Approve the new investment project of up to THB 30 million, approve the request for the use of budget of up to THB 20 million per time, approve the request for expenses out of budget of up to THB 10 million, and approve the loan from the financial institutions in the approved amount of not more than THB 100 million per case.
5. Have the authority to appoint, dismiss employees in the positions lower than Managing Director.
6. Perform other duties as assigned by the Board of Directors of the Company.

The delegation of authority, duties and responsibilities of the Board of Directors must not be the delegation of authority or the delegation of authority's substitute that allows the Board of Directors and/or attorney authorized by the Board of Directors to approve the transactions that the Board of Directors or persons who may have a conflict (as defined in the Notifications of the Securities and Exchange Commission or the Notifications of the Capital Market Supervisory Board) may have an interest or may obtain benefits in any manner or may have a conflict of interest with any other companies, except the transactions are approved in accordance with normal business and trade conditions.

Meetings of the Executive Committee

Details of the meetings of the Executive Committee in 2016 are as follows;

Name	Meeting Attendance	
	No. of the Meeting	No. of the Attendance
1. Mr. Tawat Meeprasertskul	5	5
2. Ms. Kanyada Bhusawang	5	5
3. Mr. Eakasit Siwakulrangsun	5	5
4. Mrs. Piyorot Loughajareonyos	5	5
5. Mrs. Petchpailin Rakswachon	5	5

3. Nomination and Appointment of Directors and Management

3.1 Nomination of Independent Director

Qualifications of Independent Director

The Board of Directors of the Company has set the qualifications of Independent Directors according to the Notifications of the Capital Market Supervisory Board as follows;

1. Hold shares not exceeding 1 percent of the total number of voting rights of the Company, its parent company, subsidiary, affiliate, major shareholders or controller persons of the Company, including the shares held by related persons of the Independent Director.
2. Neither being nor having been an Executive Director, employee, or advisor who receives salary or controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary, major shareholders or controller persons of the Company, except they have ended the foregoing relationship not less than two years before the date of application to the Securities and Exchange Commission. The aforementioned prohibition does not include cases where the Independent Director used to be a public servant or consultant of government agencies which is a major shareholder or controlling persons of the Company.
3. Not being a person related by blood or registration under laws, such as in the manner of father, mother, spouse, sibling, and child, including spouse of children, executives, major shareholders, controlling persons, or persons to be nominated as directors, executives or controlling persons of the Company or its subsidiary.
4. Not having any business relationship with the Company, its parent company, subsidiaries, affiliates, major shareholders or controller persons of the Company, in any manner that may interfere with his or her independent judgment, and not be, or used to be, a substantial shareholder or controlling person in its parent company, subsidiaries, affiliates, major shareholders or controller persons of the Company, except they have ended the foregoing relationship not less than two years before the date of application to the Securities and Exchange Commission, or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or its counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board Re: Rules on Connected Transactions mutatis mutandis. The consideration of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences.
5. Neither being nor having been an auditor of the Company, its parent company, subsidiaries, affiliates, major shareholders or controller persons of the Company, and not having been a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiaries, affiliates, major shareholders or controller persons of the Company, except they have ended the foregoing relationship not less than two years before the date of application to the Securities and Exchange Commission.
6. Neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the Company, its parent company, subsidiaries, affiliates, major shareholders or controller persons of the Company, and not having been a substantial shareholder, controlling person or partner of the professional advisor, except they have ended the foregoing relationship not less than two years before the date of application to the Securities and Exchange Commission.
7. Not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder.

8. Not conduct any business of the same nature as the Company's or its subsidiaries' businesses and is in competition with them in any material respect, nor being a substantial partner, shareholder holding more than one (1) percent of the voting shares of any company whose business is of the same nature as the Company's or its subsidiaries' businesses, and is in competition with them in any material respect.
9. Not having any other manners, which may render him or her incapable of expressing independent opinions with regard to the Company's business affairs.

3.2 Nomination of the Audit Committee

The Board of Directors of the Company consists of the Audit Committee of at least 3 members in which the Board of Directors will select independent directors as the Audit Committees and propose to the Board of Directors or the Shareholders' Meeting to approve the appointment. The Audit Committee shall have the scope of duties and responsibilities in accordance with the Notifications of the Stock Exchange of Thailand on the qualifications and the scope of work of the Audit Committee.

Term of Membership of Audit Committee

The Audit Committee shall serve for a term of three years unless retired. According to the Articles of Association of the Company, a retiring member may be re-elected. If the position of Audit Committee is vacant by any reason other than retirement, the Board of Directors shall appoint a qualified person to be a member of the Audit Committee in order to ensure that the number of the Audit Committee meets the number set by the Board of Directors. A person who serves as a substitute member of the Audit Committee will be in the position for the remaining term of the Audit Committee substituted only.

3.3 Nomination of Directors and Management

As at 31 December 2016, in selection of a person to serve as Director or Senior Executive of the Company, the Directors who currently serve at that time shall mutually consider and select the suitable candidates by considering qualifications of such person to be appropriate and in line with strategy and action plan of the Company. The aforementioned person must have proper qualifications in terms of knowledge, abilities, experience, time dedication, and the person to be appointed to the position of Directors and Executives of the Company must be fully qualified under the Article 68 of the Public Limited Companies Act B.E. 2535 (and its amendment), the Notifications of the Stock Exchange of Thailand, and the Notifications of the Capital Market Supervisory Board. The appointment of Directors and Executives of the Company must be approved by the Board of Directors' Meeting and/or the Shareholders' Meeting. (as the case may be)

Term of Directorship

At the annual general meeting of shareholders, one-third of the directors shall vacate office. If the number could not be divided into three parts, the number closet thereto shall be the applicable number in the first year. Then, second year subsequent to the registration of the Company, vacating directors shall be drawn by lots. Subsequent years, the directors who have held office the longest shall vacate. The vacating directors may be re-elected.

Term of Executive Committee

The Executive Committee shall serve for a term of three years. A retiring member may be re-elected. If the position of Executive Committee is vacant by any reason other than retirement, the Board of Directors shall appoint a qualified person to be a member of the Executive Committee in order to ensure that the number of the Executive Committee meets the number set by the Board of Directors. A person who serves as a substitute member of the Executive Committee will be in the position for the remaining term of the Executive Committee substituted only. Currently, the Company has already appointed the Nomination and Remuneration Committee, therefore, the Nomination and Appointment of Directors and Senior Executives, the Board of Directors of the Company shall assign the Nomination and Remuneration Committee to recruit and select a qualified person in accordance with the Securities and Exchange Act and in line with the qualifications set by the Company, and propose to the Board of Directors of the Company to appoint or propose to the Shareholders' meeting to approve the appointment.

3.4 Control of Subsidiaries and Affiliated Companies' Business Operations

The Company shall appoint persons with knowledge, abilities, and experience appropriate to the businesses of its subsidiaries or affiliates as directors or executives in proportion to its shareholding in subsidiaries or affiliates in order to set important policies and control the operations of its subsidiaries or affiliates, ensuring that the operation is on the right direction and maximizing benefits of the group companies in overall. In addition, representatives of the Company shall monitor the operations of its subsidiaries or affiliates closely and financial statements and operating result of its subsidiaries or affiliates, in company with the Board of Directors of the Company.

3.5 Control of Internal Information

The Company has a policy to prevent directors and executives from using internal information to benefit themselves or others in abusive ways as follows;

- 1) The Company set a policy to prevent the use of the Company's information by blocking a division that knows the information from disclosing the information to other divisions or unrelated persons.
- 2) Executives of the Company who know the material and financial information of the Company that affect changes in securities must not take advantage of the aforesaid information prior to the disclosure to the public. Executives, including their spouse and minor children are disallowed to trade securities of the Company for a period of 1 month prior to the financial statements or the material information will be disclosed publicly.
- 3) When the securities of the Company listed on the Stock Exchange of Thailand, the Company has determined that the Directors and Executives have duties to report under the Article 59 to be in accordance with the Notifications of the Securities and Exchange Commission regarding the preparation and disclosure of shareholding of Directors and Executives. The number of securities that executives must report shall include shareholding of executives, their spouse, and minor children, whether direct or indirect shareholding in which it finally found that executives, spouses, and minor children have ownership of the securities, such as shareholding by nominee, or through private fund, etc.
- 4) The Company has determined the penalties for the violation of the use of Internal Information by considering sanctions as appropriate such as verbal warning, written warning, probation and expelling, dismissal or removal depending on the case of violation.

3.6 Audit Fee and Non-Audit fee

Audit fee and non-audit fee paid in 2016 and 2015 of the Company and its subsidiaries, joint controlling companies, and affiliates are as follows;

Detail	2016	2015
1. Audit fee of the Company and its subsidiaries, joint controlling companies, and affiliates		
• Paid to audit — Bunchikij Co., Ltd.	1,910,000	2,040,000
• Paid to other audits	-	-
2. Non-audit fee		
• Paid to audit — Bunchikij Co., Ltd.	10,000	90,000
• Paid to other audits	-	-

3.7 Corporate Governance

The Company focuses on the implementation of the principles of good corporate governance as guideline for the operations of the Company. As a result, the Company has defined the policy of corporate governance of the Company in which the principles and practices consistent with the Corporate Governance for listed companies in 2012 of the Stock Exchange of Thailand.

The corporate governance's policy of the Company is divided into 5 categories as follows;

Category 1: Rights of Shareholders

The Company respects the rights of shareholders in which the Company shall encourage shareholders to exercise their rights. The basic rights of shareholders, including trade or transfer of shares, profit sharing of the business, the acknowledgement of sufficient news and information, the attendance of the meeting to exercise rights by voting at the shareholders' meeting to appoint or remove Directors, the appointment of Auditor, and issues that affect the Company, such as dividend allocation, the definition or amendment of Memorandum of Association and Articles of Association, the capital reduction or capital increase and the approval of special transactions, etc.

The Company has a policy to encourage and facilitate Shareholders' exercise of their rights as follows;

- The Company shall send an invitation of the meeting of shareholders with the documents provided to all shareholders at least 7 days in advance or a period required by the laws and Notifications. The invitation shall specify the date, time, venue, the Company's Articles of Association related to the shareholder's meeting, and the meeting agenda with the clarification and reasons of each agenda, along with the opinion of the Board of Directors of the Company, proxy as defined by the Ministry of Commerce, and a list of independent directors so that shareholders may appoint a proxy to attend the meeting instead in case that shareholders are unable to attend the meeting in person. In addition, the Company will publish important information regarding the meeting via website of the Stock Exchange of Thailand and the Company prior to the meeting.

- Prior to the shareholders' meeting, the Company shall inform the meeting regarding the criteria for voting and counting of votes at the meeting. Then, when the information according to the agenda is already provided, the Chairman shall allocate appropriate time for shareholders to express their opinions and inquire the Company in which the relevant directors and executives shall attend the shareholders' meeting in order to answer questions and obtain comments and suggestions from the shareholders. The Company shall allow shareholders to submit enquiries prior to the meeting date.

- In the event that the meeting agenda has several transactions, such as the agenda of appointment of directors, the Company shall arrange a vote on each transaction.

- After the shareholders' meeting, the Company shall prepare complete and accurate minutes of meeting, including the voting procedures, FAQs, and voting results on each agenda both agree, disagree and abstention votes, as well as the list of attendance and absence of directors. The Company shall report the results of voting at the website of the Stock Exchange of Thailand within the same day of the meeting or not later than 9.00 am. of the next working day and shall send the minutes of meeting to the shareholders within 14 days and publish the said minute of meeting on the Company's website.

Category 2: Equitable Treatment of Shareholders

The Company shall treat all shareholders equally, both shareholders who are executives and shareholders who are not executives, including foreign shareholders. The Company has a policy to implement as follows;

- The Company shall prepare a full letter of invitation in English and publish along with the letter of invitation in Thai.

- The Company shall proceed the shareholders' meeting in order of agenda specified in the invitation of share holders' meeting and shall not add the agenda which was not informed in advance unnecessarily, especially the significant agenda in which the shareholders require time to study the information before making a decision.

- The Company shall allow minority shareholders to nominate directors by submitting the information of candidates with the consent letter to the Chairman of the Board of Directors of the Company under the rules and regulations determined by the Company.

- The Company shall encourage shareholders to cast vote in every agenda by collecting the ballots in the shareholders' meeting and calculating votes of the shareholders. The Company shall deposit the ballots for the purpose of transparency and accountability.

- The Company focuses on the disclosure of the Company's news and information accurately, completely and timely to all shareholders equally through the website of the Stock Exchange of Thailand and website of the Company.

- The Company has a policy to prevent directors and executives from using internal information to benefit themselves or others in abusive ways.

- The Company has a policy that directors who have interests in any agenda shall not participate in the afore said meeting agenda and shall not be entitled to cast vote on the agenda as well.

Category 3: Role of Stakeholders

The Company concentrates on the rights of all related groups of stakeholders such as customers, employees, partners, shareholders or investors, creditors, and communities where the company is located, as well as other groups of stakeholders such as competitors, and independent auditors, etc. The Company shall treat all the aforementioned stakeholders fairly in which the Company believes that good relations with all groups stakeholders shall help support the Company's growth sustainably.

Shareholders

1.The Company has duties to support the rights of shareholders in which the Company shall encourage share holders to exercise their rights, including trade or transfer of shares, profit sharing of the business, the acknowledgement of sufficient news and information, the attendance of the meeting to exercise rights by voting at the shareholders' meeting to appoint or remove Directors, the appointment of Auditor, and issues that affect the Company, such as dividend allocation, the definition or amendment of Memorandum of Association and Articles of Association, the capital reduction or capital increase and the approval of special transactions, etc.

2.The Company has duties to encourage shareholders to exercise their rights in shareholders' meeting on various matters, such as the right to nominate candidates to be elected as Directors and the right to express their opinions and ask questions related to the meeting agenda, etc.

3. The Company has duties to refrain from acts of abuse or deprivation of the right of shareholders, such as, non-delivery of significant information or documents before the shareholders' meeting and the addition of major agenda or the changes in important information without notifying the shareholders in advance, etc.

Employees

1. The Company shall pay compensation to its employees fairly based on the performance of the employees in which the Company shall measure the performance of the employees unbiasedly in accordance with the criteria set by the Company.

2. The Company has a policy to develop the Company's employees by arranging the training courses to educate employees and executives, as well as the Company will send employees and executives to attend the training courses with external agencies on matters related to the work.

3. The Company shall maintain working environment to be sanitary and hygienic, encouraging the efficient work and safe of employees' lives and properties.

4. The Company shall maintain the privacy of employees in which the Company shall not disclose personal information, such as salary, medical history, to the third parties, unless the Company is obliged to disclose such information by the law and regulations.

Customers

1. The Company shall build strong relationships and partnerships with customers in the long-term in which the Company has the principles of operation with integrity.

2. The Company aims to create uppermost satisfaction and confidence to the customers in which the Company shall deliver services and products with quality and safety to the consumers in accordance with the terms given to the customers, including compliance with the terms and conditions towards the customers strictly.

Partners and Creditors

1. The Company recognizes equality, fairness and integrity in business operation in which the Company shall comply with the Law and the agreements jointly set strictly.

2. The Company shall maintain ethics in business practices by not calling for, receiving, or paying any benefit in trading with partners.

Competitors

1. The Company has a policy to support and promote free and fair competition.

2. The Company shall treat competitors under the Law and adhere the good practice in which the Company shall not damage the reputation of the competitors by allegation without any fact or any other actions that are unfair to the competition.

Government Agencies

1. The Company has duties to comply with regulations and the Law related to the operations of the Company.

2. The Company focuses on the importance of transparency and integrity in dealing transactions with the government officials and government agencies in which the Company has a policy to combat the bribery to government officials in various forms for convenience or any benefit to the Company.

Environment, Society and Community

1. The Company has a policy to operate the business with responsibilities for the environment and conservation of natural resources, as well as the promotion of the efficient use of energy.

2. The Company has a policy to operate the business with regard to the quality of life of the society and the communities in which the Company shall comply with the regulations and the Law strictly.

In addition, stakeholders can contact the Company for more information or complain about any issues through the Board of Directors of the Company by submitting complaints by mail to the Office of the Company Secretary according to the Company's address or by e-mail: thamonwan.w@daiigroup.com. The complaints will be kept confidential and the Board of Directors of the Company will monitor data and propose solutions later.

Category 4: Disclosure of Information and Transparency

The Company recognizes the importance of the disclosure of information that is accurate, complete, timely, and transparent to its shareholders and stakeholders with parity and reliability. The Company shall update the information on its website on a regular basis.

The Company has a policy to disclose information significant to the public, such as vision and mission, nature of business, the list of the Board of Directors and executives, financial statements, report of financial status, risk factors and risk management policies, including risk management approaches, direct and indirect shareholding of the Directors, major shareholders, and senior executives, audit fee and non-audit fee, and the remuneration of the Board of Directors and executives, etc.

In addition, currently, shareholders, investors, securities analysts, and the public can contact the Company for more information at the Company's Secretary at e-mail: thamonwan.w@daiigroup.com.

Category 5: Responsibilities of the Board of Directors

The Company's management structure consists of the Board of Directors and 2 sub-committees, namely the Audit Committee and the Executive Committee, supervising the operation of the Company in order to maximize benefit of the Company, the shareholder, and the stakeholders in the long-term.

Structure of the Board of Directors

The Board of Directors of the Company consists of the Directors with a wide range of knowledge, ability and experience which consider the significant issues related to the management of the Company. All Directors are free to comment in the meeting and cast vote on the agenda so as to supervise the operations of the Company to be in correct, effective and transparent ways.

The Board of Directors of the Company consists of 7 members, comprising of independent directors of at least one-thirds of all directors and not less than 3 persons. Directors of the Company shall not have any prohibited characteristics as set forth in the relevant Notifications of the Capital Market Supervisory Board and the Stock Exchange of Thailand.

Roles, duties and responsibilities of the Board of Directors

The Board of Directors shall consider and approve significant issues related to the operations, such as vision and mission, strategies, financial goals, action plan, and budget, as well as supervise, control the management to implement policies and plan as scheduled efficiently and effectively. The Board of Directors shall exercise good judgment and prudence in decisions and act with responsibilities and integrity for the long-term benefit of the Company.

Self-assessment of the Board of Directors

The Board of Directors will conduct the self-assessment on an annual basis to evaluate the performance in the previous year and consider approaches to optimize the performance of the Board of Directors.

Remuneration of Directors and Executives

The Company has clearly set the remuneration of Directors in which the aforesaid remuneration shall be approved by the Annual General Meeting of shareholders. If the Directors of the Company are assigned more duties and responsibilities, such as being the Audit Committee, they shall receive higher compensation appropriate to the increased duties and responsibilities assigned. Remuneration of the executives are directly linked to the performance of the Company and the performance of each executive annually.

The Board of Directors' Meeting

The Board of Directors' meeting has emphasized the importance of tracking the performance of the Company on a quarterly basis, including the approval of the Audit Committee's report for the Executive Committee to consider and take action for the maximum benefit of the Company, as well as the reporting of significant operating risks of the Company.

In every meeting of the Board of Directors, the Company Secretary shall prepare the meeting agenda by discussing with the Chairman of the Company and the management and send the document to the Board of Directors at least 7 days prior to the meeting, except in urgent cases. The Company has prepared the minutes of meeting and recorded the minutes of meeting systematically and is ready to be examined by the Board of directors and involved parties.

Corporate Social Responsibility

Policy and Guidelines regarding Corporate Social Responsibility

1. Corporate Governance

The Company is committed to conducting its business properly in accordance with the Laws and regulations related to the business with integrity, fairness, transparency, and disclosing the significant information which can be inspected, in which the Company will take the benefits and the impacts on the shareholders, customers, partners, employees and stakeholders into account.

The Company has focused on the implementation of the good corporate governance as guidelines for the operations of the Company. The Company has set the corporate governance policy of the Company in which the principles and practices are consistent with the principles of the Good Corporate Governance for Listed Companies in 2012 of the Stock Exchange of Thailand.

1.2 Conduct of ethical business practices

The Company is willing to encourage the free trade and avoid actions that may result in a conflict of interest or the violation of intellectual property, including supporting actions against corruption in all categories and fostering social responsibility in every stage of production since the initial processing of raw materials to the distribution to customers.

1.3 Fundamental human rights and treatment of employees

The Company focuses on all employees and fosters a culture of the Company to cooperatively protect and respect human rights, as well as treats all employees equally and fairly. In addition, the Company shall provide welfare, safety and hygiene in the workplace, encourage learning at all levels of the organization and development of skills of all employees so as to promote the work of employees as professional. The Company shall impose rules and regulations involving employees' care in line with regulations such as the labor law, to ensure that the Company's employees shall be treated appropriately.

1.4 Customer responsibility

The Company shall seek to develop quality products that meet or exceed customer expectation under the fair conditions by providing the product information which is accurate sufficient, not beyond reality and not misuse the secret of customers for its own benefits or in the abusive ways.

1.5 Environment and security

The Company focuses on the environmental impact in all its business processes in which the Company has managed to utilize natural resources most effectively in order to minimize the waste back to nature. In the production process, the Company shall opt for efficient machines, not resulting in serious impacts to the environment, and implement the strict regulations aiming to the maximum security of life and property used for business operations.

1.6 Contribution to the development of community and society

The Company promotes the employment of local employees and workers around the location of the Company's office and factory in order to help create a strong economic community in Thai society.

2. Anti-Corruption Policy

The Company concentrates on the anti-corruption in which the Company has announced the guidelines for operations in accordance with the anti-corruption policy to ensure that the Company has a policy that defines the responsibility, guidelines, and requirements for proper operations to prevent corruption in all business activities of the Company and to make decisions and business operations that may be at risk of corruption to be considered and operated carefully as the following details;

Guidelines for the implementation of Anti-Corruption policy

2.1. All directors, executives and employees of the Company and its subsidiaries are prohibited from accepting or supporting the corruption in all its forms, both directly and indirectly, covering all subsidiaries, including other relevant contractors or subcontractors. The Company is required to conduct the review of the implementation of the anti-corruption policy on a regular basis, as well as the review of practices in line with policy, rules and regulations, notifications, Laws, and business changes.

2.2. Anti-corruption measures are part of the business operations and are duties and responsibility of the

Board of Directors of the Company, the management, supervisors, all employees at all levels, contractors or subcontractors to take part in sharing the comments on the guidelines for practices to ensure the achievement of the implementation of anti-corruption policy.

2.3. The Company shall develop anti-corruption measures in accordance with applicable laws, including the moral code of conduct by arranging the risk assessment of activities related or vulnerable to the corruption, and preparing the manual for practice distributed to relevant persons.

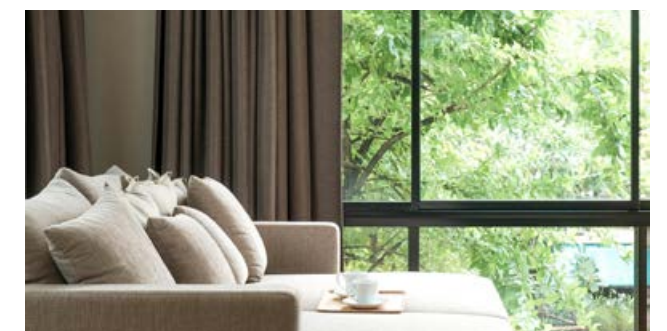
2.4. The Company shall not engage in or support the bribery in all its forms, all activities under the supervision, including control. Donation for the purpose of charity, donation to political parties, provision of business gifts and the support of activities must be transparent and not intend to convince the government or private official to perform improperly.

2.5. The Company shall arrange the appropriate internal control regularly to prevent employees from performing in improper ways, especially sales, marketing, and procurement.

2.6. The Company shall provide knowledge of anti-corruption to the Board of Directors of the Company, the management, and employees to promote integrity, honesty and responsibility in performing accordance to duties and responsibilities, as well as reflecting the determination of the Company.

2.7. The Company shall set up the mechanism for reporting financial status with transparency and accuracy.

2.8. The Company shall encourage several communication channels so that the employees and stakeholders can identify suspicious clues by ensuring that the whistleblower shall be protected from any unfair penalty, transfer, or bullying in any way, and the Company shall appoint persons to monitor all clues notified.





Risk Factors

Risk of the business operation of the Company

1. Risk of changes in costs of construction materials and construction costs

The main costs of the Company's operation are cement, high-tensile steel wire, and steel rod. Changes in the prices of construction materials from estimate during the price quote to the customers could adversely affect the financial position and operating result of the Company due to the Company usually agreed selling price and homebuilding price prior to manufacturing products or building home. In addition, the Company has typically agreed building price with customers before agreeing the costs with subcontractor. Therefore, if the real costs of subcontractor relatively different from the Company's estimates, the Company may not have profit from the building of the home in accordance with the estimate.

However, the Company has a policy to regularly review the construction costs in order to estimate the construction costs close to the real construction costs. The management shall closely track changes in prices of major construction materials. If prices of construction materials are likely to rise enormously, the Company has taken additional measures to control the costs of construction materials in which the Company shall purchase construction materials from suppliers in advance. Moreover, the homebuilding period of the Company shall be only approximately 6 months.

2 Risk of shipment

The Company's operations must rely on shipment, both the transportation of raw materials to factories and delivery of products to customers both in parts of finished fence and prefabricated structures used to build prefabricated homes on the customer's land in which the parts of prefabricated structures, such as finished walls which are relatively large. The pattern of the Company's transportation shall rely on transportation by truck and the Company shall encounter the risk of shipment on time and damages that may occur during transportation if unexpected incidents occur such as accident, or natural disasters, including transportation in Bangkok and metropolitan region shall have limitation in terms of time table of truck running, the Company may not be able to transport goods to customers on time as agreed.

However, the Company has scheduled the delivery of products by reserving spare time moderately well and has clearly planned the delivery of products in which alternates of carriers shall be reserved in case of the number of shipment has increased dramatically.

3 Risk of default on payment

Since the Company has provided commercial credit to the Company's customers, the Company is at risk of defaulting on payments. However, the Company has a policy to screen the proper customers by considering the financial position and ability to repay of the customers. In addition, the Company plans to focus more on sales on a cash basis and the Company has appointed a committee to check the creditworthiness of the distributors of finished fence FENZER particularly in order to set credit limits to avoid the risk of the sales of construction materials. For homebuilding business, the Company has divided construction period in which the Company has a policy to begin the construction when the Company has already received the advance payment.

4 Risk of subcontractors and workers

In the business of construction of prefabricated home, the Company has hired subcontractor in the construction process to construct home as designed, resulting in the Company to be at risk if the subcontractor is unable to perform the construction in accordance with the agreed standard and within the specified period because of the shortage of skilled labor or other causes in which the aforementioned risk may affect the quality of construction, the Company's reputation and may impact revenue, operating results, as well as the financial position of the Company.

However, the Company has developed a good relationship with the subcontractors. As a result, the Company has sufficient number of subcontractors who are ready to work for the Company. In addition, the construction of prefabricated home of the Company shall focus on the use of prefabricated materials produced from factory, enabling the Company to reduce its dependence on workers and control the quality to meet the factory's standard.

5 Risk of litigation

The Company may be sued from the business operation, especially the homebuilding business, such as the Company may be sued by customers due to the delivery does not meet the customers' satisfaction in which the Company could not predict the possibility or outcomes of the aforesaid action. If the Company is unable to resolve the conflict in order to create positive results to the Company, it may result in negative impacts on the business, financial position, and operating results of the Company.

However, the Company has a team of engineers to inspect the quality of construction in accordance with the agreement with the customer prior to the delivery. The Company has operated the home building business

with "Deeji Home Center" system which constructs only the structure, masonry and roofing work, in which the architectural work shall be processed by customers themselves. As a result, the arguments made by the home building business tend to reduce and the number of litigation may be relatively rare in the future compared to the number and value of home building per year.

In addition, the Company currently has served homebuilding service for the entire home by providing the structure building and architectural work with the prefabricated system under the brand of Ginza. In the aforementioned system, customers could purchase home without the amendment of plan and model after signing the agreements. The Company expects that the said homebuilding system could help reduce the conflicts due to parts of home have already been manufactured from the factory.

6 Risk of trends of consumers' need

At present, consumers are likely to be living in the form of Urbanization, therefore, demand for residential condominiums and villages has increased which may affect the prefabricated homebuilding business.

However, the Company has developed the entire prefabricated home system in a lower price, called Ginza Home system, which could respond the needs of homebuilding across the country in which the traditional homebuilding system and the semi-finished homebuilding system have more problems regarding labor relocation to the provinces than the Company's.

In addition, for the finished fence business, there is a high growth opportunity and the Company is able to expand into the region in accordance with the Company's factory expansion plan into the region.

7 Risk of home delivery to customers behind schedule

In signing an agreement of homebuilding with the customer, there will be a certain period of delivery specified in the agreement and sometimes the fines from the delay in delivery are also identified in the agreement because customer's demand may change during the building all the time, the delay in delivery of the subcontractor or labor shortages or any other reasons that may affect the delivery in accordance with the agreement, resulting in the demand of fines from the aforementioned delay.

However, the Company has a team of customer service during the building, architects to serve all the time. Therefore, the problem issues from different demand of each customer could be properly solved, as well as the Company currently has a policy to focus on the sale of prefabricated homes in which the customers shall not be able to change the building plan, resulting in decrease in the risk of delivery delay. In addition, in the past, the Company has never been fined in the amount of more than 0.50 percent of revenue of home-building business per year from the home delivery delay.

Risks of the impact on the rights or investment of securities holders in terms of management

According to the resolution of the Extraordinary General Meeting of Shareholders No. 1/2016, held on 16 December 2016, the meeting has approved the transfer of all ordinary shares of Nirvana Development Company Limited ("NIRVANA") totaling 8,787,681 shares from the Shareholders of NIRVANA, including the Entire Business Transfer ("EBT") of NIRVANA and has approved the purchase of 2 plots of land from Singha Estate Public Company Limited ("S") in which the Company shall issue new ordinary shares to the Private Placement (PP) and allocated to the Shareholders of NIRVANA and S instead of cash payment.

1 Risk of Conflict of Interest

Since the Company shall be under the control of S as a new major shareholder of the Company which operates the real estate business the same as the Company, the Company is required to define business strategies of the Company in order to clearly specify the scope of business of each other in order to avoid conflict of interest issues. The Company and S are clearly separated in terms of segmentation in which S operates real estate for residence by focusing on Luxury and Super Luxury level, hotel business, and rental building business, while NIRVANA operates real estate for residence by focusing on Lower-Luxury. However, NIRVANA currently plans to develop the real estate project which is condominium by focusing on Super Luxury 1 project through Nirvana River Company Limited, a joint venture between NIRVANA and BP Partner International Company Limited with a shareholding proportion of 70% and 30% of the total paid-up capital respectively. NIRVANA shall not develop more real estate projects for residence



focusing on Luxury and Super Luxury level after the complete construction of the project of Nirvana River Company Limited. The Board of Directors of the Company shall consider the necessity and reasonableness of the transaction and monitor, supervise and examine that there is no conflict of the best interests of the Company. If necessary, the Company shall disclose significant information to shareholders and investors in which the Company shall discuss with the Board of Directors of the Company to approve a policy of business classification in order to prevent conflicts of interest between the Company and S.

2 Risk of major shareholding by the management

The Company may have risk since a group of S has a shareholding proportion of 55.79 percent (prior to the tender offer) and the former shareholders of NIRVANA has a shareholding proportion of 33.20 percent, a group of S and former group of shareholders of NIRVANA can control almost all the resolution of the shareholders' meeting. As a result, other shareholders may not be able to cast vote to inspect and balance the transaction proposed by the major shareholders.

However, in order to operate the Company's business transparently and with the balance of power in the management of the Company, the Company has organized the management structure consisting of the Board of Directors, the Executive Committee and the Audit Committee comprising of qualified persons and determining the scope of the operation and the delegation of authority to the directors and executives clearly. There are measures of the transaction connected to directors, major shareholders, controlling persons, and persons who may have a conflict. In addition, the Company also appointed 3 external independent persons to participate in the Board of Directors of the Company in which 3 independent directors shall serve as the Audit Committee of the Company to check and balance decisions and approve transactions before proposing to the shareholders. Moreover, the Company has also hired internal audit company to examine the internal control system to be in accordance with the determined system.

3 Risk of liquidity and being unqualified to maintain status as a listed company

After the group of S has made a Tender Offer for all securities of the Company, if it appears that there are shareholders accept the offer in large amount, the liquidity of securities trading in the Stock Exchange of

Thailand shall decline and may result in shareholders who want to sell shares after the tender offer may not be able to sell at the preferred amount, price and time. In addition, the Company may not be fully qualified to maintain the status as a listed company based on the qualification of the distribution of shares to the minority shareholders according to the Notification of the Stock Exchange of Thailand Re: Listing of Ordinary Shares or Preferred Shares as Listed Securities, B.E. 2558 (and its amendment) that requires the listed company to maintain the qualification of the distribution of shares to the minority shareholders of not less than 150 of minority shareholders and holding shares of not less than 15% of the paid-up capital. In case of free float does not meet the criteria in the first year, the SET shall submit the notice to inform the Company and in the second year the Company will have to pay the additional annual fee and submit the progress report of the solution of free float in every 6 months from the due date to submit the report until the Company is completely qualified the qualification of Free Float.

4. Risk of the Company's existing customers cancel the purchase of goods and services

Since the current major shareholders of the Company are S and the shareholders of NIRVANA which develop real estate projects, as well as the Company's core business shall become real estate development business, causing some customers of the Company operating real estate development business the same as the Company may consider that the Company is a business rival and reduce the purchase of finished fence and aluminum doors and windows from the Company, resulting in declining sales of the Company in the future. However, the Company is confident that the risk may not affect the financial results of the Company in overall since the Company has the former management and sales team who have good relations with customers to explain and make the existing customers understand in order to continue the purchase from the Company. In the meantime, the Company shall order products from NIRVANA which has a large backlog in the future, replacing the sales that may decline. Nonetheless, the main revenue of the Company shall change from the sales of construction materials and prefabricated homebuilding to revenue from real estate sales and revenue of the sales of construction materials and prefabricated homebuilding will become secondary for supporting the real estate development business.



SPACE OF SPARK

Internal Control and Risk Management

The Company focuses on the internal control system which is in accordance with the principles of good corporate governance, namely supervising the operations in various functions with transparency, fairness, reliability and good balance of power, which can be proven, resulting in the best interest of the shareholders, employees and all groups of stakeholders.

The Company has hired Dharmniti Internal Audit Co., Ltd. as an internal auditor in 2016 in order to review and provide recommendations to the management regarding the implementation of the proper and efficient internal control system, as well as directly report to the Audit Committee.

The Company's Board of Directors' Meeting No. 4/2017 held on 21 February 2017, the Board of Directors had considered the evaluation of the adequacy of the internal control system of the Company in 2016 prepared by the previous Audit Committee which consisted of 1) Mr. Prasert Virasathienpornkul 2) Mr. Pornsak Limboonyaprasert 3) Mr. Weerawit Sattayanond and 4) Professor Chaiyaporn Bhuprasert cooperatively evaluated the internal control system of the Company in 5 aspects as follows;

1. Internal Control
2. Risk Assessment
3. Operational Control
4. Information and Communication System
5. Monitoring System

The Audit Committee has already evaluated the internal control system and had an opinion that the Company has an adequate and appropriate internal control system, as well as there is an internal control over the transactions with major shareholders, directors, executives or persons related to the aforementioned adequately and reasonably.

Chief Internal Audit Officer

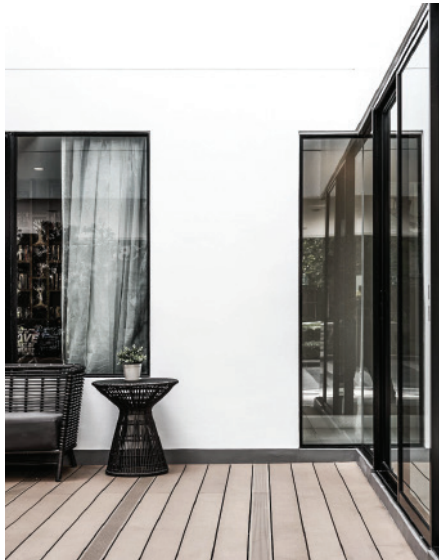
In 2016, the Company has employed the services of internal control from an external independent agency in which the previous Audit Committee of the Company has considered the qualifications and experience of Dharmniti Internal Audit Co., Ltd. which has sufficient qualifications and is appropriated to perform duties. Therefore, the Audit Committee has approved the appointment of Dharmniti Internal Audit Co., Ltd. as the internal auditor in 2016 to assess the adequacy of the internal control system of the Company's group.

The appointment, dismissal, transfer of the incumbent of Chief Audit Executive must be approved by the Audit Committee.

Connected Transactions

Major related transactions of the Company and Its subsidiaries with persons who may have conflicts of interest in the accounting year ended 31 December 2015 and 31 December 2016 could be summarized as follows;

Transaction maker	Type of relationship	Details of transactions	Transaction value (THB)		Rational and necessity	Opinion of the Audit Committee
			Accounting year ended 31 Dec 2015	Accounting year ended 31 Dec 2016		
The Company and Landy Development Co., Ltd. ("LANDY")	1. Having 1 joint director, namely; Ms. Kanyada Bhusawang	The Company paid rental fee and service fee of Khao-poonsub building to LANDY who is the owner of the building in which the Company paid rental fee and service fee of THB 268,838.08 per month			The Company paid rental fee and service fee of its headquarters' building in accordance with the price and conditions based on the market price and market conditions.	This transaction is the property lease of the Company in which the price and conditions are based on market price and market onditions.
	2. The Company has a major shareholding of 14.89 percent					
		Rental fee and service fee of Khaopoonsub building	3,226,057	3,226,057		
		Accrued expenses	Brought forward 45,952	Brought forward 35,800		
			Increase 3,379,100	Increase 3,379,100		
			Repayment (3,689,252)	Repayment (3,385,900)		
		Balance 35,800	Balance 29,000			



EXTRAORDINARY
LIVING

LIFE IS FULL OF DETAILS

Report of the Audit Committee

The Audit Committee has performed in accordance with the scope of authority and duties approved by the Board of Directors of the Company. The significant duties consist of the review of the Company's financial reports to ensure that they are accurate and disclosed adequately, the review of the Company's internal control system and internal audit system to ensure that they are suitable, efficient and effective, as well as the supervision of the Company's corporate governance to be in line with the principles of good corporate governance. In 2016, the Audit Committee has arranged 5 meetings, which could be summarized as follows;

1. To review and approve the Company's financial statements.

The Audit Committee has conjointly reviewed and approved financial statements on a quarterly basis prior to submission to the Board of Directors of the Company. The Audit Committee has participated the meeting in conjunction with the authorized auditor of the Company in order to listen to clarification, opinion, and recommendation in which the Audit Committee had an opinion that the financial statements were prepared accurately and disclosed sufficiently according to the generally accepted accounting standards.

2. To ensure that the Company has an efficient internal control system and an effective supervision of the internal control.

The Company has allowed an internal audit to inspect the internal control on a quarterly basis and report directly to the Audit Committee. The opinions of the internal audit shall be considered and adjusted to ensure that the Company's internal control has been executed effectively and efficiently. According to the report of the internal audit, it found that the Company's internal control system was satisfactory.

3. To review the related transaction.

The Audit Committee has reviewed the related transactions between the Company and companies in a group, as well as the related transactions among the group of businesses with the aim of ensuring that the Company has complied with normal business practices and disclosed complete and adequate information.

4. To ensure that the Company has complied with the principles of good corporate governance.

The Audit Committee shall oversee the Company to ensure that the Company has complied with the Securities and Exchange Act and other relevant laws strictly, especially the related transactions and transactions that may have conflicts of interest in order to conform to the principles of good corporate governance.

Overall opinion of the Audit Committee

In 2016, the Audit Committee has performed in accordance with its duties and responsibilities specified in the scope of authority, duties and responsibilities of the Audit Committee, which was consistent with the requirements of the Stock Exchange of Thailand in which the Audit Committee had sufficient independence and aimed to protect the interests of all stakeholders. The Audit Committee had an opinion that the Company's financial reports were accurate according to generally accepted accounting standards. The Company had a sufficiently efficient internal audit system, and complied with Public Limited Companies Act, the Securities and Exchange Act, Notifications of the Securities and Exchange Commission, as well as related regulations of the Stock Exchange of Thailand strictly as always.



(Mr. Prasert Virasathienpornkul)
Chairman of the Audit Committee

Report of the Board of Directors' Responsibilities for the Financial Statements

The Board of Directors of Daii Group Public Company Limited places significance on its duties and responsibilities in supervising the Company's operations in compliance with good corporate governance principles and is accountable for the financial statements including financial data as shown in the Annual Report. The financial statements for the accounting year ended December 31, 2016 has been prepared under the generally accepted accounting standards. All material information has been sufficiently disclosed in the notes to financial statements. The financial statements have been audited by qualified and independent auditors who have confirmed that the said statements accurately reflect the actual financial standing, results and operating results over the past year, as well as being transparent.

The Board of Directors has maintained internal control, internal audit, risk management and corporate governance in order to ensure the completeness, adequacy and accurateness of the financial statements. The Board of Directors has assigned the Audit Committee to review the quality of financial reports, the internal control system as well as the appropriate disclosure of connected transaction.

The Board of Directors expresses its satisfaction on the adequacy, credibility and reliability on the internal control system and the financial statements of Daii Group Public Company Limited and its subsidiary companies for the year ended December 31, 2016.



Mr. Sutthichai Sungkamanee
Chairman



Mr. Sornsak Somwattana
Chief Executive Officer

MASSIVE DETAILS

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Independent Auditor's Report

To the Shareholders and the Board of Directors of
Daii Group Public Company Limited

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	How the matter was addressed
<p>Recognition of revenue from construction services</p> <p>As presented in the statement of comprehensive income for the year ended December 31, 2016, total revenue of the Group from the construction services amounted to Baht 159.57 million. Such revenue per each project has been recognized by using the percentage of completion method considering from the ratio of actual project cost incurred to the total estimated project cost.</p> <p>To consider the level of completion of each individual construction project at the end of any specific period requires the rational estimate and appropriate judgement of the management to get the most realistic total project cost estimation at the end of such period. Had any significant factor or situation been ignored or inappropriately or irrationally evaluated in the process of project cost estimation, the risk deriving from such factors or situation would have caused error to the revenue recognized and would have materially affected the fair presentation of the financial statements of the Group. Factors and situation that could be ignored or inappropriately or irrationally evaluated during the process of project cost estimation, for instance, changes in the future costs of construction materials and wages, changes due to the modification to the scope of contract, and cost of damages that may arise from the breach of contract.</p>	<p>The following procedures have been addressed to cover the risk that may arise:</p> <ul style="list-style-type: none">• Understand and test of controls on the construction project cost estimation system.• Understand the scope, term and conditions of the relevant construction contracts and tie with information obtained from the review on the establishment of the relevant estimated project costs and the assumption thereon, for instance, the budgeting method of material costs, the budgeting method of sub-contract costs and the rationality on the allocation method of common costs to each project.• Analyze the differences from the comparison of actual costs incurred and the estimated costs.• Verify to ensure the rationality of documents that support the additional adjustments subsequently made to the relevant estimated project costs.• Verify the validity of detailed supporting documents of actual project costs incurred.• Observe the construction projects in progress with the support of the construction engineer of the Group to ensure whether the physical progress of the construction projects are in line with the level of completion recorded by the Group based on the method being used to recognize the construction project revenues.

Other matter

The consolidated and separate financial statements for the year ended December 31, 2015 of Daii Group Public Company Limited and its subsidiaries and of Daii Group Public Company Limited, respectively, which are presented herein as comparative information, were audited by another auditor of Bunchikij Co., Ltd. who expressed an unqualified opinion on those statements in his report dated February 17, 2016.

Other Information

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

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

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

When I read the Group's annual report, if I conclude that there is any material misstatement in those other information, I am required to communicate the matter to the management and those charged with governance to correct such information.

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

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the 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.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

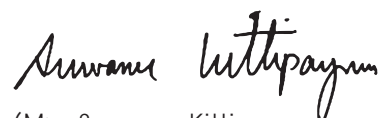
• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

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

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

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

The engagement partner responsible for the audit resulting in this independent auditor's report is Mrs. Suwanee Kittipanya-ngam



(Mrs. Suwanee Kittipanya-ngam)
Certified Public Accountant No. 2899
Bunchikij Co., Ltd.

Bangkok
February 21, 2017

Statements of financial position

Daii Group Public Company Limited and its subsidiaries

As at December 31, 2016

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	5	46,931,690	47,553,935	9,380,373	25,271,005
Current investments – deposits with banks		1,477	0	0	0
Trade and other receivables	6	25,917,278	34,150,743	18,625,386	23,326,879
Unbilled receivables	7	386,988	0	0	0
Short-term loans to related parties	4	0	0	0	0
Short-term loans to other company	8	0	3,500,000	0	0
Inventories	9	28,553,604	26,719,082	27,330,914	25,509,879
Property development for sale	10	0	17,782,718	0	0
Other current assets		5,419,214	5,921,850	3,122,156	4,433,289
Total current assets		107,210,251	135,628,328	58,458,829	78,541,052
Non-current assets					
Deposits at banks used as collateral	11	451,720	647,520	451,720	446,145
Investments in subsidiary and joint venture companies	12	0	473,279	49,700,380	43,599,880
Other Long-term investments	13	5,134,465	5,134,465	5,134,465	5,134,465
Property, plant and equipment	14	200,208,604	191,805,107	195,140,763	185,060,603
Intangible assets	15	850,054	1,262,871	320,302	628,825
Deferred tax assets	22	4,366,853	5,521,709	3,020,547	3,962,756
Other non-current assets		7,102,812	7,219,068	1,701,633	907,271
Total non-current assets		218,114,508	212,064,019	255,469,810	239,739,945
Total assets		325,324,759	347,692,347	313,928,639	318,280,997

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

Statements of financial position (Continued)

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Liabilities and shareholders'equity					
Current liabilities					
Trade and other payables	16	73,121,943	75,843,498	17,715,100	22,819,220
Short-term loans from related parties	4	0	0	13,000,000	0
Accrued income tax		251,983	131,446	0	0
Other current liabilities		4,624,219	3,949,902	1,094,463	1,032,140
Total current liabilities		77,998,145	79,924,846	31,809,563	23,851,360
Non-current liabilities					
Deferred tax liabilities	22	1,220,784	1,445,568	1,220,784	1,445,568
Employee benefit obligations	17	10,088,239	6,805,229	8,596,559	6,292,552
Provision for litigation and claims	26.3	240,000	240,000	0	0
Total non-current liabilities		11,549,023	8,490,797	9,817,343	7,738,120
Total liabilities		89,547,168	88,415,643	41,626,906	31,589,480
Shareholders'equity					
Share capital	18.3				
Authorized share capital					
1,180,600,000 Ordinary shares at Baht 1 each,		1,180,600,000		1,180,600,000	
130,000,000 Ordinary shares at Baht 1 each,			130,000,000		130,000,000
Issued and paid-up share capital					
130,000,000 Ordinary shares at Baht 1 each,		130,000,000	130,000,000	130,000,000	130,000,000
Premium on ordinary shares		141,205,600	141,205,600	141,205,600	141,205,600
Capital reserve for share-based payment transaction		2,588,050	2,588,050	2,588,050	2,588,050
Retained earnings					
Appropriated for legal reserve		1,369,973	1,369,973	1,369,973	1,369,973
Unappropriated		(8,475,090)	15,024,023	(2,861,890)	11,527,894
Other components of equity		(30,910,942)	(30,910,942)	0	0
Total equity holders of the Company		235,777,591	259,276,704	272,301,733	286,691,517
Non-controlling interests		0	0	0	0
Total shareholders' equity		235,777,591	259,276,704	272,301,733	286,691,517
Total liabilities and shareholders' equity		325,324,759	347,692,347	313,928,639	318,280,997

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

Statements of comprehensive income

Daii Group Public Company Limited and its subsidiaries

As at December 31, 2016

		Unit : Baht			
		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Revenues					
Revenues from sales of goods		151,997,123	185,704,357	143,367,564	183,256,931
Revenues from construction services		159,569,230	169,623,989	0	0
Revenues from sales – property development business		23,970,144	39,992,825	0	0
Total revenues		335,536,497	395,321,171	143,367,564	183,256,931
Costs					
Cost of sales of goods		(106,635,126)	(117,753,618)	(99,837,042)	(114,649,798)
Cost of construction services		(118,849,297)	(114,445,032)	0	0
Cost of sales – property development business		(19,029,200)	(32,123,838)	0	0
Total costs		(244,513,623)	(264,322,488)	(99,837,042)	(114,649,798)
Gross profit		91,022,874	130,998,683	43,530,522	68,607,133
Other income	19	5,556,100	6,841,933	12,574,434	13,968,291
Profit before expenses		96,578,974	137,840,616	56,104,956	82,575,424
Selling expenses		(39,251,470)	(48,138,835)	(24,019,497)	(29,018,593)
Administrative expenses		(70,832,168)	(72,664,045)	(44,160,690)	(39,363,922)
Reversal of allowance for decline in valu of investment in a subsidiary company		0	0	6,600,400	0
Profit (loss) before share of loss from joint venture		(13,504,664)	17,037,736	(5,474,831)	14,192,909
Share of loss from joint venture		(14,504)	(26,621)	0	0
Profit (loss) before finance costs and income tax		(13,519,168)	17,011,115	(5,474,831)	14,192,909
Finance costs		(1,935)	(825,674)	(145,664)	(955,137)
Profit (loss) before income tax		(13,521,103)	16,185,441	(5,620,495)	13,237,772
Tax expense	22	(2,070,782)	(3,184,407)	(1,027,798)	(3,078,387)
Profit (loss) for the years		(15,591,885)	13,001,034	(6,648,293)	10,159,385

Statements of comprehensive income (Continued)

Note	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Unit : Baht				
Other comprehensive income				
Item that will not be reclassified to profit or loss :				
Actuarial gains losses	(1,759,035)	0	(1,551,863)	0
Income tax effect of other comprehensive income	351,807	0	310,372	0
Total other comprehensive income for the years	(1,407,228)	0	(1,241,491)	0
Total comprehensive income for the years	(16,999,113)	13,001,034	(7,889,784)	10,159,385
Profit attributable to				
Equity holders of the Company	(15,591,885)	13,001,034	(6,648,293)	10,159,385
Non-controlling interests	0	0	0	0
	(15,591,885)	13,001,034	(6,648,293)	10,159,385
Total comprehensive income attributable to				
Equity holders of the Company	(16,999,113)	13,001,034	(7,889,784)	10,159,385
Non-controlling interests	0	0	0	0
	(16,999,113)	13,001,034	(7,889,784)	10,159,385
Basic earnings (loss) per share				
Profit (loss) of equity holders of the Company	(0.12)	0.11	(0.05)	0.09

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

Consolidated statement of changes in shareholders' equity

Daii Group Public Company Limited and its subsidiaries

For the year ended December 31, 2016

	Note	Equity holders of the parent						Non-controlling interests	Unit : Baht	
		Issued and paid-up share capital	Premium on ordinary shares	Capital reserve for share-based payment transaction	Retained earnings		Other components of equity			Total equity holders of the parent
					Appropriated Legal reserve	Unappropriated				
Balance as at January 1, 2015		100,000,000	56,100,000	2,588,050	0	13,392,962	(30,806,536)	141,274,476	0	141,274,476
Sales of investment in subsidiary	12						(104,406)	(104,406)		(104,406)
Share capital issued	18.3	30,000,000	85,105,600	0	0	0	0	115,105,600	0	115,105,600
Appropriated for										
Legal reserve		0	0	0	1,369,973	(1,369,973)	0	0	0	0
Dividend paid	18.1.2	0	0	0	0	(10,000,000)	0	(10,000,000)	0	(10,000,000)
Profit for the year 2015		0	0	0	0	13,001,034	0	13,001,034	0	13,001,034
Balance as at December 31, 2015		130,000,000	141,205,600	2,588,050	1,369,973	15,024,023	(30,910,942)	259,276,704	0	259,276,704
Balance as at January 1, 2016		130,000,000	141,205,600	2,588,050	1,369,973	15,024,023	(30,910,942)	259,276,704	0	259,276,704
Dividend paid	18.1.1	0	0	0	0	(6,500,000)	0	(6,500,000)	0	(6,500,000)
Loss for the year 2016		0	0	0	0	(15,591,885)	0	(15,591,885)	0	(15,591,885)
Other comprehensive income for the period		0	0	0	0	(1,407,228)	0	(1,407,228)	0	(1,407,228)
Balance as at December 31, 2016		130,000,000	141,205,600	2,588,050	1,369,973	(8,475,090)	(30,910,942)	235,777,591	0	235,777,591

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

Separate statement of changes in shareholders' equity

Daii Group Public Company Limited and its subsidiaries

For the year ended December 31, 2016

	Note	Issued and paid-up share capital	Premium on ordinary shares	Capital reserve for share-based payment transaction	Unit : Baht		
					Retained earnings		Total shareholders' equity
					Appropriated Legal reserve	Unappropriated	
Balance as at January 1, 2015		100,000,000	56,100,000	2,588,050	0	12,738,482	171,426,532
Share capital issued		30,000,000	85,105,600	0	0	0	115,105,600
Appropriated for							
Legal reserve		0	0	0	1,369,973	(1,369,973)	0
Dividend paid	18.1.2	0	0	0	0	(10,000,000)	(10,000,000)
Profit for the year 2015		0	0	0	0	10,159,385	10,159,385
Balance as at December 31, 2015		130,000,000	141,205,600	2,588,050	1,369,973	11,527,894	286,691,517
Balance as at January 1, 2016		130,000,000	141,205,600	2,588,050	1,369,973	11,527,894	286,691,517
Dividend paid	18.1.1	0	0	0	0	(6,500,000)	(6,500,000)
Loss for the year 2016		0	0	0	0	(6,648,293)	(6,648,293)
Other comprehensive income for the period		0	0	0	0	(1,241,491)	(1,241,491)
Balance as at ecember 31, 2016		130,000,000	141,205,600	2,588,050	1,369,973	(2,861,890)	272,301,733

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

Statements of cash flows

Daii Group Public Company Limited and its subsidiaries

For the year ended December 31, 2016

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Cash flows from operating activities					
Profit before income tax		(13,521,103)	16,185,441	(5,620,495)	13,237,772
Adjustments to reconcile the profit before income tax to net cash provided by operating activities					
Depreciation		21,737,272	19,132,094	20,199,710	16,682,964
Amortization		457,815	539,084	353,523	392,708
Bad debt		0	0	0	0
Doubtful accounts (reversal)		0	1,788,562	0	0
Withholding tax - written off		8,551	223,385	0	0
Transfer assets to expenses		55,958	480,338	5,757	145,075
Transfer liabilities to other income		(438,901)	(1,620,598)	(15,246)	(3,671)
Allowance for decline in value of inventories (reversal)		(57,766)	15,769	0	0
Reversal of allowance for decline in value of investment in a subsidiary company		0	0	(6,600,400)	0
Gain on sale of investment in a subsidiary company		0	(296,754)	0	0
Gain on sale of investment in a joint venture		(41,125)	0	0	
Share of loss from joint venture		14,504	26,621	0	0
(Gain) loss on sales and disposal of fixed assets		(1,768,589)	(2,961,851)	(2,234,298)	(2,960,419)
Employee benefit expenses		936,717	976,571	752,144	804,450
Provision for litigation and claims		0	100,000	0	0
Interest income		(80,382)	(86,689)	(21,207)	(698,425)
Interest expense		1,935	825,674	145,664	955,137
		<u>7,304,886</u>	<u>35,327,647</u>	<u>6,965,152</u>	<u>28,555,591</u>
Changes in operating assets and liabilities					
(Increase) decrease in assets					
Trade and other receivables		8,814,966	(14,243,975)	4,695,736	(3,474,211)
Unbilled receivables		(386,988)	476,347	0	0
Inventories		(1,776,756)	(9,124,637)	(1,821,035)	(8,491,189)
Property development for sale		17,782,718	23,298,211	0	0
Other current assets		(406,860)	(2,603,365)	618,321	(2,654,192)
Other non-current assets		926,486	(150,181)	140,300	(161,900)
Increase (decrease) in liabilities					
Trade and other payables		(2,674,127)	20,339,766	(5,189,691)	78,218
Other current liabilities		998,006	1,661,271	62,321	97,325
Cash generated from operations		<u>30,582,331</u>	<u>54,981,084</u>	<u>5,471,104</u>	<u>13,949,642</u>
Interest paid		(1,935)	(836,143)	(112,631)	(976,074)
Refund of prepaid corporate income tax		838,570	0	0	0
Income tax paid		(1,471,313)	(6,288,904)	(241,851)	(2,627,661)
Net cash provided by operating activities		29,947,653	47,856,037	5,116,622	10,345,907

Statements of cash flows (Continued)

Note	Consolidated financial statements		Unit : Baht Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities				
Decrease in current investments	(1,477)	0	0	0
Decrease in short-term loans to related and parties	0	0	0	19,300,000
Decrease in short-term loans to other company	3,500,000	0	0	0
Increase in deposits at banks used as collateral	195,800	(2,827,990)	(5,574)	(7,492)
Cash payment for investment in Joint Venture	0	(499,900)	0	(499,900)
Cash from sale of investment in a subsidiary company	0	1,190,643	0	0
Cash from sale of investment in a in Joint Venture	499,900	0	499,900	
Decrease in cash and cash equivalents of a subsidiary company at the divestment date	0	(388,800)	0	0
Purchase of fixed assets	(30,632,025)	(92,289,372)	(30,164,886)	(91,041,023)
Repayment of asset payables	(487,701)	0	(487,701)	0
Proceeds from sales of fixed assets	2,791,805	9,827,454	2,651,273	9,667,114
Purchase of intangible assets	(45,000)	(18,500)	(45,000)	(18,500)
Interest received	85,273	86,689	21,207	757,362
Net cash used in investing activities	(24,093,425)	(84,919,776)	(27,530,781)	(61,842,439)
Cash flows from financing activities				
Decrease in bank overdrafts and loans from financial institutions	0	(24,232,131)	0	(24,232,131)
Increase (decrease) in short-term loans from related parties	0	(7,000,000)	13,000,000	(7,150,000)
Received long-term loans from financial institutions	0	16,460,000	0	16,460,000
Repayment of long-term loans from financial institutions	0	(16,460,000)	0	(16,460,000)
Repayment of liabilities under finance lease contracts	0	(7,167,862)	0	(7,167,862)
Cash received from increase in share capital	0	115,105,600	0	115,105,600
Dividend paid	(6,476,473)	(9,978,582)	(6,476,473)	(9,978,582)
Net cash provided by (used in) financing activities	(6,476,473)	66,727,025	6,523,527	66,577,025
Net increase (decrease) in cash and cash equivalents	(622,245)	29,663,286	(15,890,632)	15,080,493
Cash and cash equivalents as at January 1,	47,553,935	17,890,649	25,271,005	10,190,512
Cash and cash equivalents as at December 31,	46,931,690	47,553,935	9,380,373	25,271,005

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

Notes to the financial statements

Daii Group Public Company Limited and its subsidiaries

For the year ended December 31, 2016

1. General information

1.1 Daii Group Public Company Limited (the Company) was incorporated in Thailand on March 22, 1994, and registered as a public limited company on September 15, 2004. The Company's shares were approved for trading in the MAI under Stock Exchange of Thailand on June 5, 2015.

1.2 The address of head office is 1 Soi Ladprao 19, Ladprao Road, Chom Phon, Chatuchak, Bangkok and the branch is its Factory, which is located at 97 Moo 1 Ban Laem Krachao Road, Lam Luk Bua, Don Tum, Nakhon Pathom.

1.3 The Company's operations are manufacturer and distributor of precast concrete products, either reinforced concrete or prestressed concrete, such as fences, concrete beams, and concrete pillars.

1.4 The major shareholders of the Company are Dcorp Group Co., Ltd., and Meeprasertsul family.

2. Basis of preparation and presentation of interim financial statements

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards and the related guidelines and interpretation which are promulgated by the Federation Accounting Professions (FAP) ; and applicable rules and regulations of the Thai Securities and Exchange Commission.

2.2 The financial statements are presented for Thai currency reporting purpose and prepared in Thai language. This English translation of financial statements has been prepared for the convenience of the readers who were not conversant with Thai language.

2.3 Basis of preparation of the consolidated financial statements

The consolidated financial statements include the financial statements of the Company and its subsidiaries as follows:

Company	Paid-up Share capital		Shareholdings (%)		Business
	2016	2015	2016	2015	
Subsidiaries					
Qtech Products Co., Ltd.	10,000,000	10,000,000	99.99	99.99	Property development for sale
Atech Enterprise Co., Ltd.	7,000,000	7,000,000	99.99	99.99	Sales of aluminum windows and doors.
Deeji Home Center Co., Ltd.	8,000,000	8,000,000	99.99	99.99	Sales of construction materials/concrete structures
Indirect subsidiaries (Held by Qtech Products Co., Ltd.)					
Ginza Home Co., Ltd.	5,000,000	5,000,000	99.99	99.99	Construction services

Outstanding intragroup balances, significant intragroup transactions, and the investment of the parent company in subsidiaries and shareholders' equity of the subsidiaries have been eliminated in this consolidation.

The financial statements of the subsidiaries are prepared by using the same significant accounting policies used by the Company.

* Qtech Products Co., Ltd. (subsidiary company) sold investment in Qsafe Dimond Co., Ltd. (indirect subsidiary company) on December 29 2015.

2. Basis of preparation and presentation of the financial statements (Continued)

2.4 New Financial Reporting Standards

The FAP has promulgated the newly revised and new financial reporting standards as follows:

2.4.1 The Financial Reporting Standards that are effective in the current accounting period

The Company and its subsidiaries has adopted the Thai Financial Reporting Standards that are effective for accounting periods beginning on or after January 1, 2016. The adoption of these Thai Financial Reporting Standards does not have any significant impact on the Company's and its subsidiaries' financial statements.

2.4.2 The Financial Reporting Standards that will become effective in the future

The Financial Reporting Standards which are effective for accounting period beginning on or after January 1, 2017 are as follows:

Financial Reporting Standards

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

Accounting Standards

TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events After the Report Period
TAS 11 (revised 2016)	Construction Contracts
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 20 (revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements

2. Basis of preparation and presentation of the financial statements (Continued)

TAS 28 (revised 2016)	Investments in Associates and Joint Venture
TAS 29 (revised 2016)	Financial Reporting in Hyperinflationary Economics
TAS 33 (revised 2016)	Earnings per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 40 (revised 2016)	Investment Property
TAS 41 (revised 2016)	Agriculture
TAS 104 (revised 2016)	Troubled Debt Restructurings
TAS 105 (revised 2016)	Accounting for investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments : Disclosure and Presentation

Financial Reporting Standard Interpretations

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

Accounting Standard Interpretations

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

2. Basis of preparation and presentation of the financial statements (Continued)

FAP Announcements

No. 5/2559	Accounting guidance for de-recognition of financial assets and financial liabilities
No. 91/2559	Accounting guidance for insurance business to designate financial instruments as financial instruments measured at fair value through profit or loss

The Company and its subsidiaries have not adopted the above standards before the effective date. The management of the Company and its subsidiaries assess that there will be no material impact on the financial statements in the period that the above standards are applied.

- 2.5 Preparation of financial statements in conformity with Thai Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

3. Summary of significant accounting policies

3.1 Measurement basis used in preparing financial statements

Historical cost is used as measurement basis in preparing these financial statements except some items indicated in relevant notes.

3.2 Cash and cash equivalents

Cash represents cash on hand and demand deposits with bank.

Cash equivalents comprise fixed deposit and short-term highly liquid investments which are not restricted in their uses, and that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value, such as deposit expiring less than 3 months from the date of investments.

3.3 Trade receivables

Trade receivables are stated at net realizable value which is the amount of invoices netted from allowance for doubtful account. The Company and its subsidiaries provided the allowance for doubtful accounts based on the estimated uncollectible and the management's estimates.

3.4 Inventories

Inventories are valued at cost or net realizable value, whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The costs of purchased inventories comprise the purchase price and other costs directly attributed to the acquisition of goods. Manufacturing cost of finished goods and work in process comprises cost of raw materials, labor and manufacturing overhead. The costs of inventories are calculated as follows:

Finished goods produced	- Average production cost.
Finished goods purchased for sale	- Average cost.
Work in process	- Average production cost.
Raw material	- Average cost.

The company and its subsidiaries have policy to approximate the allowance for decline in value of inventories by considering from each item of merchandises that has not been moving and the management's estimates.

Summary of significant accounting policies (Continued)

3.5 Property development

Property development are valued at cost or net realizable value, whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale

Property development costs include cost of the project, cost of acquisition, development and other related costs.

3.6 Investments

Investments in subsidiaries and joint venture in the Separate financial statements and other long-term investments are accounted for by using the cost method less allowance for decline in value of investment.

Investments in joint venture in the Consolidated financial statements are accounted for by using the equity method.

3.7 Leases agreement

Finance Leases

The leases of assets, which all substantial risks and rewards associated with the assets have been transferred to the lessee, title may or may not eventually be transferred to the lessee under the finance lease arrangements, are classified as finance leases. The Company and its subsidiaries record asset and obligation at an amount equal to the fair value of the leased asset or the present value of the minimum lease payment, whichever is lower. The interest expense is charged to profit or loss over the lease period. The leased asset is depreciated over the useful life of the asset.

Operating Leases

The leases of assets, which all substantial risks and rewards associated with the ownership of the assets have not been transferred to the lessee, are classified as operating leases. The payments made under operating leases are charged to profit or loss on the straight-line method over the period of the lease.

3.8 Property, plant and equipment

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). Depreciation is calculated by the straight-line method, based on the estimated useful lives of assets as follows:

Leasehold land improvement	9	years
Buildings and improvement	10 - 20	years
Buildings improvement - factory	5 - 20	years
Buildings improvement - rental office	4 - 5	years
Machinery and equipment	5 - 10	years
Factory equipment and tools	5	years
Computer	5	years
Furniture and fixtures	5	years
Office equipment	3 - 5	years
Vehicles	5	years

An initial estimate of the costs of dismantling and removing the item and restoring the site, when the Company and its subsidiaries have obligation to do, have been included in cost of Property, plant and equipment.

3. Summary of significant accounting policies (Continued)

Cost of addition, improvement, repair or extensions of lease agreement that increase the future economic benefit are recognized as assets.

Depreciation is separately calculated on each component of assets, when the cost of each component is significant in relation to the total cost of item.

Depreciation method, useful life and residual value of assets, are reviewed at least at each financial year-end.

Depreciation is recognized as expense for each accounting period.

3.9 Intangible assets

Intangible assets are stated at cost less accumulated amortization and allowance for loss on impairment of assets (if any). Amortization is charged to the statements of income by the straight-line method from the date that intangible assets are available for use over the estimated useful lives of the economic benefit of the assets. Unless such lives are indefinite, intangible assets with an indefinite useful life are not amortized but are systematically tested for impairment at each statement of financial position date. The estimated useful lives those intangible assets with definite useful lives are about to 5 -10 years.

The Company and its subsidiaries recorded the amortization as expenses for each accounting period.

3.10 Impairment of assets

The Company and its subsidiaries assess the impairment of assets i.e. Property, Plant and Equipment and intangible assets whenever there is indication that an asset may be impaired, the impairment will be assessed by estimating the recoverable amount of asset, if it is below the carrying amount of asset, it signs an asset is impairment. The Company and its subsidiaries recognize the impairment loss in profit or loss.

Recoverable amount of assets represents the asset's net selling price or its value in use, whichever is higher, and it is determined from an individual asset or cash-generating unit.

3.11 Liabilities, provisions and expenses

The Company and its subsidiaries recognize liabilities, provisions and expenses in the financial statements when it has legal obligation or possible obligation arising from past events, the settlement of which is expected to be made in the amount that can be estimated with sufficient reliability.

The Company and its subsidiaries recognize the dividend payable when the dividend is approved by the shareholders' meeting.

3.12 Revenue recognition

Revenue from sales of goods is recognized when significant risks and rewards of ownership have been transferred to the buyer and the amount based on the invoice value less discount, goods return, and the estimates of goods return (if any).

Revenues from construction services is recognized on the percentage of completion method. The percentage of completion is measured based on the ratio of actual construction costs incurred up to the end of the reporting period to total estimated construction costs of the relevant project. The recognised revenue which has not been paid due per the contracts is presented under the caption of "Unbilled receivable" in the statement of financial position. The difference between the amount received from customer which is higher than the value of the construction contract in progress is presented as "Construction revenue received in advance" in the statement of financial position.

3. Summary of significant accounting policies (Continued)

Revenue from property development for sale is recognized as income on the sale of land and house when risks and rewards of ownership have been transferred to the buyer.

Revenue from services is recognized when the outcome of a service can be estimated reliably.

Lease income is recognized over the lease period.

Dividend income is recognized when the right to receive dividend is announced.

Interest income is recognized over the deposit period.

3.13 Employee Benefits

Short-term employee benefits

Short-term employee benefits, which fall due wholly within 12 months after the end of period in which the employees render the related service, are recognized as expenses when incurred.

Post-employment benefits

The company and its subsidiaries and their employees have jointly established a provident fund for the employees. The fund composed of contributions from employees which are deducted from their monthly salaries and contributions made 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 recognized as expenses when incurred.

The severance payments upon the retirement under the labor law, was calculated based on Actuarial Valuation Methods by using the projected unit credit method.

The Company and its subsidiaries recognize the actuarial gains and losses arising from remeasurement of post-employment benefits plan in other comprehensive income and recognize all expenses related to post-employment benefits plan in profit or loss.

3.14 Translation of foreign currency

Foreign currency transactions are translated into Thai Baht at the exchange rate on the transaction date.

The remaining balances of assets and liabilities denominated in foreign currency at the end of reporting period are translated into Thai Baht at the exchange rates ruling at that date. Exchange differences are accounted for as profit or loss in the statements of income.

3.15 Income tax

Income tax expense represents the aggregate of current income tax expense and deferred tax.

Current income tax expense and deferred tax are recognized in profit or loss except for those related to a business combination or items recognized directly in equity or in other comprehensive income.

Current income tax represents the amount of expected income tax payable or recoverable on the taxable profit or loss for the period in accordance with the Revenue Code.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of recorded assets and liabilities and the amounts recognized by the tax rulings.

3. Summary of significant accounting policies (Continued)

The measurement of deferred tax reflects the consequences at the end of the reporting period that would recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities is recognized for all income taxes payable in the future periods in respect of taxable temporary differences.

Deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that the related tax benefit will be realised.

3.16 Basic earnings per share

Basic earnings per share are calculated by dividing the profit for the year attributable to equity holders of the Company by the number of weighted average ordinary shares outstanding during the year. (As per note to the financial statements No. 23).

4. Related party transactions

4.1 The relationships of the Company and the relevant related parties

Person or related parties	The relationships
Qtech Products Co., Ltd.	Holding and co-directors
Atech Enterprise Co., Ltd.	Holding and co-directors
Deeji Home Center Co., Ltd.	Holding and co-directors
Ginza Home Co., Ltd.	Indirect holding
Area Wow Ltd.	Holding and co-directors
Dcorp Group Co., Ltd.	Common major shareholder and co-directors
Landy Development Co., Ltd.	Holding and co-directors
Ms. Nijchaya Meeprasertsukul	Daughter of a director

4.2 The Company and its subsidiaries's policy about the price charge to the related parties are as follows:

Types of transaction	Policies of price setting
Trading transactions between the company and its subsidiaries	
- Sales to the subsidiary companies	Market price
- Services to the subsidiary companies	Agree rate
- The subsidiary companies sales to the Company	Market price
- The subsidiary companies services to the Company	At Cost
Other related company provides service to the Company	Agree rate
Trading transactions between the Group (the Company and subsidiaries) and the related parties	Market price

The financial statements included related party transactions by considering the intercompany shareholding or the same group of shareholders, directors or management team. Besides, the related parties are considered when one of parties has the ability to control the other party or can exercise significant influence over the other party in making financial and operating decisions. Certain portions of the Company and its subsidiaries' assets, liabilities, revenues and expenses arose from transactions with the related parties. The effects of these transactions are reflected in the accompanying financial statements on the basis determined in the ordinary course of business.

4. Related party transactions (Continued)

Balances with related parties are as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Balance at the end of periods				
Trade receivables				
Subsidiary				
Deeji Home Center Co., Ltd.	0	0	405,725	1,950,241
Indirect subsidiary				
Ginza Home Co., Ltd.	0	0	1,904,411	2,891,530
Total	0	0	2,310,136	4,841,771
Other receivables				
Subsidiaries				
Qtech Products Co., Ltd.	0	0	19,312	19,312
Atech Enterprise Co., Ltd.	0	0	86,783	49,529
Deeji Home Center Co., Ltd.	0	0	164,101	95,495
Indirect subsidiary				
Ginza Home Co., Ltd.	0	0	389,474	604,961
Total	0	0	659,670	769,297
Balance at the end of periods (Continued)				
Short-term loans to				
Subsidiaries				
Qtech Products Co., Ltd.				
Balance brought forward	0	0	0	19,300,000
Increase during the period	0	0	0	8,000,000
Decrease during the period	0	0	0	(27,300,000)
Balance carried forward	0	0	0	0
Atech Enterprise Co., Ltd.				
Balance brought forward	0	0	0	0
Increase during the period	0	0	300,000	0
Decrease during the period	0	0	(300,000)	0
Balance carried forward	0	0	0	0
Total	0	0	0	0

During the year ended December 31, 2016 and 2015, short-term loans to related parties represent loan under an agreement with interest rate is at 3.00% p.a. and interest rate is at 8.00%The loans were unsecured.

4. Related party transactions (Continued)

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Balances at the end of periods (Continued)				
Other payables				
Subsidiaries				
Atech Enterprise Co., Ltd.	0	0	0	221,386
Deeji Home Center Co., Ltd.	0	0	37,877	35,761
Other related party				
Landy Development Co., Ltd.	29,000	35,800	29,000	35,800
Total	29,000	35,800	66,877	292,947
Short-term loans from				
Subsidiaries				
Atech Enterprise Co., Ltd.				
Balance brought forward	0	0	0	3,500,000
Increase during the period	0	0	0	3,000,000
Decrease during the period	0	0	0	(6,500,000)
Balance carried forward	0	0	0	0
Deeji Home Center Co., Ltd.				
Balance brought forward	0	0	0	3,650,000
Increase during the period	0	0	0	4,000,000
Decrease during the period	0	0	0	(7,650,000)
Balance carried forward	0	0	0	0

4. Related party transactions (Continued)

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Balances at the end of periods (Continued)				
Short-term loans from (Continued)				
Subsidiary				
Qtech Products Co., Ltd.				
Balance brought forward	0	0	0	0
Increase during the period	0	0	13,000,000	0
Decrease during the period	0	0	0	0
Balance carried forward	0	0	13,000,000	0
Other related party				
Dcorp Group Co., Ltd.				
Balance brought forward	0	7,000,000	0	0
Increase during the period	0	0	0	0
Decrease during the period	0	(7,000,000)	0	0
Balance carried forward	0	0	0	0
Total	0	0	13,000,000	0
Accrued interest				
Subsidiary				
Qtech Products Co., Ltd.	0	0	33,033	0
Total	0	0	33,033	0

As at December 31, 2016, short-term loans from a subsidiary represent loan under an agreement with interest rate at 3.00% p.a. The loans were unsecured.

The Company obtained short-term loans from subsidiaries during 2015 with interest rate at 3.00% - 4.00% p.a.

Short-term loan from other related party during 2015 with interest rate at 3.00% p.a.

4. Related party transactions (Continued)

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Revenues and expenses for the periods				
Sale income				
Subsidiaries	0	0	6,960,028	16,973,480
Indirect subsidiary	0	0	19,391,277	17,712,513
Total	0	0	26,351,305	34,685,993
Real estate development business income				
Related person				
Miss Nijchaya Meeprasertsukul	0	7,565,967	0	0
Total	0	7,565,967	0	0
Cost of real estate development business				
Related person				
Miss Nijchaya Meeprasertsukul	0	6,298,339	0	0
Total	0	6,298,339	0	0
Utility income and services				
Subsidiaries	0	0	3,467,431	2,622,81
Indirect subsidiary	0	0	4,221,921	5,985,672
Total	0	0	7,689,352	8,608,490
Rental income				
Subsidiary	0	0	94,737	0
Total	0	0	94,737	0
Interest income				
Subsidiary	0	0	1,893	640,000
Total	0	0	1,893	640,000

4. Related party transactions (Continued)

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Revenues and expenses for the periods (Continued)				
Rental and services expenses				
Subsidiary	0	0	421,582	397,368
Other related party	3,226,057	3,226,057	3,226,057	3,226,057
Total	3,226,057	3,226,057	3,647,639	3,623,425
Interest expenses				
Subsidiaries	0	0	143,730	150,175
Other related party	0	20,712	0	0
Total	0	20,712	143,730	150,175
Key management personnel				
Remuneration				
Management benefit expenses	11,638,804	12,428,055	8,103,664	8,971,480
Total	11,638,804	12,428,055	8,103,664	8,971,480

On June 23, 2015, the Company sold a piece of land to a shareholder in the amount of Baht 9.8 million, which the price is comparable to the market price of land in the same area. As a result, there is a gain from selling in the amount of Baht 3.42 million.

5. Cash and cash equivalents

Unit : Baht

Consisted of :	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash on hand	63,000	53,000	20,000	20,000
Demand deposits	45,786,190	47,500,935	9,360,373	25,251,005
Cheque on hand	1,082,500	0	0	0
Total	46,931,690	47,553,935	9,380,373	25,271,005

6. Trade and other receivables

Unit : Baht

Consisted of :	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade receivables				
Related parties	0	0	2,310,136	4,841,771
Other companies	21,439,745	30,657,906	11,818,279	16,604,093
Total trade receivables	21,439,745	30,657,906	14,128,415	21,445,864
Other receivables				
Other receivables				
Related parties	0	0	659,670	769,297
Employees*	5,000	52,300	5,000	52,300
Other companies	3,217,919	284,383	3,179,544	176,830
Prepaid expenses				
Other companies	919,166	1,125,749	652,757	882,588
Advanced payment - Others	29,450	0	0	0
Deposit prepaid				
Other companies	305,998	2,030,405	0	0
Total other receivables	4,477,533	3,492,837	4,496,971	1,881,015
Total trade and other receivables	25,917,278	34,150,743	18,625,386	23,326,879

* Receivable from employees represent loans to employees of the Company and its subsidiaries are non-interest bearing and unsecured.

6. Trade and other receivables (Continued)

Aging analysis of trade accounts receivable shall be detailed as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Not yet due	11,286,621	15,830,673	11,042,786	10,579,849
Over due 0 - 3 months	4,400,275	9,558,618	2,234,682	6,528,057
Over due 3 - 6 months	2,590,363	3,152,860	424,255	2,607,512
Over due 6 - 12 months	2,488,614	1,889,160	426,692	1,730,446
Over due over 12 months	673,872	226,595	0	0
Total trade receivables	21,439,745	30,657,906	14,128,415	21,445,864

7. Unbilled receivables

Consisted of :

	Consolidated financial statements	
	2016	2015
Construction project contracts amount	449,007,016	422,986,238
Recognized contract revenue since commencing date to present	264,355,146	286,474,015
Less progress billings (as invoices)	263,968,158	286,456,627
Unbilled construction work in progress	386,988	17,388
Unbilled construction work in progress (Balance brought forward)	0	636,784
Unbilled construction work in progress at the end of periods	386,988	654,172
Less Allowance for doubtful accounts	0	654,172
Unbilled receivables	386,988	0

8. Short - term loans to other company

These represent loans to Qsafe Diamond Co., Ltd. under loans agreements. The interest rate is 3.00% p.a.

9. Inventories

Consisted of :	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Finished goods	23,050,574	19,577,709	22,382,175	18,851,549
Work in process	1,307,387	2,498,928	1,307,387	2,498,928
Construction in progress	0	540,840	0	0
Raw materials	2,601,425	2,831,146	2,601,425	2,831,146
Factory supplies	1,165,187	1,453,485	1,165,187	1,453,516
Construction materials	554,291	0	0	0
Total	28,678,864	26,902,108	27,456,174	25,635,139
Less Allowance for decline in value	125,260	183,026	125,260	125,260
Net	28,553,604	26,719,082	27,330,914	25,509,879

10. Property development for sale

	Unit : Baht	
	Consolidated financial statements	
	2016	2015
Construction materials	0	670,375
Projects under development		
Land	0	10,092,301
Land improvement	0	1,421,981
Construction cost	0	5,598,061
Total	0	17,782,718

11. Deposits at banks used as collateral

Fixed deposits of the Company and its subsidiaries with terms of 12 months, 6 months and 5 months are used as collateral for obtaining bank guarantees as discussed in Note 26.

12. Investments in subsidiary and joint venture companies

Consisted of :	Paid-up share capital		% of investment		Separate financial statements		Consolidated Financial statements		Dividend		Unit : Baht
					Investment (Cost method)		Investments (Equity method)				
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	
Subsidiary companies											
Qtech Products Co., Ltd.	10,000,000	10,000,000	99.99	99.99	43,099,980	43,099,980	40,822,681	42,649,651	0	0	0
Atech Enterprise Co., Ltd.	7,000,000	7,000,000	99.99	99.99	6,600,400	6,600,400	1,083,433	0	0	0	0
Deeji Home Center Co., Ltd.	8,000,000	8,000,000	99.99	99.99	5,840,000	5,840,000	0	0	0	0	0
Total					55,540,380	55,540,380	41,906,114	42,649,651	0	0	0
Less Allowance for decline in value of investments					5,840,000	12,440,400	0	0	0	0	0
Net					49,700,380	43,099,980	41,906,114	42,649,651	0	0	0
Less Eliminated intragroup transactions							(41,906,114)	(42,649,651)			
							0	0			
Joint Venture											
Area Wow Ltd.	-	950,000	-	50	-	499,900	0	473,279	0	0	0
Total					49,700,380	43,599,880	0	473,279	0	0	0

12. Investments in subsidiary companies and joint venture (Continued)

Joint Venture

On September 17, 2015, the Company has entered into the Memorandum of Understanding with the Agency Fort Real Estate Affairs Co., Ltd. to equally invest in Area Wow Ltd. (50 % of the share capital each), to engage in website service for property business.

Area Wow Ltd. was incorporated in Thailand on November 17, 2015, and has no operation in this accounting period.

On October 17, 2016, the Company has sold all of investment in Area Wow Ltd. to related company resulted in gain on sale of investment calculated by the equity method in the amount of Baht 41,125.

Analysis of investment in of Area Wow Ltd. as at December 31, 2016 and 2015, which has been considered as investment in joint venture and recognized by the equity method is detailed as follows :

Consisted of :	Unit : Baht	
	Consolidated Financial Statements	
	2016	2015
Investment in joint venture before sold on October 17, 2016	458,775	473,279
Percentage of total assets in consolidation	0	0.13
Share of loss for the year of joint venture		
For the period of January 1 — October 17, 2016	14,504	
For the period of November 17, 2015 — December 31, 2015		26,621
Percentage to total revenues in consolidation	0.005	0.0006
Total assets	944,643	950,159
Total liabilities		53,400
Statement of income		
Total revenue for the period of January 1 — October 17, 2016	1,739	
Net loss for the period	29,009	
Total revenue for the period of November 17, 2015 — December 31, 2015		159
Net loss for the period		53,241
Amount received from divestment	499,900	
Gain on sale of investment	41,125	

13. Other long-term investment

Other long-term investment represents investment in Landy Development Co., Ltd., an office building rental operator. The Company holds 14.89 percent of such company's equity.

14. Property, plant and equipment

Unit : Baht

Consisted of :	Consolidated financial statements				
	Increase (Decrease) in the period				
	2015	Additions	Disposals	Transfer	2016
Cost price					
Land	63,778,099				63,778,099
Leasehold land improvement	694,639	2,182,000			2,876,639
Sales office	0	5,254,836		4,161,107	9,415,943
Buildings-Factory	62,361,742		135,833		62,225,909
Buildings improvement-Factory	26,630,480	153,609	154,993		26,629,096
Buildings improvement-Rental Office	20,206,240	42,850	7,715,283		12,533,807
Machinery and equipment	90,070,855	2,807,281	4,732,165	6,342,491	94,488,462
Factory equipment and tools	9,779,963	554,443	78,584	13,407	10,269,229
Computer	4,737,891	2,161,601	722,828		6,176,664
Furniture and fixtures	6,179,830	2,520,551	342,974		8,357,407
Office equipment	3,545,849	231,941	155,338		3,622,452
Vehicles	1,906,101		40,000		1,866,101
Total	289,891,689	15,909,112	14,077,998	10,517,005	302,239,808
Accumulated depreciation					
Leasehold land improvement	301	128,899			129,200
Sales office	0	289,166			289,166
Buildings-Factory	26,785,170	3,115,885	46,892		29,854,163
Buildings improvement-Factory	15,199,155	1,289,205	84,526		16,403,834
Buildings improvement-Rental Office	15,493,475	1,585,023	7,373,542		9,704,956
Machinery and equipment	45,597,163	11,720,373	4,731,824		52,585,712
Factory equipment and tools	4,079,949	1,550,772	70,403		5,560,318
Computer	3,273,746	552,736	555,191		3,271,291
Furniture and fixtures	3,826,534	907,796	77,375		4,656,955
Office equipment	2,395,074	421,610	75,032		2,741,652
Vehicles	1,393,772	175,807	39,999		1,529,580
Total	118,044,339	21,737,272	13,054,784		126,726,827
	171,847,350				175,512,981
Assets in progress	19,957,757	15,451,364	196,493	(10,517,005)	24,695,623
Property, plant and equipment, net	191,805,107				200,208,604

14. Property, plant and equipment (Continued)

Unit : Baht

Consisted of :	Separate financial statements				
	Increase (Decrease) in the period				
	2015	Additions	Disposals	Transfer	2016
Cost price					
Land	63,778,099				63,778,099
Leasehold land improvement	694,639	2,182,000			2,876,639
Sales office	0	5,254,836		4,161,107	9,415,943
Buildings-Factory	62,361,742	0	135,833	0	62,225,909
Buildings improvement-Factory	26,826,122	153,609	154,993	0	26,824,738
Buildings improvement-Rental Office	11,722,318	42,850	7,288,615	0	4,476,553
Machinery and equipment	90,634,063	2,807,281	4,732,165	6,342,491	95,051,670
Factory equipment and tools	9,219,266	553,331	78,584	13,407	9,707,420
Computer	3,448,365	2,161,601	722,828	0	4,887,138
Furniture and fixtures	1,814,036	2,057,551	23,985	0	3,847,602
Office equipment	1,755,717	228,914	125,888	0	1,858,743
Vehicles	1,906,103	0	40,000	0	1,866,103
Total	274,160,470	15,441,973	13,302,891	10,517,005	286,816,557
Accumulated depreciation					
Leasehold land improvement	301	128,899			129,200
Sales office	0	289,166			289,166
Buildings-Factory	26,785,170	3,115,885	46,892		29,854,163
Buildings improvement-Factory	15,394,796	1,289,204	84,526		16,599,474
Buildings improvement-Rental Office	10,895,515	752,960	7,288,607		4,359,868
Machinery and equipment	46,160,370	11,720,373	4,731,824		53,148,919
Factory equipment and tools	3,718,306	1,508,107	70,403		5,156,010
Computer	2,302,304	480,496	555,191		2,227,609
Furniture and fixtures	1,502,393	406,198	12,275		1,896,316
Office equipment	904,695	332,615	56,200		1,181,110
Vehicles	1,393,774	175,807	39,999		1,529,582
Total	109,057,624	20,199,710	12,885,917		116,371,417
	165,102,846				170,445,140

14. Property, plant and equipment (Continued)

Unit : Baht

Consisted of :	Separate financial statements				
	Increase (Decrease) in the period				
	2015	Additions	Disposals	Transfer	2016
Assets in progress	19,957,757	15,451,364	196,493	(10,517,005)	24,695,623
Property, plant and equipment, net	185,060,603				195,140,763

14.1 The Company's land and buildings thereon have been mortgaged and pledged as collateral to secure its credit facilities obtained from the financial institutions.

14.2 Office buildings improvement in the amount of Baht 5.45 millions is located on the leasehold land. The Company calculated the depreciation by using the straight line method over the period of leasehold right for four years, which was due on June 30, 2016

14.3 As at December 31, 2016, the cost of plant and equipments which were fully depreciated was amounted to Baht 41.28 million (As at December 31, 2015 : Baht 42.62 million) in the consolidated financial statements and Baht 39.33 million (As at December 31, 2015 : Baht 40.70 million) in the separate financial statements.

15. Intangible assets

Unit : Baht

Consisted of :	Consolidated financial statements			
	Increase (Decrease) in the period			
	2015	Additions	Transfer	2016
Cost price				
Computer softwares	5,394,989	45,000	(450,000)	4,989,989
Less Accumulated amortization	4,132,118	457,815	(449,998)	4,139,935
Total Intangible assets	1,262,871			850,054

Unit : Baht

Consisted of :	Consolidated financial statements			
	Increase (Decrease) in the period			
	2015	Additions	Transfer	2016
Cost price				
Computer softwares	3,284,161	45,000		3,329,161
Less Accumulated amortization	2,655,336	353,523		3,008,859
Total Intangible assets	628,825			320,302

16. Trade and other payables

Unit : Baht

Consisted of :	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade payables				
Other companies	21,312,363	28,111,741	11,101,988	13,592,160
Total trade payables	21,312,363	28,111,741	11,101,988	13,592,160
Other payables				
Other payables				
Other companies	666,730	1,331,861	665,262	504,590
Accrued expenses				
Related parties	29,000	35,800	99,910	292,947
Other companies	3,348,047	3,834,976	1,974,612	2,577,986
Advance received				
Other companies	47,765,803	42,529,120	3,873,328	5,851,537
Total other payables	51,809,580	47,731,757	6,613,112	9,227,060
Total trade and other payables	73,121,943	75,843,498	17,715,100	22,819,220

17. Employee benefit obligations

Movement in the present value of the employee benefit obligations are as follows:

Unit : Baht

Consisted of :	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Employee benefit obligations — beginning				
of periods	6,805,229	6,259,954	6,292,552	5,488,102
Service costs	631,335	712,401	486,598	572,852
Interest costs	305,382	264,170	265,546	231,598
Transfer of provision for employee				
from sale a subsidiary	431,296	0	0	0
Decrease from sale a subsidiary	0	(431,296)	0	0
Actuarial gains (losses)				
- Recognized in other comprehensive income	1,759,035	0	1,551,863	0
- transfer of provision for employee from sale				
a subsidiary	155,962	0	0	0
Balance at end of periods	10,088,239	6,805,229	8,596,559	6,292,522

As at December 31, 2016, the Company and its subsidiaries did not expect to make any a long-term employee benefits for next year.

As at December 31, 2016 weighted average duration to retire for employees is 18 year.

Expenses recognized in profit or loss are as follows:

Unit : Baht

Consisted of :	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Recognized in Profit and loss				
Current service cost	631,335	712,401	486,598	572,852
Interest cost	305,382	264,170	265,546	231,598
Total	936,717	976,571	752,144	804,450

17. Employee benefit obligations (Continued)

Actuarial (gain) loss recognized other comprehensive income derived from :

Unit : Baht

Consisted of :	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Population assumptions	800,180	0	594,828	0
Financial assumptions	3,983,817	0	3,642,826	0
Adjustment from experience	(3,024,962)	0	(2,685,791)	0
Total	1,759,035	0	1,551,863	0

Principal actuarial assumptions at the reporting date

% per annual

	Consolidated financial statements /Separate financial statements	
	2016	2015
Discount rate	3.43	4.22
Salary increase rate	3.00	3.00
Staff turnover rate	Scale related to Age ranging from 0 — 30%	
Mortality rate	According to Thailand Mortality Ordinary Life table 2008	

Effect of changes of the assumptions to the present value of long term employee benefit obligations as at December 31, 2016 are as follows :

Unit : Bath

	Consolidated financial statements		Separate financial statements	
	increase 1%	Decrease 1%	increase 1%	Decrease 1%
Discount rate	(1,317,853)	1,599,816	(1,022,908)	1,226,751
Salary increase rate	1,590,274	(1,334,713)	1,219,504	(1,036,102)
Staff turnover rate	(1,337,949)	1,162,454	(1,032,619)	854,132

18. Shareholders' equity

18.1 Dividend paid

18.1.1 On April 21, 2016, the Shareholders in their general Meeting for the year 2016, approved and passed the resolutions to pay the dividend at Baht 0.05 per share in the total amount of Baht 6.5 million on May 18, 2016.

18.1.2 On April 3, 2015, the Shareholders in their general Meeting for the year 2015, approved and passed the resolutions to pay the dividend at Baht 0.10 per share in the total amount of Baht 10 million.

18.2 Legal reserve

Pursuant to the Public Limited Companies Act B.E. 2535 (1992), the Company must appropriate the annual net profit to be a reserve fund which not less than five percent of the annual net profit, net of total deficit brought forward (if any), until reserve reaches an amount of not less than ten percent of the registered capital.

18.3 Share capital

The extraordinary shareholder's meeting No.1/2016 held on December 16, 2016, passed the resolution to approve the change in registered share capital from Baht 130 million (130,000,000 ordinary shares, at Baht 1.00 per share), to 1,180,600,000 ordinary shares, at Baht 1.00 per share for allocating to investors of a private placement scheme as a consideration in exchange for the acquisition of Nirvana Development Co., Ltd. according to the condition of the MOU as discussed in note 27. The Company registered such change in share capital with the Ministry of Commerce on December 28, 2016.

The Company registered to increase paid-up share capital from Baht 100 million to Baht 130 million by increase 30 million ordinary shares, with the Ministry of Commerce on July 20, 2015, which have offered to other investors on July 23, 2015 at 4 Baht per share and all expenses related to the share offering amounting to Baht 4,894,400, were deducted from the premium on share capital.

18.4 Managing capital

The Company has a policy to manage the capital in order to maintain the Company's ability to continue the business as a going concern and providing the appropriate returns to the shareholders. The Company has its policy to pay out dividend no less than 50% of net profit of the separate financial statements.

19. Other income

Unit : Baht

Consisted of :	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Utility income	0	0	7,482,252	8,424,891
Rental income	30,000	170,000	124,737	312,105
Interest income	80,382	86,689	21,207	698,425
Sale of scrap income	1,731,091	440,035	1,731,091	440,035
Other service income	0	0	207,100	255,350
Gain on sale of investment in a subsidiary company	0	296,755	0	0
Gain on sale of investment in a joint venture	41,125	0	0	0
Gain on sale of fixed asstes	2,241,632	2,978,907	2,241,632	2,978,907
Other income	1,431,870	2,869,547	766,415	858,578
Total	5,556,100	6,841,933	12,574,434	13,968,291

20. Provident fund

The Company and its subsidiaries jointly established a registered provident fund, in accordance with The Provident Fund Act B.E. 2530 on April 1, 2013. The contributions from staff are deducted from the monthly salaries, while the Company's contribution to the fund has been made to match those individual's contributions.

21. Classification of expenses by nature

Unit : Baht

Consist of :	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Change in finished goods and work in process	(1,740,515)	(9,209,996)	(2,339,084)	(8,776,658)
Change in land and houses under property development	17,137,022	24,118,863	0	0
Raw materials and consumables used	57,639,832	56,849,139	57,639,832	56,849,139
Purchases of goods	28,324,381	43,733,179	3,130,087	14,389,809
Delivery Cost	14,388,382	17,177,893	14,388,382	17,177,893
Cost of real estate development sold during the periods	19,029,200	32,123,837	0	0
Construction materials and consumables used	43,140,016	37,089,033	0	0
Subcontractors costs	64,808,750	68,325,752	0	0
Employee expenses	84,355,593	85,269,573	63,376,636	65,688,528
Depreciation	21,737,272	19,132,094	20,199,710	16,682,964
Amortization	457,815	539,084	353,523	392,707
Finance costs	1,935	825,674	145,664	955,137

22. Income tax

Income tax is computed from the profit before income tax, which is in accordance with the Revenue Code.

Corporate Income tax rate for the year ended December 31, 2016 and 2015 is 20%.

Income taxes for the years ended December 31, 2016 and 2015 are as follows:

Unit : Baht

Consist of :	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current income tax				
Income tax	788,903	2,700,690	0	1,692,998
Deferred tax				
Temporary differences and reversal of temporary differences	1,281,879	483,717	1,027,798	1,385,389
Income tax	2,070,782	3,184,407	1,027,798	3,078,387

22. Income tax (Continued)

Reconciliation between the average effective tax rate and the applicable tax rate for the years ended December 31, 2016 and 2015, are as follows:

Unit : Baht

	Consolidated financial statements			
	2016		2015	
	Rate (%)	Amount	Rate (%)	Amount
Accounting profit before income tax		(13,521,103)		16,185,441
Income tax at applicable tax rate	20	(2,704,220)	20	3,237,088
Tax effect:				
Disallowed expenses for net profit calculation		3,887,117		1,869,299
Exemption of income/Additional expenses deduction allowed		(396,894)		(2,411,021)
Share of loss from joint venture		2,900		5,324
Current income tax		788,903		2,700,690
Deferred tax				
Temporary differences and reversal of temporary differences		1,281,879		483,717
Income tax expenses	15	2,070,782	22	3,184,407

Reconciliation between the average effective tax rate and the applicable tax rate for the years ended December 31, 2016 and 2015, are as follows: (Continued)

Unit : Baht

	Separate financial statements			
	2016		2015	
	Rate (%)	Amount	Rate (%)	Amount
Accounting profit before income tax		(5,620,495)		13,237,772
Income tax at applicable tax rate	20	(1,124,099)	20	2,647,554
Tax effect:				
Disallowed expenses for net profit calculation		2,758,375		861,050
Exemption of income/Additional expenses deduction allowed		(1,634,276)		(1,815,606)
Current income tax		0		1,692,998
Deferred tax				
Temporary differences and reversal of temporary differences		1,027,798		1,385,389
Income tax expenses	18	1,027,798	23	3,078,387

22. Income tax (Continued)

The amounts of income tax relating to each component of other comprehensive income for the years ended December 31, 2016 and 2015 are as follows:

Consolidated Financial Statements						Unit : Baht
2016			2015			
Amount before tax	Revenue (expenses) tax	net	Amount before tax	Revenue (expenses) tax	net	
The actuarial losses arising from defined benefit plans	1,759,035	(351,807)	1,407,228	0	0	0
Total	1,759,035	(351,807)	1,407,228	0	0	0

Separate Financial Statements						Unit : Baht
2016			2015			
Amount before tax	Revenue (expenses) tax	net	Amount before tax	Revenue (expenses) tax	net	
The actuarial losses arising from defined benefit plans	1,551,863	(310,372)	1,241,491	0	0	0
Total	1,551,863	(310,372)	1,241,491	0	0	0

22. Income tax (Continued)

The component of deferred tax assets and deferred tax liabilities as at December 31, 2016 and 2015 are as follow:

Unit : Baht				
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax assets				
Allowance for obsolete goods	25,052	36,605	25,052	25,052
Allowance for decline in value of investments	2,167,970	3,488,050	1,168,000	2,488,080
Employee benefit obligations	2,017,647	1,361,046	1,719,311	1,258,510
Depreciation of building	108,184	191,114	108,184	191,114
Provision for litigation and claims	48,000	48,000	0	0
Loss from unclaim income tax	0	396,894	0	0
Total	4,366,853	5,521,709	3,020,547	3,962,756
Deferred tax liability				
Depreciation of machinery	1,220,784	1,445,568	1,220,784	1,445,568
Total	1,220,784	1,445,568	1,220,784	1,445,568

23. Earnings (loss) per shares

Basic 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 outstanding during the year.

Basic earnings per share for the years ended December 31, 2016 and 2015 calculation are shown as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit attributable to equity holders of the Company (basic) (Baht)	(15,591,885)	13,001,034	(6,648,293)	10,159,385
Number of ordinary shares at 1 January (shares)	130,000,000	100,000,000	130,000,000	100,000,000
Share capital issued (shares) (Note 18.3)	0	30,000,000	0	30,000,000
Weighted average number of ordinary shares outstanding (basic) (shares)	130,000,000	113,561,643	130,000,000	113,561,643
Earnings per share (basic) (Baht/share)	(0.12)	0.11	(0.05)	0.09

24. Information on operating segments

Information on operation segments requires the Company and its subsidiaries to disclose the segment information based on the internal reports regularly reviewed by the Company and its subsidiaries's Chief Operation Decision Maker in order to allocate resources to those segments and to assess the segment's performance.

Information on operating segments for the year ended December 31, 2016 and 2015 are detailed as follows :

	Consolidated financial statements							Unit : Baht
	2016			2015				
	Sales of goods	construction services	Property development	Total	Sales of goods	construction services	Property development	
Revenues	151,997,123	159,569,230	23,970,144	335,536,497	185,704,357	169,623,989	39,992,825	395,321,171
Cost	(106,635,126)	(118,849,297)	(19,029,200)	(244,513,623)	(117,753,618)	(114,445,032)	(32,123,838)	(264,322,488)
Gross profit	45,361,997	40,719,933	4,940,944	91,022,874	67,950,739	55,178,957	7,868,987	130,998,683
Other income				5,556,100				6,841,933
Profit before expenses				96,578,974				137,840,616
Selling expenses				(39,251,470)				(48,138,835)
Administrative expenses				(70,832,168)				(72,664,045)
Profit before share of loss from joint venture				(13,504,664)				17,037,736
Share of loss from joint venture				(14,504)				(26,621)
Profit before finance costs and income tax				(13,519,168)				17,011,115
Finance costs				(1,935)				(825,674)
Income tax				(2,070,782)				(3,184,407)
Profit (loss) for the periods				(15,591,885)				13,001,034
Property, plant and equipment				200,208,604				191,805,107
Total assets				325,324,759				347,692,347

25. Financial instruments

The Company and its subsidiaries complied to disclose about the financial instruments as follows:

25.1 Risk management policies

Credit risk

Credit risk refers to the risk that resulting from the failure of counterparty or customer to settle its contractual obligations to the Company and its subsidiaries. Credit limit is granted for a specific credit amount and is being monitored regularly. Furthermore, the Company and its subsidiaries manage the risk by adopting the policy of only dealing with creditworthy counterparty and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial losses from defaults.

In the case of recognized financial assets, the carrying amount of assets recorded in the the statement of financial position, net of portion of allowance for the doubtful debts, represents the Company and its subsidiaries maximum exposure to credit risk

Interest rate risk

Interest rate risk arises from the potential for a change in market interest rates to having affected the value of the financial assets and liabilities of the Company and its subsidiaries.

25.2 Fair value of financial instruments

Fair value means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The methods and assumptions are used by the Company and its subsidiaries in estimating fair value of financial instruments are as follows:

Financial assets and liabilities held for the short-term maturities, such as cash on hand and deposits at financial institutions, account receivable and payable, short-term loans and borrowings, the carrying amounts in the statement of financial position approximate at their fair value.

Finance lease liabilities, the carrying value approximate at their fair values, calculated by the present value of the contractually determined stream of future cash flow discounted at the rate of interest applied at that time by the market to instruments, presented as at the statement of financial position.

26. Contingent liabilities and commitments

26.1 The Company and its subsidiaries have the commitment with banks as follow:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Letters of guarantee	3,480,000	4,180,000	3,480,000	3,980,000

As at December 31, 2016, Letters of guarantee included guarantee for Qtech Products Co.,Ltd. (subsidiary company) in the amount of Baht 0.10 million.

As at December 31, 2015, Letters of guarantee included guarantee for Qtech Products Co.,Ltd. (subsidiary company) in the amount of Baht 0.10 million and Atech Enterprise Co., Ltd. (subsidiary company) in the amount of Baht 0.20 million.

26.2 Operating lease obligations

The Company and its subsidiaries have operating lease obligations. The periods of operating lease obligations are approximately 1 to 5 years.

26. Contingent liabilities and commitments (Continued)

As at December 31, 2016 and 2015, the minimum lease payments in the operating lease contracts with the of future minimum lease payments are as follows:

	Unit : Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Operating Leases				
Portion due in 1 year	7,859,730	7,856,276	3,595,525	3,623,257
Portion due in more than 1 year				
- but not exceeding 5 years	5,107,934	5,989,961	1,605,054	4,308,089
Total	12,967,664	13,846,23	5,200,579	7,931,346

26.3 Contingent liability

As at December 31, 2016 and 2015, a subsidiary company has been sued by an individual person in respect of default on sale and hire of work contracts, with a total claim of Baht 0.55 million. At present, the case is being considered by the Supreme Court. The Group has set a provision of Baht 0.24 million for liabilities that may arise as a result of these cases, based on the rulling of the Appeal Court.

27. Acquisition

On September 2, 2016, The Board of Director's Meeting of company No. 6/2016 approved to enter into a binding memorandum of understanding (MOU) with a new group of investor in Daii Group Public Company Limited, with certain conditions prior to commit the deal between 1. The Company, 2. D Crop Group Co., Ltd., and 3. Singh Estate Public Company Limited(" Singh Estate") to set out the Framework and conditions for the acquisition of assets by the Company via the transfer of business and purchase of lands, as detailed in the following clauses:

27.1 The Company to acquire all of the shares of Nirvana Development Co., Ltd ("Nirvana") by the Company; Nirvana is currently engaged in the business of real estate development and is a subsidiary of Singh Estate. Assets of Nirvana consisted of all assets and liabilities of Nirvana, including but not limited to all rights, duties, obligations and liabilities, and responsibilities at the date of completion of the deal, including all investment in shares which Nirvana holds in other entities.

As a consideration for all the shares of Nirvana, the Company will issue new ordinary shares not exceeding 840,000,000 shares, at the par value of Baht 1 per share, and allocate such shares to the shareholders of Nirvana, as payment-in-kind in exchange for the shares of Nirvana, at the price of Baht 5 per share, with a total value not exceeding Baht 4,200,000,000. As a result Singh Estate shall be allocated new ordinary shares as Singh Estate also holds 4,481,717 shares out of the total 8,787,681 shares issued by Nirvana. The Company shall also allocate new shares to other shareholders of Nirvana in exchange for the ordinary shares of Nirvana owned by other shareholders.

27.2 The Company to purchase 2 plots of vacant land from Singh Estate, the first plot is located next to the BangrakYai BTS station, with an area of 4 Rai 1 Ngan 94.8 Tarangwah. The second plot is located near Central plaza Rattana Tibet and Nonthaburi 1 BTS station, with an area of 7 Rai 3 Ngan 50 Tarangwah.

As a consideration for both plots of land, the Company shall issue new ordinary shares not exceeding 250,600,000 shares at the par value of Baht 1 per share, and allocate such shares to Singh Estate as payment-in-kind at the price of Baht 5 per share, with a total value not exceeding Baht 1,253,000,000.

27. Acquisition (Continued)

The transactions as stipulated in note 27.1 and 27.2 shall be made when all conditions as specified in the MOU have been completed. The conditions in the MOU are summarized as follows:

1. The Board of Directors' meeting and/or the Shareholders' Meeting of the Company has approved to commit the deal as discussed in note 27.1 and note 27.2, relating to the share capital increase of the Company, the allocation of new ordinary shares as mentioned in such notes, and the appointment of new director(s) to replace the director(s) who will resign.
 2. The Company has received an approval from the Office of the Securities and Exchange Commission and other relevant authorities to issue and offer new ordinary shares under a Private Placement program.
 3. The Company has conducted a due diligence on the assets to be acquired.
- The transactions as discussed in note 27.1 and note 27.2 have been completed on January 17, 2017, and the abovementioned conditions have already achieved.

Where the above deal is successful, Singh Estate will hold shares in and become the major shareholder of the Company which will result in a change of control over the Company. The current major shareholder of the Company, D Corp Group Co., Ltd, will no longer be the major shareholder of the Company. Therefore, the information in the prospectus of the Company for the IPO on July 15, 2015, including the business policies and future projects will no longer be under the control of the current major shareholder but will be under the decision of the new major shareholder. Thus it is possible that some business plans and management policies and/or new projects will not be as those had been specified in the aforementioned prospectus. Therefore, the Board of Directors found it appropriate to disclose this matter to the shareholders of the Company to consider and ratify the above transactions.

28. Event after the reporting period

- 28.1 The Company registered to increase 1,050,599,978 paid-up shares, Bath 1 per value, on January 17, 2017.
- 28.2 On January 17, 2017, 8,787,681 shares of Nirvana were transferred to the Company as well as two plots of land from Singha Estate as discussed in note 27.1 and note 27.2.

29. Approval of financial statements

These financial statements were approved for issue by the Board of Directors on February 21, 2017.

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Daii Group Public Company Limited
123 Sun Towers Tower A, 11th Floor,
Vibhavadi-Rangsit Road, Chom Phon,
Chatuchak, Bangkok 10900

Tel : 02-105-6789
Fax : 02-105-6787

www.daiigroup.com