

Part **3**  
Financial Position and  
Operating Results



### 3.1 Financial Highlights

(Unit : Million Baht)

| Financial Information                    | 2015   | 2014    | 2013*    |
|------------------------------------------|--------|---------|----------|
| Total Assets                             | 494.14 | 731.36  | 648.18   |
| Total Liabilities                        | 358.44 | 599.59  | 483.26   |
| Total Shareholders' Equity               | 135.71 | 131.78  | 164.92   |
| Revenue from Construction                | 228.55 | 532.63  | 1,077.85 |
| Revenue from Property Development        | 261.39 | -       | 22.90    |
| Total Revenues                           | 498.62 | 549.03  | 1,114.15 |
| Net Profit (loss) for the year           | 3.31   | [33.14] | [16.46]  |
| Financial Ratio                          |        |         |          |
| Liquidity Ratio (times)                  | 1.77   | 1.67    | 1.46     |
| ROE (%)                                  | 2.47   | [22.67] | [9.60]   |
| ROA (%)                                  | 3.11   | [4.54]  | [3.57]   |
| Debt to Equity Ratio (times)             | 2.64   | 4.55    | 2.93     |
| Total Asset Turnover (times)             | 0.81   | 0.80    | 1.65     |
| Gross margin (%)                         | 16.94  | 1.92    | 3.11     |
| Net Profit (loss) Ratio (%)              | 0.66   | [6.04]  | [1.48]   |
| Basic Net Profit (loss) Per Share (Baht) | 0.03   | [0.26]  | [0.13]   |
| Dividend Payout Ratio (%)                | -      | -       | -        |
| Book Value Per Share (Baht)              | 1.07   | 1.04    | 1.30     |

### Structure of Revenues

Structure of revenues for the years ended 2013 to 2015 were as follows

| Structure of Revenues<br>Business Category | 2015           |        | 2014           |        | 2013*          |        |
|--------------------------------------------|----------------|--------|----------------|--------|----------------|--------|
|                                            | Amount<br>(MB) | %      | Amount<br>(MB) | %      | Amount<br>(MB) | %      |
| 1. Revenue from Construction               | 228.55         | 45.84  | 532.63         | 97.01  | 1,077.85       | 96.74  |
| 2. Revenue from property Development       | 261.39         | 52.42  | -              | -      | 22.90          | 2.06   |
| 3. Other incomes                           | 8.68           | 1.74   | 16.40          | 2.99   | 13.40          | 1.20   |
| Total                                      | 498.62         | 100.00 | 549.03         | 100.00 | 1,114.15       | 100.00 |

\* Information from the Restated Financial Statements

### 3.1.1 Financial Statements

#### Summary of Auditing

Audits of the Company's Financial Statements

- For the year ended 31 December 2015 is Mr.Udom Thanuratpong, CPA Registration No.8501 of PV Audit Co., Ltd.
- For the year ended 31 December 2014 and 2013 was Mr. Prawit Viwanthananut CPA Registration No.4917 of PV Audit Co., Ltd.
- The auditor has expressed his unqualified opinion in his report.

### 3.1.2 SUMMARY OF STATEMENT OF FINANCIAL POSITION, STATEMENT OF COMPREHENSIVE INCOME, STATEMENT OF CASH FLOWS AND FINANCIAL RATIO AS COMPARED IN 3 YEARS.

#### STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2015, 2014 AND 2013

(Unit : Thousand Baht)

| DESCRIPTION                  | 2015           | 2014           | 2013*          |
|------------------------------|----------------|----------------|----------------|
| <b>ASSETS</b>                |                |                |                |
| <b>CURRENT ASSETS</b>        |                |                |                |
| Cash and cash equivalents    | 7,929          | 9,361          | 5,743          |
| Trade and other receivables  | 21,096         | 63,717         | 90,985         |
| Work in progress             | 728            | -              | 4,415          |
| Unbilled receivables         | 19,917         | 72,634         | 109,474        |
| Cost of property development | 322,865        | 396,273        | 247,033        |
| Other current assets         | 7,220          | 8,588          | 11,591         |
| Total Current Assets         | 379,755        | 550,573        | 469,241        |
| <b>NON-CURRENT ASSETS</b>    |                |                |                |
| Restricted bank deposits     | 12,393         | 26,802         | 24,467         |
| Building and equipment       | 17,528         | 23,070         | 29,244         |
| Intangible asset             | 3,695          | 3,702          | 682            |
| Deferred tax assets          | 13,553         | 16,956         | 8,993          |
| Other non-current assets     | 67,224         | 110,264        | 115,550        |
| Total Non-current Assets     | 114,393        | 180,794        | 178,936        |
| <b>TOTAL ASSETS</b>          | <b>494,148</b> | <b>731,367</b> | <b>648,177</b> |

**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2015, 2014 AND 2013**

(Unit : Thousand baht)

| DESCRIPTION                                                                                     | 2015           | 2014           | 2013*          |
|-------------------------------------------------------------------------------------------------|----------------|----------------|----------------|
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                                     |                |                |                |
| <b>CURRENT LIABILITIES</b>                                                                      |                |                |                |
| Bank Overdrafts and short-term loans from financial institutions                                | 18,616         | 29,782         | 9,580          |
| Trade and other payables                                                                        | 89,192         | 119,901        | 111,786        |
| Current portion of liabilities                                                                  | 1,289          | 3,151          | 2,995          |
| Estimated cost                                                                                  | 39,388         | 60,675         | 78,474         |
| Retention payables                                                                              | 23,379         | 30,867         | 46,215         |
| Advances received                                                                               | 40,032         | 69,753         | 63,252         |
| Other current liabilities                                                                       | 2,906          | 15,993         | 8,861          |
| <b>Total Current Liabilities</b>                                                                | <b>214,802</b> | <b>330,122</b> | <b>321,163</b> |
| <b>NON-CURRENT LIABILITIES</b>                                                                  |                |                |                |
| Long-term loans from financial institutions                                                     | 136,767        | 262,400        | 152,300        |
| Long-term liabilities under finance lease                                                       | -              | 1,287          | 4,435          |
| Employee benefit obligations                                                                    | 6,869          | 5,777          | 5,357          |
| <b>Total Non-current Liabilities</b>                                                            | <b>143,636</b> | <b>269,464</b> | <b>162,092</b> |
| <b>Total Liabilities</b>                                                                        | <b>358,438</b> | <b>599,586</b> | <b>483,255</b> |
| <b>SHAREHOLDERS' EQUITY</b>                                                                     |                |                |                |
| Authorized share capital 400 million ordinary shares, Baht 1 par value                          | 400,000        | 400,000        | 400,000        |
| Issued and paid-up share capital :                                                              |                |                |                |
| 126,720,042 ordinary shares in 2014-2015 and 126,720,000 ordinary shares in 2013, fully paid-up | 126,720        | 126,720        | 126,720        |
| Premium on ordinary shares                                                                      | 56,413         | 56,413         | 56,413         |
| Deficit                                                                                         | (47,423)       | (51,352)       | (18,211)       |
| <b>Total Shareholders' Equity</b>                                                               | <b>135,710</b> | <b>131,781</b> | <b>164,922</b> |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                               | <b>494,148</b> | <b>731,367</b> | <b>648,177</b> |

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2015, 2014 AND 2013**

(Unit : Thousand baht)

| DESCRIPTION                                                | 2015        | 2014        | 2013*       |
|------------------------------------------------------------|-------------|-------------|-------------|
| <b>REVENUE FROM SALES AND SERVICES</b>                     |             |             |             |
| Revenue from construction                                  | 228,551     | 532,633     | 1,077,855   |
| Revenue from sales                                         | 261,385     | -           | 22,905      |
| Total revenue                                              | 489,936     | 532,633     | 1,100,760   |
| <b>COST OF SALES AND SERVICES</b>                          |             |             |             |
| Cost of construction                                       | (249,595)   | (522,423)   | (1,053,290) |
| Cost of Sales                                              | (157,352)   | -           | (13,190)    |
| Total cost                                                 | (406,947)   | (522,423)   | (1,066,480) |
| Gross profit                                               | 82,989      | 10,210      | 34,280      |
| Other income                                               | 8,677       | 16,407      | 13,396      |
| Profit before expense                                      | 91,666      | 26,617      | 47,676      |
| Selling expenses                                           | (17,107)    | -           | -           |
| Administrative expenses                                    | (55,497)    | (57,987)    | (66,528)    |
| Finance cost                                               | (12,506)    | (9,735)     | (1,484)     |
| Profit (loss) before income tax                            | 6,556       | (41,105)    | (20,336)    |
| Tax income (expense)                                       | (3,248)     | 7,963       | 3,879       |
| Profit (loss) for the year                                 | 3,308       | (33,142)    | (16,457)    |
| Other comprehensive income (loss)                          |             |             |             |
| Item that will never be reclassified to profit or loss     | 776         | -           | -           |
| Defined benefit plan actuarial gain                        |             |             |             |
| Income tax relating to defined benefit plan actuarial gain | (155)       | -           | -           |
| Other comprehensive income for the year-net of tax         | 621         | -           | -           |
| Total comprehensive income (loss)                          | 3,929       | (33,142)    | (16,457)    |
| Earnings (loss) per share                                  |             |             |             |
| Basic earnings (loss) per share                            | 0.03        | (0.26)      | (0.13)      |
| Weighted average number of ordinary shares (Shares)        | 126,720,042 | 126,720,025 | 126,403,112 |

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR END OF DECEMBER 31, 2015, 2014 and 2013**

(Unit : Thousand baht)

| DESCRIPTION                                                                                                     | 2015     | 2014      | 2013*    |
|-----------------------------------------------------------------------------------------------------------------|----------|-----------|----------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                     |          |           |          |
| Profit (loss) before income tax                                                                                 | 6,556    | (41,105)  | (20,336) |
| Adjustments to reconcile profit (loss) before income tax to net cash Provided by (used in) operating activities |          |           |          |
| Depreciation and amortization                                                                                   | 7,177    | 9,317     | 10,848   |
| Provision incurred from the employee benefit obligations                                                        | 1,943    | 1,304     | 858      |
| Reversal estimate cost overrun                                                                                  | -        | (17)      | 17       |
| Reversal doubtful debts                                                                                         | (33)     | -         | -        |
| (Gain) loss on disposal of and written-off assets                                                               | 209      | (2,182)   | 1,177    |
| Interest income                                                                                                 | (271)    | (612)     | (769)    |
| Interest expenses                                                                                               | 12,507   | 9,735     | 1,484    |
| Profit (loss) from operating activities before change in operating assets and liabilities                       | 28,088   | (23,560)  | (6,721)  |
| Change in operating assets (increase) decrease                                                                  |          |           |          |
| Trade and other receivables                                                                                     | 42,560   | 27,260    | 37,670   |
| Work in progress                                                                                                | (727)    | 4,415     | 3,458    |
| Unbilled receivables                                                                                            | 52,717   | 36,840    | 36,177   |
| Cost of property development                                                                                    | 75,933   | (149,240) | (21,703) |
| Other current assets                                                                                            | 1,368    | 3,002     | 17,026   |
| Restricted bank deposits                                                                                        | 14,409   | (2,335)   | (3,744)  |
| Other non-current assets                                                                                        | 21,558   | (886)     | (16,648) |
| Change in operating liabilities increase (decrease)                                                             |          |           |          |
| Trade and other payables                                                                                        | (30,851) | 7,761     | (68,113) |
| Estimated cost                                                                                                  | (21,288) | (17,798)  | 25,832   |
| Retention payables                                                                                              | (7,488)  | (15,348)  | 18,137   |
| Advances received                                                                                               | (29,722) | 6,501     | (17,952) |
| Other current liabilities                                                                                       | (13,086) | 7,149     | (3,100)  |
| Payment of employee benefit obligations                                                                         | -        | (885)     | -        |
| Cash generated (paid) from operations                                                                           | 133,471  | (117,124) | 319      |
| Interest received                                                                                               | 331      | 621       | 755      |
| Income tax refund                                                                                               | 33,662   | 23,375    | -        |
| Income tax paid                                                                                                 | (12,147) | (17,202)  | (19,993) |
| Net cash provided by (used in) operating activities                                                             | 155,317  | (110,330) | (18,919) |

**STATEMENT OF CASH FLOWS (Continued)**  
**FOR THE YEAR END OF DECEMBER 31, 2015, 2014 and 2013**

(Unit : Thousand baht)

| DESCRIPTION                                                         | 2015      | 2014    | 2013*     |
|---------------------------------------------------------------------|-----------|---------|-----------|
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |           |         |           |
| Purchase of equipment                                               | (1,329)   | (3,266) | (11,288)  |
| Disposal of equipment                                               | 124       | 2,523   | 467       |
| Purchase of intangible asset                                        | (632)     | (3,238) | (492)     |
| Net cash used in investing activities                               | (1,837)   | (3,981) | (11,313)  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |           |         |           |
| Increase in bank overdrafts                                         | 6,213     | 9,802   | 2,600     |
| Increase (decrease) in short-term loans from financial institutions | (17,379)  | 10,399  | (107,928) |
| Proceed from long-term loans from financial institutions            | 69,900    | 110,100 | 100,000   |
| Repayment of long-term loans from financial institutions            | (195,533) | -       | -         |
| Repayment of liabilities under finance lease                        | (3,150)   | (2,990) | (1,631)   |
| Proceed from issued ordinary shares                                 | -         | -       | 3,423     |
| Interest paid                                                       | (14,963)  | (9,382) | (1,438)   |
| Net cash provided by (used in) financing activities                 | (154,912) | 117,929 | (4,974)   |
| Net increase (decrease) in cash and cash equivalents                | (1,432)   | 3,618   | (35,206)  |
| Cash and cash equivalents at beginning of year                      | 9,361     | 5,743   | 40,949    |
| Cash and cash equivalents at end of year                            | 7,929     | 9,361   | 5,743     |

\*Information in the financial statement are restated.

## FINANCIAL RATIOS

| DESCRIPTION                                     | 2015   | 2014    | 2013*   |
|-------------------------------------------------|--------|---------|---------|
| <b>LIQUIDITY RATIO</b>                          |        |         |         |
| Liquidity Ratio (Times)                         | 1.77   | 1.67    | 1.46    |
| Quick Ratio (Times)                             | 0.14   | 0.22    | 0.30    |
| Account Receivable Turnover (Times)             | 11.55  | 6.89    | 10.02   |
| Average Collection Period (Day)                 | 32     | 53      | 37      |
| Account Payable Turnover (Times)                | 3.89   | 4.41    | 7.31    |
| Average Payment Period (Day)                    | 94     | 83      | 50      |
| <b>PROFITABILITY RATIO</b>                      |        |         |         |
| Gross Profit (loss) (%) – Construction Business | (9.21) | 1.92    | 2.28    |
| Gross Profit (loss) (%) – Property Business     | 39.80  | -       | 42.41   |
| Other Profit (%)                                | 1.74   | 2.99    | 1.20    |
| Net Profit (%)                                  | 0.66   | (6.04)  | (1.48)  |
| Return on Equity (%)                            | 2.47   | (22.67) | (9.60)  |
| <b>EFFICIENCY RATIO</b>                         |        |         |         |
| Return of Asset (%)                             | 3.11   | (4.54)  | (3.57)  |
| Fixed Asset Turnover (%)                        | 41.64  | (84.81) | (21.03) |
| Total Asset Turnover (Times)                    | 0.81   | 0.80    | 1.65    |
| <b>FINANCIAL POLICY RATIO</b>                   |        |         |         |
| Debt to Equity Ratio (Times)                    | 2.64   | 4.55    | 2.93    |
| Interest Coverage Ratio (Times)                 | 14.39  | (8.57)  | (11.75) |
| Dividend Payout Ratio (%)                       | 0.00   | 0.00    | 0.00    |

\* Information in the financial statement are restated.

## 3.2 Management Discussion and Analysis of Financial Position and Operating Results

### 3.2.1 Overview of the Operating Results

Thai economy's growth in 2015 is approximately 2.8% due to the continuing expansion of the Government expenditure and economic stimulating measurements during the fourth quarter of 2015. The consumption of the private sector tends to be recovered from the previous year gradually. In 2015, the Company received less new projects compared to the previous year because most project awards came from the private sector and the Company focuses on the working capacity, appropriate return and potential employers whom we can trust or have good financial position in order to mitigate financial risks. In 2015, the Company had signed construction contracts, i.e. Issara Collection Sathorn Project, a construction of 7-storey building with 2 underground floors, Nang Lin Chee Road, Bangkok, with the construction value of 290 Million Baht, and the architectural and electrical system works of Multipurpose Building, Splendid Hotel Resort, Koa Yai, Changwad Nakorn Ratchsima, with the construction value of 8.80 Million Baht, etc.

In order to diversity income, the Company also operates the property development business in parallel with the construction business. The Company has built the 8-storey residential building with 1 underground floor, 132 units which is the second condominium project of the Company under the name "Focus Ploenchit Project" on Sukhumvit Road Soi 2, Bangkok whereby the construction has been completed and ready for transfer since May 2015 onwards. However, the property development business in 2015, especially condominium market, was quite on the downside. There were less new projects compared to the year 2014. Nevertheless, if considering the overall condominium projects open for sale in Bangkok, the prices are increasing every year and in each quarter due to higher land price adjustment. The sales of Focus Ploenchit Project has not yet reached the specified target. It is expected that Thai economy in 2015 would improve. Coupled with the measurement of reduction of transfer fees and mortgage fees would help stimulate the real estate market. In addition, the Company has increased the marketing channels, advertising and public relations, opening booths, increasing agencies, etc. which are the keys to stimulate the sales as planned.

In 2015, the Company has an income of 228.55 Million Baht from the construction business or reduced from 532.63 Million in 2014 by 304.08 Million Baht. The construction cost was 249.59 Million Baht with a gross loss of 21.04 Million Baht or a gross loss rate of 9.2% due to the construction delay with higher construction cost, especially higher labour cost, skilled labour shortage, low quality subcontractor, abandonment of work, overhead costs, etc. Therefore, the Company had to adjust the construction cost estimate as per actual costs for the completed projects during 2015 and had to adjust the construction cost as per actual costs for the nearly complete projects in 2016. In addition, the value and number of projects were reduced compared to the previous year resulting in the reducing income realization.

In 2015, the Company has an income from the property development business from the condo unit transfers to customers at 261.39 Million Baht or increased by 100% compared to the previous year in which there was no income from the said business. The selling cost was 157.35 Million Baht and the selling expense was 17.11 Million Baht with a gross margin of 86.93 Million Baht or 33.25%

The Company had the administrative expense of 55.50 Million Baht or reduced from 57.98 Million Baht by 2.48 Million Baht from the previous year or 4.28%. Most expenses included the salary and staff welfare, rents and office service fees, depreciation, etc.

In addition, the Company had the financial cost of 12.51 Million Baht which increased from 9.73 Million Baht by 2.78 Million Baht or 28.57% in the previous year due to the interest paid to financial institutions for the land purchase and construction of Focus Ploenchit Condominium.

The Company has a profit of 3.31 Million Baht from its operations with other comprehensive profit of 0.62 Million Baht which is a profit from the actuarial mathematics principles for staff benefit project. Therefore, the Company has a tax expense of 3.25 Million Baht resulting in the reduction of the deferred income tax asset from the previous year.

It is forecast by the Fiscal Policy Department, Ministry of Finance that the Thai economy in 2016 could be expanded by 3.7%. The research department of Colliers International (Thailand) identified that there will be the similar number of new condominium projects in 2016 as in 2015 subject to Thai economy in the second half of the year. While the Company still focuses on the skill development, both the work quality and staff quality in order to provide standard services and the work can be handed over to customers in time, resulting in the marketing opportunity to new projects of the government and private sectors. The Government also initiated the measurement on the transfer and mortgage fee reduction in order to stimulate the market during 29 October 2015 and 29 April 2016, totally 6 months. In addition, the Company has increased the marketing channels by increasing sales agents both domestically and internationally in order to increase the opportunity to sell condominiums.

### 3.2.2 Revenue

Since 2013, the Company has had the revenue from construction business in parallel with the property development business as follows:

(Unit : Million Baht))

| Source of Revenues    | 2015   |         | 2014   |         | 2013*    |         |
|-----------------------|--------|---------|--------|---------|----------|---------|
| Construction business | 228.55 | 45.84%  | 532.63 | 97.01%  | 1,077.85 | 96.74%  |
| Property business     | 261.39 | 52.42%  | -      | 0.00%   | 22.90    | 2.06%   |
| Other income          | 8.68   | 1.74%   | 16.40  | 2.99%   | 13.40    | 1.20%   |
| Total                 | 498.62 | 100.00% | 549.03 | 100.00% | 1,114.15 | 100.00% |

\*Information in the financial statement are restated.

#### Construction Business

The Company is classified as a medium-size construction company providing general construction and engineering businesses, i.e. design, construction of structural works, architectural works, engineering system works and environmental engineering works, for example, office buildings, shopping centers, hotels, resorts, hospitals, residences, educational institutions, student dormitory, manufacturing plants, rice mill and silo, roads, bridges, pipe jacking and water treatment, railway, railway stations and other public utilities.

The Company's revenue will depend on the type and quantity of the works received during each period of time. The Company's policy is to accept the works from both public and private sectors by considering the reasonable return rate and potential customers with credibility and good financial position.

The revenue recognition – The Company will recognize the income from the construction work progress with reference to the survey of the work done. The construction revenue will be recognized no more than the actual construction cost. The work done which is not handed over and unbilled will show as the work done but unbilled. The construction period for both public and private sectors is approximately 1-2 years or longer depending on the value of each project. The revenue ratio of construction business and total revenue in 2015, 2014 and 2013 were 45.84%, 97.01% and 96.74% respectively.

The Company's revenue from construction business was 228.55 Million Baht or reduced from 532.63 Million Baht or by 57.09% in 2014 by 304.08 Million Baht due to the reducing value and number of projects, resulting in the reducing income recognition. The major income in 2015 mostly derived from the continuing projects from 2014 and were completed in 2015, i.e. the Phyll Community Mall Project, Khet Prakanong, Bangkok; Dusit D2 Hotel, Kao Yai, Changwad Nakorn Ratchsima. The new project awarded in 2015 was Issara Collection Sathorn Project, a construction of 7-storey residential building with 2 underground floors, Nang Lin Chee Road, Bangkok, with the value of 290 Million Baht.

### Property Development Business

In 2015, the Company constructed the second condominium which was ready for ownership transfer to customers under the name of "Focus Ploenchit Project" and was transferred ownership to customers at the total value of 261.39 Million Baht or an increase of 100% compared to 2014 the year in which the Company had no income from selling property. This makes the property development revenue ratio in 2015, 2014 and 2013 to be 52.42%, 0% and 2.06% of the total revenue.

**As of 31 December 2015, the value of the contract to buy and sell of the Company is as follows:**

(Unit : Million Baht)

| Project            | Total Unit | Total value of project | Value of signing SPA | % of total sold |
|--------------------|------------|------------------------|----------------------|-----------------|
| Focus on Saladaeng | 62         | 287.76                 | 279.41               | 97.10           |
| Focus Ploenchit    | 132        | 800.35                 | 338.03               | 42.23           |

### 3.2.3 Expenses

The Company's expenses consist of the construction cost, property selling cost, administrative cost, financial cost and revenue tax expense.

- The construction cost consists of materials cost, sub-contract cost and construction labour cost and various overhead and expenses, etc.
- The property selling cost consists of the land acquisition cost, land development cost, design cost, public utility cost and costs directly related to the project, including interest paid on the loan for project development prior to project completion.

**In 2015 and 2014, the Company's costs in each business are as follows:**

(Unit : Million Baht)

| Description     | 2015         |         |          |        | 2014         |        |          |   | Increase (Decrease) |          |
|-----------------|--------------|---------|----------|--------|--------------|--------|----------|---|---------------------|----------|
|                 | Construction |         | Property |        | Construction |        | Property |   | Construction        | Property |
| Revenue         | 228.55       | 100%    | 261.39   | 100%   | 532.63       | 100%   | -        | - | (304.08)            | 261.39   |
| Cost            | 249.59       | 109.20% | 157.35   | 60.20% | 522.42       | 98.08% | -        | - | (272.83)            | 157.35   |
| Selling expense | -            | -       | 17.11    | 6.55%  | -            | -      | -        | - | -                   | 17.11    |
| Profit (loss)   | (21.04)      | (9.20%) | 86.93    | 33.25% | 10.21        | 1.92%  | -        | - | (31.25)             | 86.93    |

**Cost of Construction Business:** In 2015, the Company's revenue decreased by 304.08 Million Baht from last year which resulted in the reduction of the construction cost and the revenue recognition. However, the Company incurred the expenses on the delayed handover of the works, skilled labour shortage, low quality subcontractors and abandonment of works resulting in higher overhead costs and expenses. Therefore, the Company adjusted the construction cost estimates as per the completed project costs during the year 2015 and also adjusted the construction cost estimates as per the nearly complete project costs in 2016, totally 43 Million Baht. This results in an increase of construction cost from 98.08% in 2014 to 109.20% in 2015.

**Cost of Property Development Business:** In 2015, the Company earned a higher income of 261.39 Million Baht or 100% from 2014 in which there was no income from the said business. The selling cost ratio in 2015 was 60.20%. The selling expense ratio was 6.55%. The difference of these cost ratios was due to the different selling space and price of each unit.

#### Administrative Expense

(Unit : Million Baht)

| Description            | 2015  | 2014  | Change         |
|------------------------|-------|-------|----------------|
| Administrative expense | 55.50 | 57.98 | [2.48] [4.28]% |

In 2015, the Company had an administrative expense of 55.50 Million Baht consisting of management remuneration, salary and staff welfare, rents and office services, public utility expenses, professional fees, depreciation, etc. which decreased by 2.48 Million Baht or 4.28% from 57.98 Million Baht, compared to the year 2014.

#### FINANCE COST

(Unit : Million Baht)

| Description  | 2015  | 2014 | Change      |
|--------------|-------|------|-------------|
| Finance Cost | 12.51 | 9.73 | 2.78 28.57% |

In 2015, the Company's finance cost increased by 2.78 Million Baht or 28.57% from 9.73 Million Baht to 12.51 Million Baht. This was because the interest paid on loans from the financial institution for the land purchase for Focus Ploenchit Condominium in the amount of 10.79 Million Baht and the interest on the short term loan from the project finance selling the work done (account receivable) at a discount in form of promissory notes and the overdraft loan.

#### Income Tax Revenue (Expense)

(Unit : Million Baht)

| Description                        | 2015   | 2014 |
|------------------------------------|--------|------|
| Deferred tax income                |        |      |
| Movements in temporary differences | [3.25] | 7.96 |

In 2015, the Company has an income tax expense in the amount of 3.25 Million Baht due to the temporary difference of the deferred tax. Because the Company has a profit before tax this year in the amount of 6.56 Million Baht, making the remaining deferred income tax assets as at 31 December 2015 at 13.55 Million Baht.

### Income tax reduction

The Royal Decree No.530 B.E.2554 dated 14 December 2011 grants a reduction in the corporate income tax rate from 30% to 23% on net profit for the accounting period beginning on or after 1 January 2012 and will be reduced to 20% on net profit for the two consecutive accounting periods beginning on or after 1 January 2013 onwards.

The Royal Decree No. 577 B.E.2557 dated 3 November 2014 extends the reduction to 20% for the accounting period which begins on or after 1 January 2015, but not later than 31 December 2015.

The corporate income tax for the years ended 31 December 2015 and 2014 was calculated at the rate specified by the Revenue Department from the accounting profit after adjusting certain conditions according to the Revenue Code.

### 3.2.4 Profit (loss) net

(Unit : Million Baht)

| Description                     | 2015     | %       | 2014     | %       | Increase (Decrease) |          |
|---------------------------------|----------|---------|----------|---------|---------------------|----------|
| Total revenues                  | 489.94   | 98.26   | 532.63   | 97.01   | (42.69)             | (8.01)%  |
| Other income                    | 8.68     | 1.74    | 16.40    | 2.99    | (7.72)              | (47.07)% |
| Total revenues                  | 498.62   | 100     | 549.03   | 100.00  | (50.41)             | (9.18)%  |
| Total cost                      | (406.94) | (81.61) | (522.42) | (95.15) | (115.48)            | (22.10)% |
| Selling expenses                | (17.11)  | (3.43)  | -        | -       | 17.11               | 100%     |
| Administrative expenses         | (55.50)  | (11.13) | (57.98)  | (10.56) | (2.48)              | (4.28)%  |
| Finance cost                    | (12.51)  | (2.51)  | (9.73)   | (1.77)  | 2.78                | 28.57%   |
| Tax income (expense)            | (3.25)   | (0.65)  | 7.96     | 1.44    | 11.21               | 140.83%  |
| Profit (loss) for the year      | 3.31     | 0.66    | (33.14)  | (6.04)  | 36.45               | 109.98%  |
| Basic earnings (loss) per share | 0.03     |         | (0.26)   |         | 0.29                |          |

The Company earned a net profit from its operations ended 31 December 2015 at 3.31 Million Baht or 0.66% of the total revenue, compared to the same accounting period of 2014 with a net loss of 33.14 Million Baht or 6.04% of the total revenue. The net profit increased by 36.45 Million Baht or 109.98%. The main reasons of changes are as follows:

1. The Company earned an income of 261.39 Million Baht from the property development business or 100% increased from last year in which there was no income from the said business.
2. The selling cost ratio of the property development business of 60.20% and the selling expense of 6.55% results in the net profit from the said business in the amount of 86.93 Million Baht or 33.25%

### 3.2.5 Financial Position

The key changes of the financial position of the Company in 2015 compared to 2014 are as follows:

(Unit : Million Baht)

| Description                  | 2015          |                | 2014          |                | Increase (Decrease) |                 |
|------------------------------|---------------|----------------|---------------|----------------|---------------------|-----------------|
| Trade and other payables     | 21.10         | 4.27%          | 63.72         | 8.71%          | (42.62)             | (66.88)%        |
| Unbilled receivables         | 19.91         | 4.03%          | 72.63         | 9.93%          | (52.72)             | (72.59)%        |
| Cost of property development | 322.86        | 65.34%         | 396.27        | 54.18%         | (73.41)             | (18.53)%        |
| Total current assets         | 379.75        | 76.85%         | 550.57        | 75.28%         | (170.82)            | (31.03)%        |
| Total non-current assets     | 114.39        | 23.15%         | 180.79        | 24.72%         | (66.40)             | (36.73)%        |
| <b>Total assets</b>          | <b>494.14</b> | <b>100.00%</b> | <b>731.36</b> | <b>100.00%</b> | <b>(237.22)</b>     | <b>(32.44)%</b> |

#### 1. Analysis of Assets

The Company's total assets as of 31 December 2015 in the amount of 494.14 Million Baht which decreased by 32.44% or 237.22 Million Baht from 731.36 Million Baht in 2014, divided into 379.75 Million Baht in current assets and 114.39 Million Baht in non-current assets.

In 2015, the Company had the current assets of 379.75 Million Baht or 76.85% of the total assets. The key items of which are as follows:

1.1 Trade and other receivables in an amount of 21.10 Million Baht or 5.56% of the current assets, divided into the trade receivable of 19.30 Million Baht and other receivables of 1.80 Million Baht or decreased by 42.62 Million Baht or 66.88% if compared to 63.72 Million Baht in 2014.

As of 31 December 2015, 2014 and 2013, the Company's outstanding trade receivables categorized by month of payment are as follows:

(Unit : Million Baht)

|                                 | 2015  | 2014  | 2013  |
|---------------------------------|-------|-------|-------|
| Less than or equal to 3 months  | 18.71 | 43.73 | 81.39 |
| More than 3 to 6 months         | 0.59  | 1.54  | -     |
| More than 6 to 12 months        | -     | 10.88 | 8.81  |
| Over 12 months                  | -     | 5.67  | -     |
| Total                           | 19.30 | 61.82 | 90.20 |
| Average Collection Period (Day) | 32    | 53    | 37    |

In 2015, the Company had outstanding receivables of not more than 6 months at 19.30 Million Baht in total while the edging was reduced from 53 days in 2014 to 32 days. This shows the higher efficiency of the Company in managing the trade receivables.

1.2 The unbilled completed work was the completed work which was not handed over and no invoice was issued which decreased by 52.72 Million or 72.59% from 72.63 Million Baht in 2014 to 19.91 Million Baht in 2015 since most construction works have been completed and handed over to the owners, making the balance of work quantity reduced in both value and number of projects.

1.3 The cost of property development of 322.86 Million Baht decreased by 73.41 Million Baht or 18.53% from 396.27 Million Baht in 2014 since the construction of Focus Ploenchit Condominium Project has been completed and ready to move in and ownership transfer to customers has started since May 2015.

1.4 The key items of the non-current assets of 114.39 Million Baht or 23.15 of the total assets are as follows:

- Deposits at financial institutions as collateral obligations of 12.39 Million Baht which decreased by 14.41 Million Baht or 53.77% from 26.80 Million Baht in 2014 due to the discharge of the attachment of fixed deposit accounts being used as collateral to secure credits from financial institutions.
- Retention receivable of 46.33 Million Baht derived from the customers deducting retention at 5-10% of the construction value collected by the Company for the construction in progress. However, the Company will receive the retention back in every three months as agreed in the contracts.

Nevertheless, the Company as a subcontractor of NVPSKG Joint Venture had reserved the full amount of 13.31 Million Baht retention since 2003 in the Project on Design and Construction of Waste Water Treatment System, Changwad Samutprakarn. It is expected that the Company will receive the retention from the Joint Venture within this year 2016 after the Joint Venture has received the construction amount from the owner as per the Supreme Administrative Court in 2015.

In addition, the Company had reserved the full amount of 6.24 Million Baht bad debt for a debtor in 2009 being unable to make payments under its cheques due to the construction delay. Later on in January 2016, the Company conducted the seize of assets of this debtor but there was no asset to seize. The Company then writes off as a bad debt.

- The withholding tax of 29.35 Million Baht was divided into 12.15 Million Baht in 2015 and 17.20 Million Baht in 2014.

## 2. Analysis of Liabilities

(Unit : Million Baht)

| Description                                                      | 2015   |        | 2014   |        | Increase (Decrease) |          |
|------------------------------------------------------------------|--------|--------|--------|--------|---------------------|----------|
| Bank overdrafts and short-term loans from financial institutions | 18.62  | 5.19%  | 29.78  | 4.97%  | (11.16)             | (37.47)% |
| Trade and other payables                                         | 89.19  | 24.88% | 119.90 | 20.00% | (30.71)             | (25.61)% |
| Advances received                                                | 40.03  | 11.17% | 69.75  | 11.63% | (29.72)             | (42.61)% |
| Other current liabilities                                        | 2.91   | 0.81%  | 15.99  | 2.67%  | (13.08)             | (81.80)% |
| Total current liabilities                                        | 214.80 | 59.93% | 330.12 | 55.06% | (115.32)            | (34.93)% |
| Long-term loans from financial institutions                      | 136.77 | 38.16% | 262.40 | 43.76% | (125.63)            | (47.88)% |
| Long-term liabilities under finance lease                        | -      | -      | 1.29   | 0.22%  | (1.29)              | (100)%   |
| Total Non-current Liabilities                                    | 143.63 | 40.07% | 269.46 | 44.94% | (125.83)            | (46.70)% |
| Total Liabilities                                                | 358.44 | 100%   | 599.58 | 100%   | (241.14)            | (40.22)% |

As of the end of 2015, the Company's total liabilities decreased from the year 2014 by 241.14 Million Baht or 40.22% from 599.58 Million Baht to 358.44 Million Baht, divided into 214.80 Million Baht current liabilities and 143.63 Million Baht non-current liabilities. The key items are as follows:

2.1 The bank overdrafts and short term loan decreased by 11.16 Million Baht or 37.47% from 29.78 Million Baht in 2014 to 18.62 Million Baht since the Company withdrew only the bank overdraft at the year end.

2.2 Trade account payable and other payable of 89.19 Million Baht which decreased by 30.71 Million Baht or 25.61% from 119.90 Million Baht in 2014 due to the reduction of construction projects, quantity of construction materials and subcontracting accordingly. However, the edging to pay trade account payable is longer than the previous year.

2.3 The received advance payment of 40.03 Million Baht decreased by 29.72 Million Baht or 42.61% from 69.75 Million Baht in 2014 due to the fact that the Company received the construction cost in advance from the owners which was gradually repaid back from the progress payment of each installment and also due to the receipt of booking deposit, signing fee and installments from customers of Focus Ploenchit Project whereby the ownership has already been transferred to certain customers.

2.4 Other current assets of 2.91 Million Baht decreased by 13.08 Million Baht or 81.80% from 15.99 Million Baht in the year 2014 since the Company paid the penalty for delay in handing over a condominium project which was recorded as amortization of 10 Million Baht in the year 2014.

2.5 Long term loan from financial institutions of 136.77 Million Baht decreased by 125.63 Million Baht or 47.88% from 262.40 Million Baht in the year 2014. In 2015, the Company had withdrawn the loan from a domestic commercial bank for the construction of Focus Ploenchit in the amount of 69.90 Million Baht under the long term loan of 335 Million Baht. The Company has started to transfer ownership to customers since May 2015 and gradually repaid the loan to the bank in the total amount of 195.53 Million Baht by repaying the loan for a land purchase of 155 Million Baht and for construction of 40.53 Million Baht.

## The details of long term loans from financial institutions:

| Facilities (MB) | Period                    | Interest rate per annum | Loan Objectives                              |
|-----------------|---------------------------|-------------------------|----------------------------------------------|
| 155             | June 2012 – December 2016 | MLR – 1.25              | For land purchase of Focus Ploenchit Project |
| 180             | June 2012 – February 2017 | MLR – 1.25              | For construction of Focus Ploenchit project  |

The said loan collateral includes the project land and the present and future buildings subject to the condition to repay the loan at 70% of the agreement to buy and to sell and to pay an interest on a monthly basis after the ownership transfer.

### 3. Analysis of Shareholders' Equity

As at the end of 2015 and 2014, the Company had the issued and paid-up shares, surplus and shareholders' equity as follows:

(Unit : Million Baht)

| Description                      | 2015        | 2014        | Increase (Decrease) |       |
|----------------------------------|-------------|-------------|---------------------|-------|
| Authorized share capital         | 400.00      | 400.00      | -                   | -     |
| Issued and paid-up share capital | 126,720,042 | 126,720,042 | -                   | -     |
| Premium on ordinary shares       | 56,413,239  | 56,413,239  | -                   | -     |
| Deficit                          | (47.42)     | (51.35)     | 3.93                | 7.65% |
| Total Shareholders' Equity       | 135.71      | 131.78      | 3.93                | 2.98% |

As at 31 December 2015, the Company had the shareholders' equity at 135.71 Million Baht which increased by 3.93 Million Baht or 2.98%, compared to that of 2014 year end of 131.78 Million Baht since the Company had the net profit from operations at 3.31 Million Baht and other comprehensive profit at 0.62 Million Baht, resulting in the reduction of the accumulated loss from 51.35 Million Baht to 47.42 Million Baht.

### 4. Analysis of Cash Flow

(Unit : Million Baht)

| Description                                                                               | 2015     | 2014     |
|-------------------------------------------------------------------------------------------|----------|----------|
| Net profit (loss) before tax income                                                       | 6.56     | (41.10)  |
| Profit (loss) from operating activities before change in operating assets and liabilities | 28.09    | (23.56)  |
| Net cash provided (used in) operating activities                                          | 155.32   | (110.33) |
| Net cash used in investing activities                                                     | (1.84)   | (3.98)   |
| Net cash provided by (used in) financing activities                                       | (154.91) | 117.93   |
| Cash and cash equivalents at beginning of year                                            | (1.43)   | 3.62     |
| Cash and cash equivalents at beginning of year                                            | 9.36     | 5.74     |
| Cash and cash equivalents at end of years                                                 | 7.93     | 9.36     |

The cash flow statements show the changing cash flows from the operations activities, investing activities and funding activities at the year end and show the balance of cash and cash equivalent as of 31 December 2015 in the amount of 7.93 Million Baht which decreased by 1.43 Million or 15.28% from 9.36 Million Baht in the previous year. The profit from operations before the change of assets and liabilities as at 31 December 2015 in the amount of 28.09 Million Baht as follows:

4.1 The net cash flow used in the operations activities of 155.32 Million Baht which mostly derived from the condo unit ownership transfers of Focus Ploenchit Project to customers in the amount of 214.75 Million Baht. While the Company had repaid the long term loan to a bank in the amount of 195.53 Million Baht, and the Company received the money from account receivable sooner than last year. In addition, payment of the refund of 33.66 Million Baht withholding tax for the tax in 2013 was made to the Company.

4.2 The net cash flow used in the vesting activities of 1.84 Million Baht came from the construction of the store to keep machinery, construction equipment and materials.

4.3 The net cash flow used in the funding activities of 154.91 Million Baht was mostly to repay the long term loan to a domestic commercial bank in the amount of 195.53 Million Baht. However, during the year 2015, the Company withdrew the loan of 69.90 Million Baht for the construction of Focus Ploenchit Condominium Project and paid the interest of 14.96 Million Baht (not including the interest paid on the loan for construction which was the capital expenditure).

## 5. Analysis of Key Financial Ratios

In 2015, the Company has the key financial Ratios as follows:

5.1 The Company had the liquidity ratio in 2015 at 1.77 times which is not different from 1.67 times in the year 2014. However, the quick liquidity ratio decreased from the previous year due to the fact that the Company has received payments from the trade account receivable sooner from 53 days to 32 days in the previous year, and the Company received the money from the condo unit ownership transfers from customers, resulting in the good and continuing credit support from financial institutions. However, the edging for payment to the account payable was longer from 83 days in the previous year to 94 days in 2015.

5.2 Profitability Ratio: Since the Company suffered a loss of 9.20% from the construction business due to the construction delay which resulted in higher project costs, the Company then operated the property development business in parallel with the construction business in order to diversify the risks from making a profit in only one business. The Company constructed Focus Ploenchit Condominium Project in 2015 and started the ownership transfers to customers, resulting in the profit from property development business at 33.25% and a net profit ratio in 2015 at 0.66%. This leads to better return on equity ratio compared to 2.47% in the previous year. However, the Company still has an aim to develop the efficiency for better result in operations in order to create better net profit and return on equity.

5.3 Debt to Equity Ratio 2.64 times: Since the Company started to repay the long term loan to financial institutions in the amount of 195.53 Million Baht, the total liabilities ratio then decreased from 4.55 times to 2.64 times and the interest coverage ratio was 14.39 times which was better than the previous year. This was due to the fact that the Company has started to transfer the condo unit ownership and repaid the principal sum of the loan at 70% of the agreement to buy and to sell and paid the monthly interest according to the agreement.

## **6. Obligations and Contingencies**

As of 31 December 2015, the Company's obligations and contingencies are as follows:

6.1 The Company's letter of guarantee issued by domestic commercial banks in relation to the obligations under the contracts in the ordinary course of business with the balance as of 31 December 2015 in the amount of 134.24 Million Baht.

6.2 The obligations of payments under the contracts as follows:

6.2.1 Payments under the office building rent and service agreements which will be ended on 14 August 2017 in the amount of 7.01 Million Baht. The land rental contract for storing construction machinery and equipment will be terminated on 30 April 2018 in the amount of 0.79 Million Baht.

6.2.2 Payments under construction contracts in the amount of 24.89 Million Baht and employment contracts of the property development projects in the amount of 11.31 Million Baht.

6.2.3 Payments under the financial lease for the machinery and vehicles in the amount of 1.31 Million Baht

## **Major Factors and Influences Possibly Affecting the Future Operations or Financial Position**

### **Factor of Industrial Conditions**

Since the construction business is a type of the service businesses, the factor influencing on the operation of the Company in the future is the demand of services of customers or users. This depends on the investment policy of the private sector and the public sector which determines the quantity of construction project. However, the main factor of the Company's operations depends on the capability of directors, executives, and team of supplying new construction projects for the Company. The quantity of work and the value of accepted projects must correspond to the working capital that the Company can afford. The main source of funds of the Company consists of capital of the Company and loans from commercial banks and financial institutes. In addition, the Company also controls the construction costs, such as, construction materials cost, transportation fee, wages, and administrative expenses, including financial cost, to be in the appropriate level.

Although the property development business causes a high return to the Company, there are factors affecting the operation in terms of ability of supplying efficient lands with reasonable prices and meeting the demand of the target customers.

## Change of Major Shareholders

Although the Company has been established since 1989, later the group of major shareholders of the Company was changed. The group of Mrs.Napharat Sihanatkathakul became the major shareholder. In addition, the executives and the management policies have been changed as well. The Company has started to operate the construction since 2000. The Company has the policy not to focus only on the construction in any specific industrial sectors only which resulted in the non-recurring income during the past. Since 2010,the Company has also operated the property development business and launched the first project under the name “Focus on Saladaeng” which the Company received a good feedback. The Company then constructed the second project under the name “Focus Ploenchit” located on Sukhumvit Road Soi 2, starting to transfer ownership to customers in May 2015 onwards. Presently, the Company operates the construction business in parallel with the property development business. The Company receives good support from the major shareholders all along.

### Remuneration for Auditors

#### 1. Audit Fee

The Company and its subsidiaries paid the following audit fees:

- The Company’s auditor, totaling..0... Baht in the last financial year.
- The Auditor’s Audit firm and individual or firms relating to the Auditor and Audit firm, totaling.....800,000.-..... baht in the last financial year.

#### 2. Non-Audit Fees

Company and its subsidiaries paid for other services, namely: ..None...

- The Company’s Auditor, totaling ...0...Baht in the previous financial year, and future payments arising from agreed, but unfinished services in the past financial year totaling ..0..Baht.
- The Auditor’s Audit firm and individual or firms relating to the Audit and Audit Company, totaling..0... Baht in the last financial year, and future payments arising from agreed but unfinished services in the past financial year totaling..0..Baht.