

## **AUDITOR'S REPORT**

### **To the Board of Directors and Shareholders of Focus Development and Construction Public Company Limited**

I have audited the accompanying financial statements of Focus Development and Construction Public Company Limited which comprise the statement of financial position as at December 31, 2015, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### **Auditor's Responsibility**

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

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

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

**Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of Focus Development and Construction Public Company Limited as at December 31, 2015, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Udom Thanuratpong

Certified Public Accountant

Registration Number 8501

PV Audit Co., Ltd.

Bangkok, February 26, 2016

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED  
FINANCIAL STATEMENTS AND AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2015

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

	Note	Baht	
		2015	2014
ASSETS	3		
CURRENT ASSETS			
Cash and cash equivalents	5	7,928,992	9,361,196
Trade and other receivables	6	21,096,162	63,716,553
Work in progress		727,470	-
Unbilled receivables	18	19,916,792	72,634,018
Cost of property development	7	322,864,784	396,272,976
Other current assets		7,220,416	8,587,962
Total Current Assets		<u>379,754,616</u>	<u>550,572,705</u>
NON-CURRENT ASSETS			
Restricted bank deposits	8	12,393,267	26,801,911
Building and equipment	9	17,527,452	23,070,030
Intangible asset	4, 10	3,695,268	3,702,204
Deferred tax assets	11	13,553,097	16,956,461
Other non-current assets	12	67,224,028	110,263,920
Total Non-current Assets		<u>114,393,112</u>	<u>180,794,526</u>
TOTAL ASSETS		<u><u>494,147,728</u></u>	<u><u>731,367,231</u></u>

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

	Note	Baht	
		2015	2014
LIABILITIES AND SHAREHOLDERS' EQUITY	3		
CURRENT LIABILITIES			
Bank overdrafts and short-term loans from financial institutions	13	18,615,661	29,781,728
Trade and other payables	4, 14	89,192,446	119,900,599
Current portion of liabilities	16	1,289,165	3,151,258
Estimated cost		39,387,821	60,675,422
Retention payables		23,379,425	30,867,062
Advances received	4, 18	40,031,756	69,753,501
Other current liabilities		2,906,164	15,992,654
Total Current Liabilities		214,802,438	330,122,224
NON-CURRENT LIABILITIES			
Long-term loans from financial institutions	15	136,766,974	262,400,000
Long-term liabilities under finance lease	16	-	1,287,525
Employee benefit obligations	17	6,868,590	5,776,658
Total Non-current Liabilities		143,635,564	269,464,183
Total Liabilities		358,438,002	599,586,407
SHAREHOLDERS' EQUITY			
Share capital			
Authorized share capital:			
400,000,000 ordinary shares, Baht 1 par value		400,000,000	400,000,000
Issued and paid-up share capital:			
126,720,042 ordinary shares, fully paid-up	19, 20	126,720,042	126,720,042
Premium on ordinary shares	21	56,413,239	56,413,239
Deficit		(47,423,555)	(51,352,457)
Total Shareholders' Equity		135,709,726	131,780,824
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		494,147,728	731,367,231

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

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	Baht	
		2015	2014
	3		
Revenue from sales and services	18	489,936,097	532,632,919
Cost of sales and services	18, 22	(406,946,763)	(522,423,320)
Gross profit		82,989,334	10,209,599
Other income		8,677,111	16,406,859
Selling expenses		(17,106,614)	-
Administrative expenses	4, 22	(55,497,508)	(57,986,713)
Finance cost	23	(12,506,610)	(9,734,790)
Profit (loss) before income tax		6,555,713	(41,105,045)
Tax income (expense)	24	(3,248,053)	7,963,375
Profit (loss) for the year		3,307,660	(33,141,670)
Other comprehensive income (loss)			
Items that will never be reclassified to profit or loss			
Defined benefit plan actuarial gain		776,553	-
Income tax relating to defined benefit plan actuarial gain		(155,311)	-
Other comprehensive income for the year - net of tax		621,242	-
Total comprehensive income (loss)		3,928,902	(33,141,670)
Earnings (loss) per share			
Basic earnings (loss) per share	3	0.03	(0.26)
Weighted average number of ordinary shares (Shares)	3	126,720,042	126,720,025

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	Baht			Total
		Issued and paid-up share capital	Premium on ordinary shares	Deficit	
Beginning balance as at January 1, 2014		126,720,000	56,413,155	(18,210,787)	164,922,368
Changes in shareholders' equity					
Increase in ordinary shares	19, 20	42	84	-	126
Loss for the year		-	-	(33,141,670)	(33,141,670)
Balance as at December 31, 2014		126,720,042	56,413,239	(51,352,457)	131,780,824
Changes in shareholders' equity					
Profit for the year		-	-	3,307,660	3,307,660
Other comprehensive income for the year		-	-	621,242	621,242
Balance as at December 31, 2015		126,720,042	56,413,239	(47,423,555)	135,709,726

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

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Baht	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit (loss) before income tax	6,555,713	(41,105,045)
Adjustments to reconcile profit (loss) before income tax to net cash provided by (used in) operating activities		
Depreciation and amortization	7,177,287	9,316,828
Provision incurred from the employee benefit obligations	1,943,005	1,304,223
Reversal estimate cost overrun	-	(16,917)
Reversal doubtful debts	(32,710)	-
(Gain) loss on disposal of and written-off assets	209,595	(2,182,028)
Interest income	(271,064)	(612,126)
Interest expenses	12,506,610	9,734,790
Profit (loss) from operating activities before change in operating assets and liabilities	28,088,436	(23,560,275)
Change in operating assets (increase) decrease		
Trade and other receivables	42,560,402	27,259,885
Work in progress	(727,470)	4,414,668
Unbilled receivables	52,717,226	36,839,685
Cost of property development	75,933,400	(149,239,816)
Other current assets	1,367,546	3,002,831
Restricted bank deposits	14,408,644	(2,334,858)
Other non-current assets	21,557,712	(886,590)
Change in operating liabilities increase (decrease)		
Trade and other payables	(30,851,076)	7,761,535
Estimated cost	(21,287,601)	(17,798,278)
Retention payables	(7,487,637)	(15,348,482)
Advances received	(29,721,745)	6,501,503
Other current liabilities	(13,086,490)	7,148,903
Payment of employee benefit obligations	-	(884,800)
Cash generated (paid) from operations	133,471,347	(117,124,089)

FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Baht	
	2015	2014
Interest received	331,053	621,220
Income tax refund	33,662,355	23,375,378
Income tax paid	(12,147,465)	(17,202,296)
Net cash provided by (used in) operating activities	<u>155,317,289</u>	<u>(110,329,787)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(1,329,124)	(3,265,645)
Disposal of equipment	124,299	2,523,365
Purchase of intangible asset	(632,542)	(3,238,558)
Net cash used in investing activities	<u>(1,837,367)</u>	<u>(3,980,838)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in bank overdrafts	6,213,221	9,802,144
Increase (decrease) in short-term loans from financial institutions	(17,379,288)	10,399,065
Proceed from long-term loans from financial institutions	69,900,000	110,100,000
Repayment of long-term loans from financial institutions	(195,533,026)	-
Repayment of liabilities under finance lease	(3,149,618)	(2,990,910)
Proceed from issued ordinary shares	-	126
Interest paid	(14,963,415)	(9,381,807)
Net cash provided by (used in) financing activities	<u>(154,912,126)</u>	<u>117,928,618</u>
Net increase (decrease) in cash and cash equivalents	(1,432,204)	3,617,993
Cash and cash equivalents at beginning of year	9,361,196	5,743,203
Cash and cash equivalents at end of year	<u><u>7,928,992</u></u>	<u><u>9,361,196</u></u>

Supplement information:

In year 2015

- 1) Cost of property development increased during the year due to interest expenses from loans and depreciation capitalised in the amount of Baht 2.73 million.

In year 2014

- 1) Cost of property development increased during the year due to interest expenses from loans and depreciation capitalised in the amount of Baht 2.53 million.

**FOCUS DEVELOPMENT AND CONSTRUCTION PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

**1. GENERAL INFORMATION**

Focus Development and Construction Public Company Limited, “the Company” was incorporated in Thailand under the Civil and Commercial Code on March 30, 1989, and was listed in the Market for Alternative Investment (mai) on the Stock Exchange of Thailand on October 5, 2004. The Company engages as a construction contractor and a real estate business.

The registered office of the Company is located at 25, 9th Floor, Alma Link Building, Soi Chidlom, Ploenchit Road, Lumpini, Patumwan, Bangkok.

**2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The accompanying financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) in accordance with generally accepted accounting principles in Thailand.

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act B.E. 2543.

The accompanying financial statements have been prepared in the Thai language and expressed in Thai Baht. Such financial statements have been prepared for domestic reporting purposes. For the convenience of the readers not conversant with the Thai language, an English version of the financial statements has been provided by translating from the Thai version of the financial statements.

The preparation of the financial statements in accordance with Thai Financial Reporting Standards (“TFRS”) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, and in the period of the revision and future periods, if the revision affects both current and future periods.

### **Adoption of New Thai Financial Reporting Standards**

FAP has issued Notifications, mandating the use of new and revised Conceptual Framework for Financial Reporting (revised 2015), Thai Accounting Standards (“TAS”), TFRS, Thai Standard Interpretations (“TSIC”) and Thai Financial Reporting Interpretations (“TFRIC”) as follows:

- a) Conceptual Framework for Financial Reporting (revised 2015) which is immediately effective for the year 2015.
- b) TAS, TFRS, TSIC and TFRIC which are effective for the financial statements for the period beginning on or after January 1, 2015 as follows:

<b>TAS/TFRS/TSIC/TFRIC</b>	<b>Topic</b>
TAS 1 (revised 2014)	Presentation of Financial Statements
TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of Cash Flows
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2014)	Events after the Reporting Period
TAS 11 (revised 2014)	Construction Contracts
TAS 12 (revised 2014)	Income Taxes
TAS 16 (revised 2014)	Property, Plant and Equipment
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 19 (revised 2014)	Employee Benefits
TAS 20 (revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2014)	Borrowing Costs
TAS 24 (revised 2014)	Related Party Disclosures
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2014)	Separate Financial Statements
TAS 28 (revised 2014)	Investments in Associates and Joint Ventures
TAS 29 (revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2014)	Earnings per Share
TAS 34 (revised 2014)	Interim Financial Reporting
TAS 36 (revised 2014)	Impairment of Assets
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2014)	Intangible Assets
TAS 40 (revised 2014)	Investment Property
TFRS 2 (revised 2014)	Share-based Payment

<b>TAS/TFRS/TSIC/TFRIC</b>	<b>Topic</b>
TFRS 3 (revised 2014)	Business Combinations
TFRS 5 (revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2014)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2014)	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement
TSIC 10 (revised 2014)	Government Assistance - No specific Relation to Operating Activities
TSIC 15 (revised 2014)	Operating Leases-Incentives
TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2014)	Service Concession Arrangements : Disclosures
TSIC 31 (revised 2014)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (revised 2014)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2014)	Applying the Restatement Approach under TAS 29 (revised 2014) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2014)	Service Concession Arrangements
TFRIC 13 (revised 2014)	Customer Loyalty Programmes
TFRIC 14	TAS 19 (revised 2014) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2014)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2014)	Distributions of Non - cash Assets to Owners
TFRIC 18 (revised 2014)	Transfers of Assets from Customers
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

During the year, the Company has adopted Conceptual Framework for Financial Reporting (revised 2015), new and revised TFRS which are effective for the accounting period beginning on or after January 1, 2015. These Conceptual Framework for Financial Reporting (revised 2015) and TFRS were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these Conceptual Framework for Financial Reporting (revised 2015) and TFRS does not have any significant impact on the financial statements of the Company, except TFRS as follows:

**TAS 1 (revised 2014) Presentation of financial statements**

The key change is that the Company is required to group items presented in “Other Comprehensive Income” on the basis of whether they are potentially reclassifiable to profit or loss subsequently. This standard will only impact the Company presentation of other comprehensive income items in the statement of comprehensive income of the Company.

**New and revised Thai Financial Reporting Standards not yet effective**

During the year 2015, FAP has issued Notifications, mandating the use of new and revised Thai Accounting Standards (“TAS”), TFRS, Thai Standard Interpretations (“TSIC”), Thai Financial Reporting Interpretations (“TFRIC”) and accounting guidance (“AG”) as follows:

TAS, TFRS, TSIC, TFRIC and AG which are effective for the financial statements for the period beginning on or after January 1, 2016 as follows:

<b>TAS/TFRS/TSIC/TFRIC/AG</b>	<b>Topic</b>
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events after the Reporting Period
TAS 11 (revised 2015)	Construction Contracts
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits

<b>TAS/TFRS/TSIC/IFRIC/AG</b>	<b>Topic</b>
TAS 20 (revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2015)	Earnings per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Asset
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible Assets
TAS 40 (revised 2015)	Investment Property
TAS 41	Agriculture
TFRS 2 (revised 2015)	Share-based Payment
TFRS 3 (revised 2015)	Business Combinations
TFRS 4 (revised 2015)	Insurance Contracts
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2015)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 11 (revised 2015)	Joint Arrangements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement

<b>TAS/TFRS/TSIC/TFRIC/AG</b>	<b>Topic</b>
TSIC 10 (revised 2015)	Government Assistance - No specific Relation to Operating Activities
TSIC 15 (revised 2015)	Operating Leases-Incentives
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TFRIC 7 (revised 2015)	Applying the Restatement Approach under TAS 29 (revised 2015) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2015)	Service Concession Arrangements
TFRIC 13 (revised 2015)	Customer Loyalty Programmes
TFRIC 14 (revised 2015)	TAS 19 (revised 2015) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2015)	Transfers of Assets from Customers
TFRIC 20 (revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies
Accounting guidance for the measurement and recognition of bearer plants	

The management of the Company is assessing the impacts of these TFRS on the financial statements for the year in which they are initially applied.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **The measurement bases used in preparing the financial statements**

Other than those disclosed in other outlines in the summary of significant accounting policies and other notes to the financial statements, the financial statements are prepared on the historical cost basis.

#### **Revenues**

Revenue excludes value added taxes or other sales taxes and is arrived at after deduction of trade discounts.

#### Revenues from sale of property

Sales of residential condominium units are recognised as revenue when the construction works are completed and the significant risks and rewards of ownerships have been transferred to the buyer.

#### Revenues from construction

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the statement of comprehensive income in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in the statement of comprehensive income.

The completed part of construction, which has not yet been delivered for acceptance or for billing, is recorded as unbilled receivables.

#### Work in progress

Work in progress is stated at cost less allowance for impairment losses (if any).

#### Rental income

Rental income under operating leases is recognized in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income. Contingent rentals are recognized as income in the accounting period in which they are earned.

#### Interest income and other income

Interest income is recognized as interest accrues, based on the effective rate method.

Other income is recognized on an accrual basis.

## **Expenses**

Expenses are recognized in the statement of comprehensive income as it accrues.

### Operating leases

Payments made under operating leases are recognized in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognized in the statement of comprehensive income as an integral part of the total lease payments made. Contingent rentals are charged to the statement of comprehensive income in the accounting period in which they are incurred.

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest component of finance lease payments is recognized in the statement of comprehensive income using the effective interest rate method.

## **Employee benefits**

### Short-term benefits

The Company recognizes salaries, wages, bonus and social security contribution as expenses when incurred.

### Post-employment benefits – defined contribution plan

The Company has established a provident fund that is a defined contribution plan. The assets of which are held in a separate trust fund. The provident fund is funded by the contribution from employees and the Company. Contributions to the provident fund are charged to the statement of comprehensive income in the period to which they relate.

### Post-employment benefits – defined benefit plan

The employee benefits liabilities for severance payment as the labor law is recognised as a charge to results of operations over the employee's service period. It is calculated by estimating the amount of future benefit earned by employees in return for service provided to the Company in the current and future periods, with such benefit being discounted to determine the present value. The reference point for setting the discount rate is the yield rate of government bonds as at the reporting date. The calculation is performed by actuarial technique using the Projected Unit Credit Method.

When the employee benefits are improved, the portion of the increased benefit relating to past service by employees is recognized in the statement of comprehensive income on a straight-line basis over the average period until the benefits become vested.

When the actuarial assumptions are changed, the Company recognizes all actuarial gains (losses) immediately in other comprehensive income.

### **Cash and cash equivalents**

Cash and cash equivalents are cash on hand, cash at bank and short-term investments with high liquidity net of deposits at bank on obligation and bank deposits with a maturity date over 3 months.

### **Trade and other receivables**

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts.

The Company records allowance for doubtful accounts that is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debtor aging.

In determined an allowance for doubtful accounts, the management needs to make judgment for estimated losses for each outstanding debtor. The allowances for doubtful accounts are determined through a combination of analysis of debt aging, collection experience, and taking into account change in the current economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for receivable losses and adjustments to the allowances may therefore be required in the future.

### **Cost of property development**

Cost of property development are stated at the lower of cost or net realisable value. Cost of property development is netted of cost of sales. Project costs consisting of acquisition cost of land, development expenses, design fees and construction costs, utilities and direct expenses of the project including interest expense of borrowing for the acquisition of project development before the project is completed.

The details of cost calculation

Land	-	Cost of land and development using the average method, calculating based on salable area for each project.
Construction	-	Construction cost consists of the cost of construction, public utility costs, calculating based on salable area. The costs of construction of condominiums and borrowing cost capitalised to the project are allocated based on the actual cost incurred.

Net realisable value represents the estimated normal selling price less estimated costs to sell.

Direct selling expenses such as specific business tax and transfer fee are recognized when sale incures.

The Company recognises loss on diminution in value of projects and loss on impairment (if any) in profit or loss.

In determining the cost of sales of property development, the anticipated total development costs (taking into account actual costs incurred to date) are attributed based on the basis of the salable area.

Cost of project sold estimates these costs based on their business experience and revisit the estimations on a periodical basis or when the actual costs incurred significantly vary from the estimated costs.

Interest cost and other cost on borrowing, for use in the acquisition of land and the construction of the projects, was capitalized as part of the cost of those assets until the projects was completed or when the construction was suspended. The capitalization of interest shall be resumed when the project is re-activated.

### **Building and equipment**

Building and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

Depreciation

Depreciation is computed by the straight–line method based on the estimated useful lives of assets as follows:

	<u>Years</u>
Construction	5
Machinery and equipment	5
Furniture and office equipment	5
Vehicles	5 - 10

Depreciation is included in determining income and no depreciation is provided to construction in progress.

Repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits will be more than one period. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are included in operating profit.

The direct expenses concerned with the assets include interest paid from the borrowing for the acquisitions of the above assets before completion of the assets are recognized as cost of the assets.

### **Intangible asset**

Intangible asset is stated at cost less accumulated amortization and allowance for decline in value (if any), which is computed by the straight–line method based on the useful lives of asset of 5 years and 10 years.

### **Impairment of assets**

The Company will consider the impairment of assets when there are incidents or changes in the environment which indicate that the book value of the assets is higher than the recoverable amount (the higher of fair value less cost to sell of the particular assets or its value in use). The impairment review, will consider the impairment of an individual asset or a "cash generating unit".

In the case that the book value of the asset is higher than its recoverable amount, the Company will recognize the loss from impairment of the asset in the statement of comprehensive income. The Company then will reverse the loss from impairment of assets previously recognized when there are indications that impairment will discontinue or will diminish by such recording in other income. The loss from the revision, however, must not exceed the book value of

the assets (net of depreciation and amortization) as if the Company has never before recognized loss from impairment of assets in the previous year.

### **Finance lease**

Leases which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period. The property, plant or equipment acquired under finance lease contract is depreciated over the shorter of the useful life of the asset or the lease term.

### **Provisions**

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Significant judgements and estimates are as follows:

#### **Commercial disputes and litigation**

The Company has contingent liabilities as a result of commercial disputes and litigation. The Company's management has used judgment to assess the results of the commercial disputes and litigation and believes that no loss will be occurred. Therefore no provision is recorded as at the statement of financial position date. However, actual results could differ from the estimates.

#### **Estimated construction project costs**

The Company estimates costs of construction projects based on details of the construction work, taking into account the volume and value of construction materials to be used in the project, labour costs and other miscellaneous costs to be incurred to completion of service, taking into account the direction of the movement in these costs. Estimates are reviewed regularly or whenever actual costs differ significantly from the figures used in the original estimates.

#### **Provision for losses on construction projects**

Management applies judgement in estimating the loss they expect to be realised on each construction project, based on estimates of anticipated costs that take into account the progress of the project and actual costs incurred to date, together with fluctuations in costs of construction materials, labour and the current situation.

Provision for penalty from delay delivery

The Company has provision incurred from delay delivery. The management applied judgement in estimating the penalty based on contract rate and the period of delay project work. The Company has recorded provision for penalty from delay delivery in the financial statements. However, actual results could differ from the estimates.

### **Income tax**

Income tax expense for the year comprises current and deferred tax.

Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in shareholders' equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of reporting period date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of reporting period date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change their judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised 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 the end of reporting period date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**Basic earnings (loss) per share**

Basic earnings (loss) per share for the years ended December 31, 2015 and 2014 is calculated by dividing profit (loss) for the years by the weighted average number of ordinary shares outstanding during the years as follows:

For the years ended December 31, 2015 and 2014

	2015	2014
Profit (loss) for the years (Baht)	3,307,660	(33,141,670)
<b>Weighted average number of ordinary shares (shares)</b>		
Issued ordinary shares at the beginning of the years	126,720,042	126,720,000
Effect of shares issued during the years	-	25
Weighted average number of ordinary shares (shares)	126,720,042	126,720,025
Basic earnings (loss) per share (Baht)	0.03	(0.26)

**Diluted earnings (loss) per share**

Diluted earnings (loss) per share is calculated by dividing the profit (loss) for the years of ordinary shareholders by the sum of the weighted average number of ordinary shares outstanding during the years plus the weighted average number of shares to be issued for the exercise of all dilutive potential ordinary shares in to ordinary shares, without any consideration. The calculation assumes that the holders will exercise dilutive potential ordinary share into ordinary shares when the exercise price is lower than fair value of ordinary shares.

The Company does not calculate diluted earnings (loss) per share for the year ended December 31, 2014 due to the warrants were expired during the year 2014 and in 2014 the fair value of the Company's ordinary shares was lower than exercise price.

#### 4. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Company had transactions with related parties. These parties were related through common shareholders and/or directorships. The significant transactions with related parties as included in the financial statements are determined at the prices in line occurring in the normal course of business based on the market price in general or the price as stipulated in the agreement if no market price exists.

The significant balances of assets, liabilities, and other transactions that occurred with those parties were shown as follows:

The significant related party transactions for the years ended December 31, 2015 and 2014 were as follows:

	Baht	
	2015	2014
<b>Directors' remuneration</b>		
Directors	543,000	579,000
<b>Purchase of intangible asset</b>		
Data In Motion Co., Ltd.	-	1,963,900

The significant balances with related parties as at December 31, 2015 and 2014 were as follows:

	Baht	
	2015	2014
<b>Trade and other payables</b>		
Data In Motion Co., Ltd.	-	591,657
<b>Deposits and unearned revenues</b>		
Perasia (Thailand) Limited	-	2,475,435
Directors	2,475,435	-

#### Key management personnel compensation

Key management personnel compensation for the years ended December 31, 2015 and 2014 consisted of:

	Baht	
	2015	2014
Short-term benefits	9,658,309	8,794,958
Post-employment benefits	561,820	493,367
Total key management personnel compensation	10,220,129	9,288,325

The Company opened a presale condominium Focus Ploentchit which has a transaction with 1 related person as at December 31, 2015 with the sale amount and price condition as follows:

Thousands Baht		
Value of contract	Advance received	Price condition
12,505	2,475	Same price and condition as normal business

**Nature of relationship**

Name	Country	Relation	Type of relation
Data In Motion Co., Ltd.	Thailand	Related company	Common director
Perasia (Thailand) Limited	Thailand	Related company	Common director

**Bases of measurement for inter company revenues and expenses**

	Pricing Policy
Purchase of intangible asset	Market price

**5. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as at December 31, 2015 and 2014 consisted of:

	Baht	
	2015	2014
Cash on hand	424,448	807,564
Cash at bank	7,504,544	8,553,632
Total	7,928,992	9,361,196

**6. TRADE AND OTHER RECEIVABLES**

Trade and other receivables as at December 31, 2015 and 2014 consisted of:

	Baht	
	2015	2014
Trade accounts receivable	19,292,947	61,820,802
Other receivables	1,803,215	1,895,751
Total	21,096,162	63,716,553

As at December 31, 2015 and 2014, the Company had outstanding balances of trade accounts receivable aged by number of months as follows:

	Baht	
	2015	2014
Less than or equal to 3 months	18,705,192	43,730,985
More than 3 to 6 months	587,755	1,541,951
More than 6 to 12 months	-	10,877,960
Over 12 months	-	5,669,906
<b>Total</b>	<b>19,292,947</b>	<b>61,820,802</b>

## 7. COST OF PROPERTY DEVELOPMENT

Cost of property development as at December 31, 2015 and 2014 were as follows:

	Baht		
	Focus	Focus	Total
	on Saladaeng	Ploenchit	
<b>Cost</b>			
As at January 1, 2014	4,495,241	242,537,919	247,033,160
Purchase/transfer in	-	149,239,816	149,239,816
Cost of sales	-	-	-
As at December 31, 2014	4,495,241	391,777,735	396,272,976
Purchase/transfer in	-	83,943,345	83,943,345
Cost of sales	-	(157,351,537)	(157,351,537)
As at December 31, 2015	4,495,241	318,369,543	322,864,784
<b>Net book value as at December 31, 2014</b>	<b>4,495,241</b>	<b>391,777,735</b>	<b>396,272,976</b>
<b>Net book value as at December 31, 2015</b>	<b>4,495,241</b>	<b>318,369,543</b>	<b>322,864,784</b>

The Company's land included existing building and to be constructed in the future of project Focus Ploenchit were mortgaged to secure bank overdraft in the amount of Baht 5 million, long-term loans in the amount of Baht 335 million and letter of guarantee facilities in the amount of Baht 25 million (see Notes 13 and 15).

## 8. RESTRICTED BANK DEPOSITS

Restricted bank deposits as at December 31, 2015 in the amount of Baht 12.39 million (In year 2014: Baht 26.80 million), were pledged as collateral for credit lines from financial institutions as follows (see Notes 13 and 15):

- 1) Bank overdraft facilities in the amount of Baht 3 million.
- 2) Projects' facilities of promissory notes in the amount of Baht 23.00 million (In year 2014: Baht 198.00 million).
- 3) Letter of guarantee facilities in the amount of Baht 203.75 million (In year 2014: Baht 526.84 million).

## 9. BUILDING AND EQUIPMENT

Building and equipment as at December 31, 2015 and 2014 consisted of:

	Baht				Total
	Construction	Machinery and equipment	Furniture and office equipment	Vehicles	
<b>Cost</b>					
As at January 1, 2014	751,087	76,950,895	14,428,036	11,359,920	103,489,938
Purchases/transfer in	-	1,858,120	1,407,525	-	3,265,645
Adjust/transfer out	-	(1,926,074)	(484,689)	-	(2,410,763)
Disposals	-	(5,040,561)	-	(946,232)	(5,986,793)
As at December 31, 2014	751,087	71,842,380	15,350,872	10,413,688	98,358,027
Purchases/transfer in	619,952	469,151	240,021	-	1,329,124
Adjust/transfer out	(751,087)	(17,600)	(1,950,488)	-	(2,719,175)
Disposals	-	(390,000)	(193,000)	(842,233)	(1,425,233)
As at December 31, 2015	619,952	71,903,931	13,447,405	9,571,455	95,542,743
<b>Accumulated depreciation</b>					
As at January 1, 2014	751,086	56,071,607	9,614,361	7,809,278	74,246,332
Depreciation	-	6,375,230	1,620,415	1,102,241	9,097,886
Adjust/transfer out	-	(1,648,990)	(420,473)	-	(2,069,463)
Disposals	-	(5,040,555)	-	(946,202)	(5,986,757)
As at December 31, 2014	751,086	55,757,292	10,814,303	7,965,317	75,287,998
Depreciation	67,883	4,515,611	1,589,497	510,927	6,683,918
Adjust/transfer out	(751,087)	(11,875)	(1,892,567)	-	(2,655,528)
Disposals	-	(265,870)	(192,996)	(842,231)	(1,301,097)
As at December 31, 2015	67,883	59,995,158	10,318,237	7,634,013	78,015,291
<b>Net book value</b>					
Owned assets	1	10,363,899	4,536,568	930,736	15,831,204
Assets under finance leases	-	5,721,191	-	1,517,635	7,238,826
As at December 31, 2014	1	16,085,090	4,536,568	2,448,371	23,070,030
Owned assets	552,069	6,584,754	3,129,168	741,282	11,007,273
Assets under finance leases	-	5,324,019	-	1,196,160	6,520,179
As at December 31, 2015	552,069	11,908,773	3,129,168	1,937,442	17,527,452

	Baht	
	2015	2014
Depreciation for the years ended December 31		
was included in		
Cost of property development	207,183	297,750
Cost of construction	2,001,261	4,097,334
Administrative expenses	4,475,474	4,702,802
Total	<u>6,683,918</u>	<u>9,097,886</u>
As at December 31		
the carrying amount before accumulated depreciation		
which have been depreciated and still in use	<u>53,037,451</u>	<u>55,818,319</u>

	As at December 31, 2015			
	Lessor	Period	(Million Baht)	Note
Office rental and service agreement	Third party	3 years	0.36	-

During the year 2015, the Company reviewed the estimated useful lives and residual value of the machinery and vehicles because of the change in usage of such assets. Therefore, the Company changed the estimated useful lives and residual value of the machinery and vehicles since January 1, 2015. The effect of such changes in estimated useful lives and residual value resulted to decrease in depreciation expense for the year ended December 31, 2015 in the amount of Baht 1.87 million.

## 10. INTANGIBLE ASSET

Intangible asset as at December 31, 2015 and 2014 consisted of:

	Baht		
	Computer program	Computer program under installation	Total
<b>Cost</b>			
As at January 1, 2014	821,250	-	821,250
Purchases/transfer in	2,050,100	1,188,458	3,238,558
Disposals/transfer out	-	-	-
As at December 31, 2014	2,871,350	1,188,458	4,059,808
Purchases/transfer in	1,821,000	461,542	2,282,542
Disposals/transfer out	(290,000)	(1,650,000)	(1,940,000)
As at December 31, 2015	4,402,350	-	4,402,350
<b>Accumulated amortization</b>			
As at January 1, 2014	138,662	-	138,662
Amortization	218,942	-	218,942
Disposals/transfer out	-	-	-
As at December 31, 2014	357,604	-	357,604
Amortization	493,369	-	493,369
Disposals/transfer out	(143,891)	-	(143,891)
As at December 31, 2015	707,082	-	707,082
<b>Net book value</b>			
As at December 31, 2014	2,513,746	1,188,458	3,702,204
As at December 31, 2015	3,695,268	-	3,695,268

Amortization for the years ended December 31, 2015 and 2014 in the amount of Baht 0.49 million and in the amount of Baht 0.22 million, was included in cost of sales and services and administrative expenses.

## 11. DEFERRED TAX

Deferred tax as at December 31, 2015 and 2014 consisted of:

	Baht	
	2015	2014
Deferred tax assets	13,553,097	16,956,461

Movements in deferred tax assets during the years were as follows:

	Baht			At December 31, 2015
	At January 1, 2015	Profit (loss)	Other comprehensive loss	
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	3,927,116	(6,542)	-	3,920,574
Provision	1,155,332	373,696	(155,311)	1,373,717
Cost of property development	1,682,810	(147,478)	-	1,535,332
Tax loss carry forward	10,191,203	(3,467,729)	-	6,723,474
<b>Total</b>	<b>16,956,461</b>	<b>(3,248,053)</b>	<b>(155,311)</b>	<b>13,553,097</b>

	Baht		
	At January 1, 2014	Profit	At December 31, 2014
<b>Deferred tax assets</b>			
Allowance for doubtful accounts	3,927,116	-	3,927,116
Provision	1,074,830	80,502	1,155,332
Cost of property development	-	1,682,810	1,682,810
Tax loss carry forward	3,991,140	6,200,063	10,191,203
<b>Total</b>	<b>8,993,086</b>	<b>7,963,375</b>	<b>16,956,461</b>

## 12. OTHER NON-CURRENT ASSETS

Other non-current assets as at December 31, 2015 and 2014 consisted of:

	Baht	
	2015	2014
Guarantee and deposit	2,456,600	2,568,500
Retention receivables	46,329,003	70,089,327
Withholding tax	29,349,762	50,864,653
Others	8,621,532	6,307,020
<b>Total</b>	<b>86,756,897</b>	<b>129,829,500</b>
<b>Less Allowance for doubtful debts</b>	<b>(19,532,870)</b>	<b>(19,565,580)</b>
<b>Net</b>	<b>67,224,028</b>	<b>110,263,920</b>

Retention receivables are warranty monies deducted retention by the customers at the rate of 5% - 10% of the contract amount. Retention for the not completed construction project will be returned to the Company after the Company completed the work and upon expiry of the warranty period as stated in the contract.

Movements of allowance for doubtful debts for the years ended December 31, 2015 and 2014 were as follows:

	Baht	
	2015	2014
Balance as at the beginning	19,565,580	19,565,580
<b>Less</b> Reversal doubtful debts	(32,710)	-
Balance as at the end	19,532,870	19,565,580

### 13. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term loans from financial institutions as at December 31, 2015 and 2014 consisted of:

	Baht	
	2015	2014
Bank overdrafts	18,615,661	12,402,440
Promissory notes - against payment	-	17,379,288
Total	18,615,661	29,781,728

The Company has credit facilities with financial institutions consisted of:

Type	Facilities (Million Baht)		Referred interest rate (% per annum)	
	2015	2014	2015	2014
Bank overdrafts	23.00	23.00	MOR, Fixed deposit	MOR, Fixed deposit
Letter of guarantee	417.70	841.62	-	-
Promissory notes	23.00	198.00	MLR, MOR	MLR, MOR
Total	463.70	1,062.62		

As at December 31, 2015, the Company has collateral as follows:

Type	Facilities (Million Baht)	Collateral
Bank overdrafts	3.00	Company's fixed deposit (see Note 8).
	15.00	Personal guarantee by a third party.
	5.00	Mortgaged by Focus Ploenchit project (see Note 7).
Letter of guarantee	257.53	Company's fixed deposit (see Note 8) and/or transferred account receivable rights received from some projects.
	25.00	Mortgaged by Focus Ploenchit project (see Note 7).
	135.17	No collateral.
Promissory notes	23.00	Company's fixed deposit (see Note 8) and/or transferred account receivable rights received from some projects.

A third party guarantees without charging for compensation from guarantee.

#### 14. TRADE AND OTHER PAYABLES

Trade and other payables as at December 31, 2015 and 2014 consist of:

	Baht	
	2015	2014
Trade accounts payable	84,696,473	106,694,767
Accrued expenses	4,495,974	13,205,832
Total	89,192,446	119,900,599

#### 15. LOANS FROM FINANCIAL INSTITUTIONS

Loans from financial institutions as at December 31, 2015 and 2014 consisted of:

	Baht	
	2015	2014
Loans from financial institutions	136,766,974	262,400,000
<b>Less</b> Current portion	-	-
Long-term loans from financial institutions	136,766,974	262,400,000

The details of loans from financial institutions:

Lenders	Facilities (Million Baht)	Period	Interest rate per annum	Repayment
Bank	155.00	June 2012 - December 2016	MLR-1.25	Payment of principal at 70 percent from sale contract when transfer right of residential condominium unit and interest paid on a monthly basis
Bank	180.00	June 2012 - February 2017	MLR-1.25	
Total	335.00			

Movements of loans from financial institutions for the years ended December 31, 2015 and 2014 were as follows:

	Baht	
	2015	2014
Beginning balance	262,400,000	152,300,000
Increase	69,900,000	110,100,000
Decrease	(195,533,026)	-
Ending balance	136,766,974	262,400,000

The Company mortgaged land together with construction at Focus Ploenchit project as collateral for loans. (see Note 7).

## 16. LIABILITIES UNDER FINANCE LEASE

Liabilities under finance lease as at December 31, 2015 and 2014 consisted of:

Year	Baht		
	2015		
	Present value	Deferred interest	Minimum lease payment
1	1,289,165	23,138	1,312,303
2 - 5	-	-	-
<b>Total</b>	<b>1,289,165</b>	<b>23,138</b>	<b>1,312,303</b>

  

Year	Baht		
	2014		
	Present value	Deferred interest	Minimum lease payment
1	3,151,258	184,900	3,336,158
2 - 5	1,287,525	24,778	1,312,303
<b>Total</b>	<b>4,438,783</b>	<b>209,678</b>	<b>4,648,461</b>

The Company entered into the finance lease agreements for machineries and vehicles. The payment is on monthly basis in the amount of Baht 0.27 million per month. The current portion of liabilities under the finance lease agreements in the amount of Baht 1.29 million (In year 2014: Baht 3.15 million) was presented under current liabilities.

## 17. EMPLOYEE BENEFITS

Movement of the present value of employee benefit obligations for the years ended December 31, 2015 and 2014 as follows:

	Baht	
	2015	2014
<b>Post-employment benefit plan</b>		
Employee benefit obligations as at January 1	5,776,658	5,357,235
included in profit or loss:		
Current service cost	1,657,157	1,107,023
Interest cost	285,848	197,200
included in other comprehensive income :		
Actuarial (gain) loss arising from		
Demographic assumptions changes	(1,806,412)	-
Financial assumptions changes	2,187,719	-
Experience adjustments	(1,157,860)	-
Benefits transfer to accrued expenses	(74,520)	
Benefits paid during the year	-	(884,800)
<b>Employee benefit obligations as at December 31</b>	<b>6,868,590</b>	<b>5,776,658</b>

As at December 31, 2015 the weighted average duration of the liabilities for post-employment benefits is 8.61 years.

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2015 are summarised below:

	Baht	
	Increase	Decrease
Discount rate (1% movement)	(6,429,917)	7,353,726
Salary increase rate (1% movement)	7,261,383	(6,503,263)
Turnover rate (10% movement)	(6,486,208)	7,295,991

Employee benefit obligations in the statements of financial position as at December 31, 2015 and 2014 consisted of:

	Baht	
	2015	2014
<b>Post-employment benefit plan</b>		
Present value of obligations	6,868,590	5,776,658
Employee benefit obligations - recognised in statements of financial position	<u>6,868,590</u>	<u>5,776,658</u>

The Company made defined benefit plan in accordance with severance payment as the labor law which entitled retired employee within work service period in various rates, such as more than 10 years to receive severance payment not less than 300 days or 10 months of the last month salary.

The principal assumptions used in determining provision for retirement benefit on an actuarial basis as at December 31, 2015 and 2014 (expressed as weighted averages) are shown below:

	2015	2014
Discount rate	2.40%	3.681%
Future salary increases	6.50%	5.00%
Turnover rate	5 - 52.5%	22.90%
Disability rate	10.00% of Thai Mortality Ordinary Table	5.00% of Thai Mortality Ordinary Table
Retirement age	60 years	60 years
Mortality rate	Thai Mortality Ordinary Table 2008	Thai Mortality Ordinary Table 2008

## 18. CONSTRUCTION CONTRACTS

For the years ended December 31, 2015 and 2014, construction contracts were as follows:

	Baht	
	2015	2014
Value of contracts	2,339,503,948	2,854,340,073
Costs incurred up to the year	1,378,025,095	1,932,504,886
Estimated profit recognized up to the year	40,539,356	67,533,665
Costs and estimated profit recognized up to the year	1,418,564,450	2,000,038,551
Less Amount billed to customers up to the year	(1,415,933,557)	(1,952,249,109)
Unbilled receivables	19,916,792	72,634,018
Advances received	17,285,899	24,844,576

## 19. SHARE CAPITAL

The Company issued 42 ordinary shares offering to exercise of 42 warrants at price of Baht 3 each and the Company registered the change of paid-up share capital with the Ministry of Commerce on June 19, 2014.

## 20. WARRANTS

As at December 31, 2015 and 2014, there was no outstanding warrants because the warrants were expired during the year 2014.

## 21. SHARE PREMIUM

Section 51 of the Public Limited Companies Act B.E. 2535 requires companies to set aside share subscriptions received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

## 22. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2015 and 2014 were as follows:

	Baht	
	2015	2014
Salary and employee benefits	99,627,560	128,002,885
Rental and service expense	6,902,609	7,076,314
Depreciation and amortization	7,177,287	9,316,828

## 23. FINANCE COSTS

Finance costs for the years ended December 31, 2015 and 2014 consisted of:

	Baht	
	2015	2014
Interest expenses	15,031,818	11,963,032
Interest capitalised	(2,525,208)	(2,228,242)
Net	12,506,610	9,734,790

## 24. INCOME TAX

Corporate income tax for the years ended December 31, 2015 and 2014 was calculated at a rate specified by the Revenue Department on net earnings after adjusting certain conditions according to the Revenue Code. The Company recorded the corporate income tax as expense for the years and recorded the accrued portion as liabilities in the statements of financial position.

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated December 14, 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 January 1, 2012, and will be reduced to 20% on net profit for the two consecutive accounting periods beginning on or after January 1, 2013 onwards.

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

Tax income (expense) for the years ended December 31, 2015 and 2014 consisted of:

	Baht	
	2015	2014
<b>Current tax expense</b>		
Current year	-	-
<b>Deferred tax income</b>		
Movements in temporary differences	(3,248,053)	7,963,375
Tax income (expense)	(3,248,053)	7,963,375

Income tax recognised in other comprehensive income for the years ended December 31, 2015 and 2014 were as follows:

	Baht	
	2015	2014
Provisions	(155,311)	-

Reconciliation of effective tax rate

	2015		2014	
	Tax rate		Tax rate	
	(%)	Baht	(%)	Baht
Profit (loss) before income tax		6,555,713		(41,105,045)
Income tax using the corporate tax rate	20	(1,311,143)	20	8,221,009
Expenses not deductible for tax purposes		(2,201,826)		(2,106,838)
Addition expenses deductible for tax purposes		42,392		85,892
Profit (loss) for the years		3,470,577		(6,200,063)
Current tax	-	-	-	-
Movement in temporary differences		(3,248,053)		7,963,375
Tax income (expense)	50	(3,248,053)	19	7,963,375

**25. COMMITMENTS AND CONTINGENT LIABILITIES**

As at December 31, 2015, the Company had commitments and contingent liabilities as follows:

25.1 Letters of guarantee issued by banks of Baht 134.24 million (see Note 13).

25.2 Commitments for payment under agreements as follows:

25.2.1 Payment under office rental and service agreement (see Note 9) as follows:

Period	Rental and service expense (Thousands Baht)
1 year	4,652
2 - 3 years	3,146

25.2.2 Payment under construction contract in the amount of Baht 24.89 million.

25.2.3 Payment under property development project in the amount of Baht 11.31 million.

25.2.4 Payment under compensation for sale as specific rate in the contract.

25.3 The Company was sued, for payment of goods in the amount of Baht 1.40 million. The Civil Court ordered the Company to pay in the amount of Baht 0.18 million with interest. The Appeal Court judged according to the Civil Court. On November 5, 2015, the Supreme Court ordered to reject the petition of the Company. As a result, the Company has to pay the debt according to the Appeal Court.

25.4 The Company was sued, for payment of advance in insurance expense and vehicle tax in the amount of Baht 1.35 million with interest. On January 29, 2016, the Civil Court ordered the Company to pay according to compromise agreement in the amount of Baht 1.13 million which is payable in 3 installments of Baht 0.38 million each.

## 26. SEGMENT INFORMATION

Operating segment information is reported in a manner consistent maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the directors of the Company.

The Company operates a construction contractor and development of real estate business. The Company operates in a single geographic area-Thailand for the years ended December 31, 2015 and 2014 were classified as follows:

	Baht					
	Construction		Property development		Total	
	2015	2014	2015	2014	2015	2014
Revenues	228,550,623	532,632,919	261,385,474	-	489,936,097	532,632,919
Cost	(249,595,226)	(522,423,320)	(157,351,537)	-	(406,946,763)	(522,423,320)
Gross profit (loss)	(21,044,603)	10,209,599	104,033,937	-	82,989,334	10,209,599
Other income					8,677,111	16,406,859
Selling expenses					(17,106,614)	-
Administrative expenses					(55,497,508)	(57,986,713)
Finance cost					(12,506,610)	(9,734,790)
Profit (loss) before income tax					6,555,713	(41,105,045)
Tax income (expense)					(3,248,053)	7,963,375
Profit (loss) for the year					3,307,660	(33,141,670)
<b>Other comprehensive income (loss)</b>						
<b>Items that will never be reclassified to profit or loss</b>						
Defined benefit plan actuarial gain					776,553	-
Income tax relating to defined benefit plan actuarial gain					(155,311)	-
Other comprehensive income for the year - net of tax					621,242	-
Total comprehensive income (loss)					3,928,902	(33,141,670)

	Baht					
	Construction		Property development		Total	
	2015	2014	2015	2014	2015	2014
<b>Assets</b>						
Trade and other receivables	21,096,162	63,716,553	-	-	21,096,162	63,716,553
Work in progress	727,470	-	-	-	727,470	-
Unbill receivables	19,916,792	72,634,018	-	-	19,916,792	72,634,018
Cost of property development	-	-	322,864,784	396,272,976	322,864,784	396,272,976
Other non-current assets	66,457,080	109,605,033	766,948	658,887	67,224,028	110,263,920
<b>Total assets</b>	<b>170,515,996</b>	<b>334,435,368</b>	<b>323,631,732</b>	<b>396,931,863</b>	<b>494,147,728</b>	<b>731,367,231</b>
<b>Liabilities</b>						
Trade and other payables	72,889,104	88,398,972	16,303,342	31,501,627	89,192,446	119,900,599
Estimated cost	30,269,849	55,824,545	9,117,972	4,850,877	39,387,821	60,675,422
Advance received	17,285,899	24,844,576	22,745,857	44,908,925	40,031,756	69,753,501
Loans from financial institutions	15,041,856	29,781,728	140,340,778	262,400,000	155,382,635	292,181,728
<b>Total liabilities</b>	<b>169,930,053</b>	<b>255,924,978</b>	<b>188,507,949</b>	<b>343,661,429</b>	<b>358,438,002</b>	<b>599,586,407</b>

## 27. DISCLOSURES OF FINANCIAL INSTRUMENTS

The Company does not speculate or engage in the trading of any derivative financial instruments.

### Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity and also monitors the level of dividends to ordinary shareholders.

### Credit risk

Credit risk is the risk arising from failure of customers or counter parties to meet their contractual obligations. Credit risk occurs when the party fails to fulfill the contractual agreement, which may eventually cause financial losses. The Company has determined a risk protection policy through analysis of the customer and counter parties's financial status, and also defines the policy for credit approval and debt collection period.

Credit of the Company is the credit for construction services and trade provided to the customers that is the general customary trading practice.

### Interest rate risk

Interest rate risk is the uncertainty in value of financial assets and liabilities or net interest income as a result of the fluctuation of the market interest rate.

Most of the financial assets and liabilities of the Company are floating interest rates, which are based on market rates such as the interest rate for the prime clients of a commercial bank, savings/fixed deposits interest rate or other benchmark floating rates.

## **Fair value**

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

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

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

Most of the financial assets are cash and cash equivalents, trade and other receivables and restricted bank deposits which are short-term credit. Most of the financial liabilities are bank overdrafts, loans from financial institutions, trade and other payables and current portion of liabilities with its interest rates close to the market rate. The carrying amount of the financial assets and financial liabilities are not significantly different from their fair value.

## **28. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were authorised for issue by the Company's Board of Directors on February 26, 2016.