

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

AUDITOR'S REPORT

To The Shareholders of DCON PRODUCTS PUBLIC COMPANY LIMITED

Opinion

I have audited the accompanying consolidated and separate financial statements of DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES (the Group) and of DCON PRODUCTS PUBLIC COMPANY LIMITED (the Company), which comprise consolidated and separate statements of financial position as at December 31, 2018, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity, and consolidated and separate statements of cash flows for the year then ended, and notes to financial statements including a summary of significant accounting policies.

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES and of DCON PRODUCTS PUBLIC COMPANY LIMITED as at December 31, 2018, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

Recognition of revenues from sales of goods

The Company and subsidiaries have revenues from sales and services for the year ended December 31, 2018 amount of Baht 1,231.53 million. Most of revenue is derived from sales of construction materials amount Baht 967.79 million which is material amount in the financial statements as described in notes 31 to financial statements. Such revenues from sales of construction materials comprise normal sales of goods and sales of goods with installation services with different in revenue recognition. Accordingly, I have addressed the accuracy of recognition of revenues from sales of goods as key audit matter.

I have obtained an assurance relating to the accuracy of recognition of revenues from sales, by included;

- Obtained an understanding of internal control system relating to recognition of revenues from sales of goods.
- Tested the significant internal control relating to the accuracy of recognition of revenues from sales of goods.
- Checked documents supporting revenues incurred during the year.
- Checked documents supporting subsequent revenues incurred after the end of period and also checked the revenues recognition in conformity with policy of the Company and subsidiaries.

Assessment of impairment of non-operating assets

As stated in notes 16 to financial statements, as at December 31, 2018 the Company has material amount of unused operating assets of Baht 32.82 million (net of provision for impairment of assets amount of Baht 35.84 million) in the financial statements and there is an indicator that impairment of assets incurred. In determining impairment of assets, the Management must make significant substantive judgment to estimate recoverable value of assets to compare with carrying value of such assets. Accordingly, I have addressed the accuracy of recoverable value estimation of non-operating assets as key audit matter.

I have obtained an assurance relating to the accuracy of recoverable value estimation of non-operating assets, by included;

- Obtained an understanding of information and assumptions used in recoverable value estimation of unused operating assets by the Management.
- Evaluated the competence, knowledge of experts of the Management that they have sufficient ability to correctly estimate recoverable value of non-operating assets.
- Checked significant information and assumptions used in recoverable value estimation of unused operating assets with the external information and in the Company as conformed truly.

Other Information

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

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

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

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

D I A International Audit Co., Ltd.

(Miss Somjintana Polhirunrat)

C.P.A. (Thailand)

Registration No. 5599

February 28, 2019

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	5	131,919,479.52	103,529,849.61	102,209,899.92	36,036,756.91
Current investment	6	0.00	394,613,676.34	0.00	394,613,676.34
Trade and other current receivables	7	156,184,801.19	141,945,738.38	143,557,383.67	118,379,930.63
Short-term loans	8, 26	0.00	0.00	1,139,000,000.00	736,000,000.00
Inventories	9	1,646,481,517.32	1,266,968,197.81	65,229,544.94	64,182,560.13
Total current assets		1,934,585,798.03	1,907,057,462.14	1,449,996,828.53	1,349,212,924.01
Non-current assets					
Land held for development	10	19,933,323.78	19,933,323.78	0.00	0.00
Investment in subsidiaries	11	0.00	0.00	459,163,495.71	459,163,495.71
Investment properties	12	48,794,864.94	46,460,033.86	0.00	0.00
Property, plant and equipment	13	466,116,936.68	445,699,015.87	383,169,928.36	404,095,799.98
Other intangible assets	14	2,274,167.82	1,125,590.53	70,001.45	725,995.85
Deferred tax assets	15	8,383,041.22	9,537,813.31	7,810,129.01	8,775,429.28
Non-operating assets	16	32,819,911.89	35,768,652.15	32,819,911.89	35,768,652.15
Other non-current assets		13,904,370.01	4,218,816.02	7,853,700.77	2,541,816.02
Total non-current assets		592,226,616.34	562,743,245.52	890,887,167.19	911,071,188.99
Total assets		2,526,812,414.37	2,469,800,707.66	2,340,883,995.72	2,260,284,113.00

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (Continued)

AS AT DECEMBER 31, 2018

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term borrowings					
from financial institutions	17	2,033,884.35	1,119,185.73	2,033,884.35	1,119,185.73
Trade and other current payables	18	183,301,435.63	185,897,384.96	108,348,254.39	108,477,627.38
Current portion of long-term debt	19	3,111,974.89	108,405.57	3,111,974.89	108,405.57
Current income tax payable		20,048,772.85	15,420,031.39	14,252,814.96	11,474,435.97
Total current liabilities		208,496,067.72	202,545,007.65	127,746,928.59	121,179,654.65
Non-current liabilities					
Financial lease liabilities	19	5,100,170.93	0.00	5,100,170.93	0.00
Deferred tax liabilities	15	5,736,944.36	5,199,651.58	5,736,944.36	5,199,651.58
Non-current provisions for					
employee benefit	20	15,397,457.47	16,092,066.51	12,612,284.12	12,644,332.58
Other non-current liabilities		1,551,000.00	28,274,991.27	0.00	0.00
Total non-current liabilities		27,785,572.76	49,566,709.36	23,449,399.41	17,843,984.16
Total liabilities		236,281,640.48	252,111,717.01	151,196,328.00	139,023,638.81

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (Continued)

AS AT DECEMBER 31, 2018

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2018	2017	2018	2017
Liabilities and shareholders' equity (Cont'd)					
Shareholders' equity					
Share capital	21				
Authorized share capital					
5,570,003,429 common shares					
of Baht 0.10 each		557,000,342.90	557,000,342.90	557,000,342.90	557,000,342.90
Issued and paid-up share capital					
5,204,350,786 common shares					
of Baht 0.10 each		520,435,078.60		520,435,078.60	
4,751,599,991 common shares					
of Baht 0.10 each			475,159,999.10		475,159,999.10
Share premium on common shares		1,286,265,070.15	1,187,565,885.12	1,286,265,070.15	1,187,565,885.12
Retained earnings					
Appropriated					
Legal reserve	22	55,700,034.29	55,700,034.29	55,700,034.29	55,700,034.29
Unappropriated	23	433,766,499.51	504,834,878.80	332,691,448.44	408,238,519.44
Other components of equity		(12,966,618.73)	(12,966,618.73)	(5,403,963.76)	(5,403,963.76)
Total owners of the Company		2,283,200,063.82	2,210,294,178.58	2,189,687,667.72	2,121,260,474.19
Non-controlling interests		7,330,710.07	7,394,812.07	0.00	0.00
Total shareholders' equity		2,290,530,773.89	2,217,688,990.65	2,189,687,667.72	2,121,260,474.19
Total liabilities and shareholders' equity		2,526,812,414.37	2,469,800,707.66	2,340,883,995.72	2,260,284,113.00

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2018	2017	2018	2017
Sales and services		1,231,534,012.72	932,113,400.14	891,950,279.75	777,891,001.00
Cost of sales and services		(805,372,395.69)	(604,327,367.32)	(605,423,864.37)	(519,025,402.23)
Gross profit		426,161,617.03	327,786,032.82	286,526,415.38	258,865,598.77
Other income					
Gain on sale of non-operating land	16	0.00	132,594,002.79	0.00	132,594,002.79
Gain on sale of investment properties		0.00	7,222,722.48	0.00	0.00
Dividend received		0.00	0.00	31,498,191.00	24,498,593.00
Others		20,639,861.86	22,685,931.49	56,887,284.68	41,977,461.50
Distribution costs		(157,562,753.10)	(127,486,265.78)	(132,668,262.31)	(115,164,009.65)
Administrative expenses		(79,765,819.42)	(78,471,764.70)	(50,445,851.81)	(56,587,608.17)
Finance costs		(2,658,662.24)	(289,419.76)	(2,462,014.68)	(235,316.76)
Profit before income tax expense		206,814,244.13	284,041,239.34	189,335,762.26	285,948,721.48
Tax expense	24	(43,771,402.35)	(59,922,854.02)	(30,709,319.19)	(51,061,429.72)
Profit for the year from continuing operations		163,042,841.78	224,118,385.32	158,626,443.07	234,887,291.76
Loss for the year from discontinued operations	3	0.00	(2,247,104.53)	0.00	0.00
Profit for the year		163,042,841.78	221,871,280.79	158,626,443.07	234,887,291.76
Other comprehensive income					
Components of other comprehensive income					
that will not be reclassified to profit or loss					
- Gains (losses) on remeasurements of					
defined benefit plans	20	0.00	(8,717,767.63)	0.00	(6,754,954.70)
- Income tax relating to components of the					
comprehensive income that will not be					
reclassified to profit or loss	24	0.00	1,743,553.53	0.00	1,350,990.94
Other comprehensive income (expense) for the year					
- net of tax		0.00	(6,974,214.10)	0.00	(5,403,963.76)
Total comprehensive income for the year		163,042,841.78	214,897,066.69	158,626,443.07	229,483,328.00

Notes to financial statements are parts of these financial statements

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME (Cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2018	2017	2018	2017
Profit (loss) attributable to :					
Owners of the Company					
Profit for the year from continuing operations		163,105,134.78	224,204,587.56	158,626,443.07	234,887,291.76
Loss for the year from discontinued operations		0.00	(898,841.81)	0.00	0.00
Total		163,105,134.78	223,305,745.75	158,626,443.07	234,887,291.76
Non-controlling interests					
Loss for the year from continuing operations		(62,293.00)	(86,202.24)	0.00	0.00
Loss for the year from discontinued operations		0.00	(1,348,262.72)	0.00	0.00
Total		(62,293.00)	(1,434,464.96)	0.00	0.00
Grand total		163,042,841.78	221,871,280.79	158,626,443.07	234,887,291.76
Total comprehensive income (expense) attributable to :					
Owners of the Company					
Profit for the year from continuing operations		163,105,134.78	217,230,530.49	158,626,443.07	229,483,328.00
Loss for the year from discontinued operations		0.00	(898,841.81)	0.00	0.00
Total		163,105,134.78	216,331,688.68	158,626,443.07	229,483,328.00
Non-controlling interests					
Profit for the year from continuing operations		(62,293.00)	(86,359.27)	0.00	0.00
Loss for the year from discontinued operations		0.00	(1,348,262.72)	0.00	0.00
Total		(62,293.00)	(1,434,621.99)	0.00	0.00
Grand total		163,042,841.78	214,897,066.69	158,626,443.07	229,483,328.00
Earnings per share					
Basic earnings per share	25	0.03	0.05	0.03	0.05
Weighted average number of					
common shares	25	5,158,214,612	4,702,681,025	5,158,214,612	4,702,681,025
Diluted earnings per share	25	0.03	0.04	0.03	0.05
Weighted average number of					
common shares	25	5,242,501,031	4,998,683,939	5,242,501,031	4,998,683,939

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2018

Consolidated financial statements (Baht)

Note	Owners of the Company										
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity			Total owners of the Company	Non-controlling interests	Total shareholders' equity	
			Appropriated	Unappropriated	Different of change in proportion of investment in subsidiary	Gains (losses) on remeasurements of defined benefit plans	Total other comprehensive income				
											Other comprehensive income
Beginning balance as at December 31, 2016	428,549,539.80	1,067,908,344.29	54,631,610.80	320,583,247.95	(5,992,404.63)	0.00	(5,992,404.63)	1,865,680,338.21	2,937,361.88	1,868,617,700.09	
Changes in shareholders' equity for the year 2017 :											
Common shares from exercise of warrants	21	46,610,459.30	119,657,540.83	0.00	0.00	0.00	0.00	0.00	166,268,000.13	0.00	166,268,000.13
Common shares increase	21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,500,025.00	0.00	10,500,025.00
Dividend paid	23	0.00	0.00	0.00	(37,985,691.41)	0.00	0.00	(37,985,691.41)	(1,407.00)	(37,987,098.41)	
Legal reserve	22	0.00	0.00	1,068,423.49	(1,068,423.49)	0.00	0.00	0.00	0.00	0.00	
Profit for the year		0.00	0.00	0.00	223,305,745.75	0.00	0.00	223,305,745.75	(1,434,464.96)	221,871,280.79	
Other comprehensive expense for the year		0.00	0.00	0.00	0.00	0.00	(6,974,214.10)	(6,974,214.10)	0.00	(6,974,214.10)	
Decrease in non-controlling interests	11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(4,606,702.85)	(4,606,702.85)	
Ending balance as at December 31, 2017		475,159,999.10	1,187,565,885.12	55,700,034.29	504,834,878.80	(5,992,404.63)	(6,974,214.10)	(12,966,618.73)	2,210,294,178.58	7,394,812.07	2,217,688,990.65
Changes in shareholders' equity for the year 2018 :											
Common shares from exercise of warrants	21	45,275,079.50	98,699,185.03	0.00	0.00	0.00	0.00	0.00	143,974,264.53	0.00	143,974,264.53
Dividend paid	23	0.00	0.00	0.00	(234,173,514.07)	0.00	0.00	(234,173,514.07)	(1,809.00)	(234,175,323.07)	
Profit for the year		0.00	0.00	0.00	163,105,134.78	0.00	0.00	163,105,134.78	(62,293.00)	163,042,841.78	
Ending balance as at December 31, 2018		520,435,078.60	1,286,265,070.15	55,700,034.29	433,766,499.51	(5,992,404.63)	(6,974,214.10)	(12,966,618.73)	2,283,200,063.82	7,330,710.07	2,290,530,773.89

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2018

		Separate financial statements (Baht)						
Note			Retained earnings		Other components of	Total		
	Issued and paid-up share capital	Share premium	Appropriated	Unappropriated	shareholders' equity	shareholders' equity		
					Other comprehensive income			
					Gains (losses) on remeasurements of defined benefit plans			
	Beginning balance as at December 31, 2016	428,549,539.80	1,067,908,344.29	54,631,610.80	212,405,342.58	0.00	1,763,494,837.47	
	Changes in shareholders' equity for the year 2017 :							
	Common shares from exercise of warrants	21	46,610,459.30	119,657,540.83	0.00	0.00	0.00	166,268,000.13
	Dividend paid	23	0.00	0.00	0.00	(37,985,691.41)	0.00	(37,985,691.41)
	Legal reserve	22	0.00	0.00	1,068,423.49	(1,068,423.49)	0.00	0.00
	Profit for the year		0.00	0.00	0.00	234,887,291.76	0.00	234,887,291.76
	Other comprehensive expense for the year		0.00	0.00	0.00	0.00	(5,403,963.76)	(5,403,963.76)
	Ending balance as at December 31, 2017	475,159,999.10	1,187,565,885.12	55,700,034.29	408,238,519.44	(5,403,963.76)	2,121,260,474.19	
	Changes in shareholders' equity for the year 2018 :							
	Common shares from exercise of warrants	21	45,275,079.50	98,699,185.03	0.00	0.00	0.00	143,974,264.53
	Dividend paid	23	0.00	0.00	0.00	(234,173,514.07)	0.00	(234,173,514.07)
	Profit for the year		0.00	0.00	0.00	158,626,443.07	0.00	158,626,443.07
	Ending balance as at December 31, 2018	520,435,078.60	1,286,265,070.15	55,700,034.29	332,691,448.44	(5,403,963.76)	2,189,687,667.72	

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before income tax	206,814,244.13	284,041,239.34	189,335,762.26	285,948,721.48
Loss for the year from discontinued operations	0.00	(2,247,104.53)	0.00	0.00
Adjustment				
Unrealized gain on changes in value	0.00	(1,948,070.72)	0.00	(1,948,070.72)
Doubtful accounts	54,112.00	76,340.30	0.00	0.00
Allowance for obsolete goods	187,423.69	0.00	187,423.69	0.00
Depreciation	53,377,846.40	60,046,133.04	46,869,374.70	52,572,227.79
Gain on disposal of investment in subsidiary	0.00	(928,864.77)	0.00	0.00
Gain on disposal of investment properties	0.00	(7,222,722.48)	0.00	0.00
Amortized goodwill	0.00	314,776.80	0.00	0.00
(Gain) loss on write off equipment	(319,175.91)	209.04	(319,182.75)	0.00
(Gain) loss on sale of non-operating land	0.00	(132,594,002.79)	0.00	(132,594,002.79)
Amortized other intangible assets	696,827.40	685,416.38	655,994.40	655,994.40
Employee benefits provisions	1,266,142.42	449,566.00	982,043.28	371,581.00
Dividend received	0.00	0.00	(31,498,191.00)	(24,498,593.00)
Interest expenses	2,501,171.96	289,419.76	2,462,014.68	235,316.76
	<u>264,578,592.09</u>	<u>200,962,335.37</u>	<u>208,675,239.26</u>	<u>180,743,174.92</u>
(Increase) Decrease in portion of operating assets				
Trade and other current receivables	(14,293,174.81)	29,964,271.39	(25,177,453.04)	534,637.50
Inventories	(384,308,301.20)	(455,428,930.25)	(1,234,408.50)	(3,091,630.59)
Other intangible assets	(1,845,404.69)	(520,786.86)	0.00	0.00
Other non-current assets	(5,679,434.75)	(1,881,000.00)	(5,311,884.75)	(204,000.00)
Increase (Decrease) in portion of operating liabilities				
Trade and other current payables	(56,796,805.58)	(10,856,121.02)	(129,372.99)	22,971,840.01
Other non-current liabilities	(4,000.00)	26,719,991.27	0.00	0.00

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

1. GENERAL INFORMATION

1.1 The Company was registered as a company limited on August 6, 1996 with registration No. (1) 1955/2539. On March 24, 2004, the Company has changed its status to public company limited with registration No. 0107547000303.

1.2 The Company's office is located at 3300/57 Chang Tower B Building, 8th floor, Phaholyothin Road, Ladyao, Bangkok and the factories are located as follows :

1st factory : 33 Moo 8, Phaholyothin Road, Tambon Chong Sarika, Amphur Pattananikom, Lopburi.

2nd factory : 280 Moo 1, Leing Mueng Road, Tambon Chong Sarika, Amphur Pattananikom, Lopburi.

3rd factory : 39/3 Moo 7, Tambon Natai, Amphur Ban Naduam, Suratthani.

4th factory : 236 Moo 11, Tambon Phang, Amphur Kosumpisai, Mahasarakham.

5th factory : 567 Moo 1, Tambon Makhanku, Amphur Nihompattana, Rayong.

1.3 Business engagement

1.3.1 The Company engaged in business of manufacturing and selling of construction supplies (precast floor, concrete post and others).

1.3.2 The subsidiaries engaged in business of manufacturing and selling of construction supplies (precast floor and other), and sales of land and lease of real estate. The real estate project in progress as follows :

1) The project which had sales volume

	2018	2017
<u>Bann Orrada Project</u>		
Contract value (Baht)	223,611,496.00	223,611,496.00
% of total sales value	90.73	90.73
<u>Orrada Ratchapruak Project</u>		
Contract value (Baht)	378,356,550.00	351,443,000.00
% of total sales value	83.79	77.83
<u>Dcon Prime Condominium Project</u>		
Contract value (Baht)	267,465,067.22	167,366,867.00
% of total sales value	16.81	10.61

2) "Orrada Land Project" starts to operate in 2009 but had no sales volume.

2. PREPARATION OF FINANCIAL STATEMENTS BASIS

2.1 The Group's financial statements have been prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (FAP) and the regulation of The Stock Exchange of Thailand (SET) dated January 22, 2001 regarding the preparation and submission of financial statements and reports for the financial performance of the listed companies B.E. 2544. The format of presentation of the financial statements is not significantly different from the Notification of the Department of Business Development regarding the condensed form should be included in the financial statements (No. 2) B.E. 2559 dated October 11, 2016.

The financial statements have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

2.2 New Financial Reporting Standards

2.2.1 Financial report standards that became effective in the current year

During the year, the Company and subsidiaries have adopted a number of revised financial reporting standards and interpretations (revised 2017) which are effective for the financial statements for the year beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of those financial reporting standards does not have any significant impacts on the Company and subsidiaries' financial statements.

2.2.2 Financial reporting standards that will become effective in the future

- 1) Thai Financial Reporting Standards which will become effective for the financial statements for the accounting period beginning on or after January 1, 2019.

TFRS 15 Revenue from Contracts with Customers, establishes the principles that the information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer, is to be reported to the users of financial statements. The entity recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The entity applies a five-step model to account for revenue and exercise judgement, taking into consideration when applying each step of the model.

TFRS 15 Revenue from Contracts with Customers supersedes the Thai Accounting Standards, Thai Standing Interpretations Committee and Thai Financial Reporting Interpretations Committee as detailed below :

Thai Accounting Standards

TAS 11 (Revised 2017) Construction contracts

TAS 18 (Revised 2017) Revenue

Thai Financial Reporting Standards Interpretations

TFRIC 13 (Revised 2017) Customer Loyalty Programmes

TFRIC 15 (Revised 2017) Agreements for the Construction of Real Estate

TFRIC 18 (Revised 2017) Transfers of Assets from Customers

Thai Standing Interpretations Committee

TSIC 31 (Revised 2017) Revenue - Barter Transactions Involving Advertising Services

At present, the Management of the Company and subsidiaries has assessed that there is no impact of the above Thai Financial Reporting Standards on the financial statements which will become effective in the future.

- 2) Thai Financial Reporting Standards which will become effective for the financial statements for the accounting period beginning on or after January 1, 2020.

In during the year, the Federation of Accounting Professions has announced for adoption Thai Financial Reporting Standards relating to Financial Instruments which comprise five issues of accounting standards and interpretations as below :

Thai Financial Reporting Standards

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Accounting Standards

TAS 32 Financial Instruments: Presentation

Thai Financial Reporting Standards Interpretations

TFRIC 16 Hedges of a Net Investments in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Consolidated financial statements (Baht)</u>		<u>Separate financial statements (Baht)</u>	
	2018	2017	2018	2017
Cash generated (paid) from operation	(198,348,528.94)	(211,040,240.10)	176,822,119.98	200,954,021.84
Employee benefit paid	(2,341,343.00)	(510,710.00)	(1,355,526.00)	(510,710.00)
Interest paid	(2,120,580.42)	(37,827.76)	(2,120,580.42)	(37,827.76)
Income tax paid	(37,450,596.02)	(58,776,522.55)	(26,428,347.15)	(50,902,569.84)
Net cash provided by (used in) operating activities	<u>(240,261,048.38)</u>	<u>(270,365,300.41)</u>	<u>146,917,666.41</u>	<u>149,502,914.24</u>
Cash flows from investing activities				
(Increase) decrease in current investment	394,613,676.34	49,567,809.14	394,613,676.34	49,567,809.14
Proceeds from sales of investment properties	0.00	12,000,000.00	0.00	0.00
Proceeds from short-term loans	0.00	0.00	139,000,000.00	0.00
Payments for short-term loans	0.00	0.00	(542,000,000.00)	(431,000,000.00)
Payments for acquire of ordinary share of subsidiary	0.00	0.00	0.00	(19,499,975.00)
Proceeds from sales of investment in subsidiary	0.00	974,246.41	0.00	4,000,000.00
Dividend received from subsidiary	0.00	0.00	31,498,191.00	24,498,593.00
Payments for fixed assets acquisition	(36,158,430.04)	(7,158,737.45)	(14,051,295.28)	(5,224,791.21)
Proceeds from sales of fixed assets	1,882,724.54	0.00	1,880,388.09	0.00
Gain on sales of non-operating land	0.00	96,838,192.50	0.00	96,838,192.50
Net cash provided by (used in) investing activities	<u>360,337,970.84</u>	<u>152,221,510.60</u>	<u>10,940,960.15</u>	<u>(280,820,171.57)</u>
Cash flows from financing activities				
Increase (Decrease) in bank overdrafts and short-term borrowings from financial institutions	914,698.62	356,771.30	914,698.62	356,771.30
Payments for financial lease liabilities	(2,400,932.63)	(599,781.62)	(2,400,932.63)	(599,781.62)
Proceeds from non-controlling interests	0.00	10,500,025.00	0.00	0.00
Dividend paid	(234,175,323.07)	(37,987,098.41)	(234,173,514.07)	(37,985,691.41)
Proceeds from exercise right of warrants to purchase of common share	143,974,264.53	166,268,000.13	143,974,264.53	166,268,000.13
Net cash provided by (used in) financing activities	<u>(91,687,292.55)</u>	<u>138,537,916.40</u>	<u>(91,685,483.55)</u>	<u>128,039,298.40</u>
Net increase (decrease) in cash and cash equivalents	28,389,629.91	20,394,126.59	66,173,143.01	(3,277,958.94)
Cash and cash equivalents as at January 1	<u>103,529,849.61</u>	<u>83,135,723.02</u>	<u>36,036,756.91</u>	<u>39,314,715.84</u>
Cash and cash equivalents as at December 31	<u><u>131,919,479.52</u></u>	<u><u>103,529,849.61</u></u>	<u><u>102,209,899.92</u></u>	<u><u>36,036,756.91</u></u>

Notes to financial statements are parts of these financial statements.

The above set of Thai Financial Reporting Standards (TFRSs) sets out the requirements for the classification and measurement of financial instrument at the fair value or amortized cost by considering from the type of instruments, contractual cash flow characteristics and the entity's business model, including the impairment methodology by using the expected credit loss, and the general hedge accounting, as well as the presentation and disclosures of financial instrument. When this set of TFRSs are effective, as a result, some currently effective accounting standards, interpretations and guidance will be cancelled.

At present, the Management of the Company and subsidiaries is being assessed the impacts of those financial reporting standards on the financial statements which will be effective in the future.

3. CONSOLIDATED FINANCIAL STATEMENTS PREPARATION BASIS

The consolidated financial statements of Dcon Products Public Company Limited and its subsidiaries in which the Company has ability to control in making financial and operating decisions as follows:

	Percentage of shareholding		Type of business
	2018	2017	
Orrada Co., Ltd.	99.99	99.99	Sales and lease real estate
Rompo Products Co., Ltd.	99.99	99.99	Manufacturing and selling of precast floor
DSC Product Co., Ltd.	70.00	70.00	Manufacturing and distribute of construction material, precast wall and other precast partition

The consolidated financial statements have been prepared in conformity with the same accounting policy for the same accounts and accounting events of the Company and subsidiaries.

The balance of accounts and transactions between Dcon Products Public Company Limited and its subsidiaries unrealized gain between of the Company and net assets of subsidiaries have been eliminated from the consolidated financial statements.

On October 4, 2017, the Company entered into disposal agreement of investment in Dcon Panel Co., Ltd. to such company shareholder at the price of Baht 4 million. Therefore, in the statements of financial position have not been included assets and liabilities of Dcon Panel Co., Ltd. but the statements of comprehensive income included the results of profit (loss) of Dcon Panel Co., Ltd. since January 1, 2017 to September 30, 2017 by presenting in profit (loss) from discontinued operations.

4. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenues and expenses recognition

4.1.1 Revenues and expenses are recognized on an accrual basis.

4.1.2 Revenue from the sales of goods are recognized as income whenever the goods, the significant risks and rewards have been transferred to the buyer.

4.1.3 Revenue from real estate for lease of subsidiary are recognized as income on a straight-line basis over the period of the lease.

4.1.4 Revenues from sales of goods with installation services are recognized when the installation services are rendered.

4.2 Cash and cash equivalents

Cash and cash equivalents included cash on hand and at banks of which the maturity is less than three months from the deposit date and without restriction on withdrawal.

4.3 Trade and other receivables

Trade and other receivables are stated at the rights to receive amount / invoice amount less allowance for doubtful accounts.

The Company and subsidiaries provided allowance for doubtful accounts by considering the overdue period of the accounts receivable from the abilities to repay the debts of each accounts receivable.

4.4 Inventory

Inventories are valued at the lower of cost on a first-in first-out (FIFO) basis or net realizable value.

Cost of land development is stated at cost which consist of cost of land acquisition, land development and expenses directly related to the project including interest.

4.5 Investment

Investments in securities for trading are stated at fair value. Gain or loss on changes in fair value is recognized as income or expenses in the statements of comprehensive income.

Investment in subsidiaries are stated at cost less provision for impairment (if any).

4.6 Investment properties

4.6.1 Investment properties are properties held to earn rental or for capital appreciation or both.

4.6.2 Subsidiaries are stated land at cost, building at cost less accumulated depreciation and devaluation of assets (if any). Cost is included initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the subsidiaries incur.

4.6.3 Subsidiaries calculated depreciation on a straight-line basis over the estimated useful lives of assets and the depreciation charge has to be determined separately for each significant parts of assets item with the cost that is significant in relation to the total cost of the assets item. In addition, the entity is required to review the useful lives, residual value and depreciation method at least at each financial year-end.

The estimated useful lives of building is 20 years

Land and assets under construction were not depreciated.

4.7 Property, plant and equipment

4.7.1 Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and provision for impairment of assets (if any). Cost is included initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs.

4.7.2 Building and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets and the depreciation charge has to be determined separately for each significant parts of assets with the cost that is significant in relation to the total cost of assets item. In addition, the entity is required to review the useful lives, residual value and depreciation method at least at each financial year-end.

The estimated useful lives of the assets are follows :

	Number of years
Building and building improvement	5, 10 and 20
Machinery and equipment	5, 10 and 15
Underground well	5 and 10
Furniture, fixtures and office equipment	5
Vehicles	5 and 10

Land and assets under construction were not depreciated.

4.8 Other intangible assets

Other intangible assets are valued at cost less accumulated amortization and provision for impairment of assets (if any).

Amortization is calculated on a straight-line basis as follows :

	Number of years
Computer software	10
Research and development costs	15

4.9 Impairment of assets

The Company and subsidiaries have assessed the impairment of assets whenever events or changes indicated that the carrying amount of an assets exceeds its recoverable value (net selling price of the assets under current operation or its utilization value whichever is higher). The Company will consider the impairment for each asset item or each asset unit generating cash flows, whenever is practical. In case of the carrying amount of an asset exceeds its recoverable value, the Company will recognize an impairment in the statements of comprehensive income. The Company will reverse the impairment loss whenever there is an indication that there is no longer impairment or reduction in impairment.

4.10 Financial instruments

Financial instruments are presented in statements of financial position, consist of cash and cash equivalents, current investment, trade and other current receivables and short-term loans, bank overdrafts and short-term borrowings from financial institutions, trade and other current payables and financial lease liabilities. The basis of recognition and measurement of each item is separately disclosed in the related transactions.

4.11 Long-term lease

The Company and subsidiaries recorded vehicles under financial lease agreement/hire purchase agreement as assets and liabilities in an amount equal to the fair value at the leased assets or the present value of minimum payments under agreement. Interest expenses are recorded on over the term of agreement.

4.12 Employee benefits

4.12.1 Provident Fund

The Company and subsidiaries have established provident fund under the defined contribution plan. The fund's assets are separated entities which are administered by the outsider fund manager. The Company and employees made contribution into such provident fund. The Company's contribution payments to the provident fund were recorded as expenses in statements of comprehensive income in the period in which they are incurred.

4.12.2 Post-employee benefits

The Company and subsidiaries provide for post-employment benefits, payable to employees under the Thai Labor Law. The present value of employee benefit liabilities recognized in the statements of financial position is estimated on an actuarial basis using Projected Unit Credit Method of which calculated by the Independent Actuary by using Actuarial Technique. The calculation was made from determining the present value of future cash flows expected to be required to settle and determines discount rate by reference to market yield of government bonds should have terms to maturity approximately equal to the terms of such obligations. In determine the future cash flows expected to be required to settle is used from employees' salaries, turnover, length of services and other factors. Changes in actuarial gains or losses are recognized in the period in which they are incurred in other comprehensive income. Expenses related to employee benefits shall be recorded in profit or loss for sharing such expenses throughout the period of services rendering.

On December 13, 2018, the National Legislative Assembly passed the resolution to approve the draft of net Labour Protection Act which determined the additional rate of severance pay in the case of termination of employment for a terminated employee who has worked for 20 consecutive years or more and shall be entitled to receive payment not less than the last rate of wages for 400 days. However, new Labour Protection Act is being announced in the Government Gazette. The Company and subsidiaries, therefore, shall record the effects of new Labour Protection Act when it becomes effective.

4.13 Income tax and deferred tax

1. Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in 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 reporting date, and any adjustment to tax payable in respect of previous years.
- Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized that it is probable that they will not utilize in the foreseeable future.

2. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they adjust, using tax rates enacted or substantively enacted at the reporting date.
3. In determining the amount of current and deferred tax, the Company and subsidiaries take into account the impact of uncertain tax positions and whether additional taxes and interest may be settled. The Company and subsidiaries believe 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 judgments about future events. New information may become available that causes the Company and subsidiaries to change its judgment 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.
4. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but the Company and subsidiaries intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.
5. 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 utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.14 Provisions

The Company and subsidiaries recognize a provision when an entity has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits resources will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. If some or all the expenditure is required to settle a provision, is expected to be reimbursed when it is virtually certain that reimbursement will be received if the Company settles the obligation. The amount recognized should not exceed the amount of the provisions.

4.15 Measurement of fair values

The Company and subsidiaries have an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuation should be classified.

When measuring the fair value of an asset or a liability, the Company and subsidiaries use market observable data as fair as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows :

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. observable prices).
- Level 3 : inputs are unobservable for the asset or liability.

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company and subsidiaries recognized transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

4.16 Significant accounting judgements and estimates

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

Allowance for doubtful accounts

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

Allowance for diminution in value of inventory

The determination of allowance for diminution in the value of inventory, requires management to make judgements and estimates. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business; and provision for obsolete, slow-moving and deteriorated inventories, is estimated based on the approximate useful life of each type of inventory.

Property, plant and equipment/Depreciation

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

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

Intangible assets

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

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized.

Leases

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

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plans and other long-term employee benefit plans are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

4.17 Earnings per share

Earnings (Loss) per share as presented in the statements of comprehensive income is the basic earnings per share which is determined by dividing the net profit for the year by the weighted average number of common shares issued and paid-up during the year.

Diluted earnings per share is calculated by dividing net profit for the year by the weighted average of common share issued during the year added by the number of common shares issued for offering to warrant holders of the Company.

5. SUPPLEMENT DISCLOSURE OF CASH FLOWS INFORMATION

5.1 Cash and cash equivalents comprise:

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Cash	612,120.00	622,000.00	370,000.00	370,000.00
Cash at banks - current accounts	15,276,219.39	19,392,273.73	9,191,248.11	12,759,172.12
Cash at banks - savings deposit	116,030,102.96	83,514,546.88	92,648,651.81	22,907,584.79
Cash at banks - fixed deposit				
with 3 months	1,037.17	1,029.00	0.00	0.00
Total	<u>131,919,479.52</u>	<u>103,529,849.61</u>	<u>102,209,899.92</u>	<u>36,036,756.91</u>

5.2 Non-cash transaction

For the year 2018

The Company

The Company entered into hire purchase of vehicles agreement in the amount of Baht 10.50 million, presented as financial lease liabilities.

Subsidiaries

- 1) The subsidiary has transferred inventories in the amount of Baht 4.61 million to be presented as investment properties since they are used for rent.
- 2) The subsidiary has transferred damages guarantee which presented as other non-current assets amount of Baht 26.72 million to be presented as other receivables since the payment is matured in 2019.
- 3) The subsidiary entered into acquisition of machinery and equipment amount of Baht 40.23 million. In during the period, the payment is already made in the amount of Baht 12.75 million, the remaining amount of Baht 27.48 million is presented as other payables.

For the year 2017

As stated in notes 3 to financial statements, the Company disposed total investment in ordinary shares of Dcon Panel Co., Ltd. in the price of Baht 4 million.

	Baht
Cash and cash equivalents	3,025,753.59
Add Assets value	4,917,796.71
Less Liabilities value	<u>(265,712.22)</u>
Net assets as at the date of investment disposal	7,677,838.08
Percentage of investment (%)	40.00
Net assets as at the date of investment disposal - in proportion of shareholding	3,071,135.23
Less Proceeds from sales of investment	<u>(4,000,000.00)</u>
Gain on dispose of investment	<u>(928,864.77)</u>
Proceeds from sales of investment	4,000,000.00
Less Cash and cash equivalents existed in subsidiary as at disposal date	<u>(3,025,753.59)</u>
Proceeds from disposal of ordinary shares in subsidiary net of proceeds from dispose of investment	<u>974,246.41</u>

6. CURRENT INVESTMENT

	Consolidated and Separate	
	financial statements (Baht)	
	2018	2017
Investment in open-end fund :-		
SCB Short Term Fixed Income Plus Fund (Class A)	0.00	95,376,164.48
K SF Plus Fund	0.00	<u>250,907,511.86</u>
Total	0.00	346,283,676.34
Marketable securities	0.00	<u>48,330,000.00</u>
Total	0.00	<u>394,613,676.34</u>

7. TRADE AND OTHER CURRENT RECEIVABLES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Trade accounts receivable	157,238,897.47	131,001,231.16	143,908,852.14	117,890,600.76
Other current receivables				
- Amount received in advance				
for goods	1,040,777.15	12,839,030.24	0.00	0.00
- Others	11,328,643.72	11,474,882.13	4,569,162.99	5,409,961.33
Total	169,608,318.34	155,315,143.53	148,478,015.13	123,300,562.09
Less Allowance for doubtful accounts				
- Trade accounts receivable	(12,006,005.15)	(11,951,893.15)	(4,920,631.46)	(4,920,631.46)
- Other current receivables	(1,417,512.00)	(1,417,512.00)	0.00	0.00
Net	156,184,801.19	141,945,738.38	143,557,383.67	118,379,930.63

Billed trade accounts receivable separated on aging are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Undue trade accounts receivable	99,803,479.60	85,811,684.40	96,308,490.59	81,527,676.33
Overdue trade accounts receivable				
- Less than 3 months	40,555,932.51	30,208,413.16	38,110,648.16	28,467,164.52
- Over 3 months to 6 months	217,842.80	1,484,177.12	0.00	1,430,065.12
- Over 6 months to 12 months	3,736,914.13	442,984.89	3,650,358.65	391,910.29
- More than 12 months	12,924,728.43	13,053,971.59	5,839,354.74	6,073,784.50
Total	157,238,897.47	131,001,231.16	143,908,852.14	117,890,600.76

8. SHORT-TERM LOANS

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Other person	3,570,350.00	3,570,350.00	3,570,350.00	3,570,350.00
Subsidiary	0.00	0.00	1,139,000,000.00	736,000,000.00
Total	3,570,350.00	3,570,350.00	1,142,570,350.00	739,570,350.00
Less Allowance for doubtful accounts	(3,570,350.00)	(3,570,350.00)	(3,570,350.00)	(3,570,350.00)
Net	0.00	0.00	1,139,000,000.00	736,000,000.00

11. INVESTMENTS IN SUBSIDIARIES

Company's name	Type of business	Relationship	Paid-up share capital (Baht)		Percentage of shareholding		Separate financial statements (Baht)			
			2018	2017	2018	2017	Cost method		Dividend income	
							2018	2017	2018	2017
Orrada Co., Ltd.	Sales and lease real estate	Shareholders and directorship	400,000,000.00	400,000,000.00	99.99	99.99	400,000,000.00	400,000,000.00	0.00	0.00
Rompo Products Co., Ltd.	Manufacturing and selling of precast floor	Shareholders and directorship	35,000,000.00	35,000,000.00	99.99	99.99	41,663,520.71	41,663,520.71	31,498,191.00	24,498,593.00
DSC Product Co., Ltd.	Manufacturing and distribute of consruction materal precast wall and other precast partition	Shareholders and directorship	25,000,000.00	25,000,000.00	70.00	70.00	17,499,975.00	17,499,975.00	0.00	0.00
Total							459,163,495.71	459,163,495.71	31,498,191.00	24,498,593.00

11.1 DSC Product Co., Ltd.

On November 13, 2017, the Company has acquired investment in ordinary shares of DSC Product Co., Ltd. amount of Baht 17.50 million (registered share capital amount of Baht 100 million divided into 1,000,000 shares at par value of Baht 100 each) which was paid-up at 25%.

11.2 The financial statements for the year ended December 31, 2018 and 2017 of above subsidiaries have been taken for preparing the consolidated financial statements which were audited by the auditor.

9. INVENTORIES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Finished goods	33,406,911.16	32,485,362.10	31,840,433.70	31,199,198.39
Raw materials and supplies	36,143,466.42	35,681,132.09	34,065,929.44	32,714,877.84
Inventories in transit	0.00	757,878.41	0.00	757,878.41
Cost of land for development				
- Land	851,109,959.99	443,758,562.34	0.00	0.00
- Land for development	36,529,836.08	34,317,481.96	0.00	0.00
- Work in progress	1,263,387,212.23	1,140,206,284.10	0.00	0.00
Total	2,220,577,385.88	1,687,206,701.00	65,906,363.14	64,671,954.64
Less Cost of land for development				
transfer to cost of sales	(568,811,492.36)	(415,184,471.98)	0.00	0.00
Less Transfer to investment				
properties	(4,607,558.00)	(4,564,636.70)	0.00	0.00
Total	1,647,158,335.52	1,267,457,592.32	65,906,363.14	64,671,954.64
Less Allowance for obsolete				
goods	(676,818.20)	(489,394.51)	(676,818.20)	(489,394.51)
Net	1,646,481,517.32	1,266,968,197.81	65,229,544.94	64,182,560.13

10. LAND HELD FOR DEVELOPMENT

As at December 31, 2018 and 2017, subsidiaries' land held for development (including land, land improvement and utilities) in the amount of Baht 14.20 million are mortgaged as collateral against overdraft lines and short-term borrowings from financial institutions (note 17) and contingent liabilities from bank issuance of letter of guarantee (note 33.2).

11. INVESTMENTS IN SUBSIDIARIES

Company's name	Type of business	Relationship	Percentage of				Separate financial statements (Baht)			
			Paid-up share capital (Baht)		shareholding		Cost method		Dividend income	
			2018	2017	2018	2017	2018	2017	2018	2017
Orrada Co., Ltd.	Sales and lease real estate	Shareholders and directorship	400,000,000.00	400,000,000.00	99.99	99.99	400,000,000.00	400,000,000.00	0.00	0.00
Rompo Products Co., Ltd.	Manufacturing and selling of precast floor	Shareholders and directorship	35,000,000.00	35,000,000.00	99.99	99.99	41,663,520.71	41,663,520.71	31,498,191.00	24,498,593.00
DSC Product Co., Ltd.	Manufacturing and distribute of consruction materal precast wall and other precast partition	Shareholders and directorship	25,000,000.00	25,000,000.00	70.00	70.00	17,499,975.00	17,499,975.00	0.00	0.00
Total							459,163,495.71	459,163,495.71	31,498,191.00	24,498,593.00

11.1 DSC Product Co., Ltd.

On November 13, 2017, the Company has acquired investment in ordinary shares of DSC Product Co., Ltd. amount of Baht 17.50 million (registered share capital amount of Baht 100 million divided into 1,000,000 shares at par value of Baht 100 each) which was paid-up at 25%.

11.2 The financial statements for the year ended December 31, 2018 and 2017 of above subsidiaries have been taken for preparing the consolidated financial statements which were audited by the auditor.

12. INVESTMENT PROPERTIES

	Consolidated financial statements (Baht)		
	Land	Building	Total
Assets cost :			
As at December 31, 2016	20,945,619.45	43,736,316.61	64,681,936.06
Disposal	(1,209,725.18)	(4,293,820.25)	(5,503,545.43)
Transfer from inventories	431,299.23	4,133,337.47	4,564,636.70
As at December 31, 2017	20,167,193.50	43,575,833.83	63,743,027.33
Transfer from inventories	859,771.79	3,747,786.21	4,607,558.00
As at December 31, 2018	21,026,965.29	47,323,620.04	68,350,585.33
Accumulated depreciation :			
As at December 31, 2016	0.00	15,592,333.19	15,592,333.19
Depreciation for the year	0.00	2,102,151.39	2,102,151.39
Depreciation - write off	0.00	(411,491.11)	(411,491.11)
As at December 31, 2017	0.00	17,282,993.47	17,282,993.47
Depreciation for the year	0.00	2,272,726.92	2,272,726.92
As at December 31, 2018	0.00	19,555,720.39	19,555,720.39
Net assets value			
As at December 31, 2017	20,167,193.50	26,292,840.36	46,460,033.86
As at December 31, 2018	21,026,965.29	27,767,899.65	48,794,864.94

As at December 31, 2018 and 2017, a subsidiary has investment properties in the form of land including 15 units and 14 units of factory buildings which had fair value amount of Baht 164.64 million and Baht 139.20 million respectively and another subsidiary has 4 plots of land which had fair value amount of Baht 39.33 million.

13. PROPERTY, PLANT AND EQUIPMENT

Consolidated financial statements (Baht)

	Land and land improvement	Building and building improvement	Machinery, tools and equipment	Underground well	Furniture, fixtures and office equipment	Vehicles	Assets under construction	Total
Assets - cost :								
As at December 31, 2016	142,027,285.16	220,512,500.13	355,527,197.08	6,312,904.45	38,075,500.51	335,051,034.32	2,866,070.58	1,100,372,492.23
Acquisition	0.00	0.00	2,868,421.76	0.00	1,256,490.64	285,623.83	1,405,890.17	5,816,426.40
Disposal	0.00	0.00	(18,442.06)	0.00	(59,719.63)	0.00	(1,806,606.08)	(1,884,767.77)
Inter-transaction transfer	0.00	614,769.34	561,745.16	0.00	(105,000.00)	0.00	(1,176,514.50)	(105,000.00)
As at December 31, 2017	142,027,285.16	221,127,269.47	358,938,921.94	6,312,904.45	39,167,271.52	335,336,658.15	1,288,840.17	1,104,199,150.86
Acquisition	0.00	2,471,480.44	11,166,451.41	190,721.66	1,228,671.51	14,600,047.03	40,481,655.32	70,139,027.37
Disposal	0.00	0.00	(1,524,341.36)	0.00	(139,839.80)	(1,168,803.08)	(646.00)	(2,833,630.24)
Inter-transaction transfer	40,000.00	1,407.39	1,246,786.78	0.00	0.00	0.00	(1,288,194.17)	0.00
As at December 31, 2018	142,067,285.16	223,600,157.30	369,827,818.77	6,503,626.11	40,256,103.23	348,767,902.10	40,481,655.32	1,171,504,547.99
Accumulated depreciation :								
As at December 31, 2016	0.00	118,729,800.86	248,122,605.46	4,405,545.29	32,850,086.53	199,495,226.11	0.00	603,603,264.25
Depreciation for the year	0.00	11,014,549.98	17,839,847.94	283,799.44	2,455,133.70	23,397,556.04	0.00	54,990,887.10
Depreciation - write off	0.00	0.00	(18,234.02)	0.00	(52,999.00)	0.00	0.00	(71,233.02)
Inter-transaction transfer	0.00	0.00	0.00	0.00	(22,783.34)	0.00	0.00	(22,783.34)
As at December 31, 2017	0.00	129,744,350.84	265,944,219.38	4,689,344.73	35,229,437.89	222,892,782.15	0.00	658,500,134.99
Depreciation for the year	0.00	8,256,976.01	16,976,748.71	255,121.60	2,124,979.24	20,542,553.66	0.00	48,156,379.22
Depreciation - write off	0.00	0.00	(44,179.27)	0.00	(138,606.96)	(1,086,116.67)	0.00	(1,268,902.90)
As at December 31, 2018	0.00	138,001,326.85	282,876,788.82	4,944,466.33	37,215,810.17	242,349,219.14	0.00	705,387,611.31
Net assets value								
As at December 31, 2017	142,027,285.16	91,382,918.63	92,994,702.56	1,623,559.72	3,937,833.63	112,443,876.00	1,288,840.17	445,699,015.87
As at December 31, 2018	142,067,285.16	85,598,830.45	86,951,029.95	1,559,159.78	3,040,293.06	106,418,682.96	40,481,655.32	466,116,936.68

As at December 31, 2018 and 2017, land, building, machinery and equipment at cost of Baht 54.48 million and Baht 157.52 million in the consolidated financial statements, and Baht 35.14 million and Baht 138.18 million in the separate financial statements respectively are mortgaged as collateral against overdrafts line and short-term borrowings from financial institutions (note 17), and contingent liabilities from bank issuance of letter of guarantee (note 33.2).

14. OTHER INTANGIBLE ASSETS

	Consolidated financial statements (Baht)					
	Computer software		Products research and development		Total	
	2018	2017	2018	2017	2018	2017
Intangible assets - cost :						
Beginning balance	7,078,436.75	6,649,420.09	12,715,569.38	12,715,569.38	19,794,006.13	19,364,989.47
Acquisition	1,845,404.69	346,800.00	0.00	0.00	1,845,404.69	346,800.00
Inter-transaction transfer	0.00	82,216.66	0.00	0.00	0.00	82,216.66
Ending balance	8,923,841.44	7,078,436.75	12,715,569.38	12,715,569.38	21,639,410.82	19,794,006.13
Accumulated amortization :						
Beginning balance	5,952,846.22	5,267,429.84	2,168,347.36	2,168,347.36	8,121,193.58	7,435,777.20
Amortization for the year	696,827.40	685,416.38	0.00	0.00	696,827.40	685,416.38
Ending balance	6,649,673.62	5,952,846.22	2,168,347.36	2,168,347.36	8,818,020.98	8,121,193.58
Provision for impairment of assets :						
Beginning balance	0.00	0.00	10,547,222.02	10,547,222.02	10,547,222.02	10,547,222.02
Ending balance	0.00	0.00	10,547,222.02	10,547,222.02	10,547,222.02	10,547,222.02
Net intangible assets value						
Beginning balance	1,125,590.53	1,381,990.25	0.00	0.00	1,125,590.53	1,381,990.25
Ending balance	2,274,167.82	1,125,590.53	0.00	0.00	2,274,167.82	1,125,590.53

Separate financial statements (Baht)

	Computer software		Products research and development		Total	
	2018	2017	2018	2017	2018	2017
Intangible assets - cost :						
Beginning balance	6,649,420.09	6,649,420.09	12,715,569.38	12,715,569.38	19,364,989.47	19,364,989.47
Ending balance	6,649,420.09	6,649,420.09	12,715,569.38	12,715,569.38	19,364,989.47	19,364,989.47
Accumulated amortization :						
Beginning balance	5,923,424.24	5,267,429.84	2,168,347.36	2,168,347.36	8,091,771.60	7,435,777.20
Amortization for the year	655,994.40	655,994.40	0.00	0.00	655,994.40	655,994.40
Ending balance	6,579,418.64	5,923,424.24	2,168,347.36	2,168,347.36	8,747,766.00	8,091,771.60
Provision for impairment of assets :						
Beginning balance	0.00	0.00	10,547,222.02	10,547,222.02	10,547,222.02	10,547,222.02
Ending balance	0.00	0.00	10,547,222.02	10,547,222.02	10,547,222.02	10,547,222.02
Net intangible assets value						
Beginning balance	725,995.85	1,381,990.25	0.00	0.00	725,995.85	1,381,990.25
Ending balance	70,001.45	725,995.85	0.00	0.00	70,001.45	725,995.85

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Separate financial statements (Baht)

	Land and land improvement	Building and building improvement	Machinery, tools and equipment	Underground well	Furniture, fixtures and office equipment	Vehicles	Assets under construction	Total
Assets - cost :								
As at December 31, 2016	115,899,552.29	205,437,859.54	330,132,689.95	6,197,411.68	31,630,123.44	318,248,259.75	1,119,969.58	1,008,665,866.23
Acquisition	0.00	0.00	2,791,605.20	0.00	1,120,680.70	255,250.00	1,117,760.39	5,285,296.29
Disposal	0.00	0.00	0.00	0.00	0.00	0.00	(60,505.08)	(60,505.08)
Transference	0.00	614,769.34	561,745.16	0.00	0.00	0.00	(1,176,514.50)	0.00
As at December 31, 2017	115,899,552.29	206,052,628.88	333,486,040.31	6,197,411.68	32,750,804.14	318,503,509.75	1,000,710.39	1,013,890,657.44
Acquisition	0.00	2,134,361.12	6,933,610.55	190,721.66	697,823.20	14,600,047.03	50.60	24,556,614.16
Disposal	0.00	0.00	(1,478,518.93)	0.00	0.00	(1,168,803.08)	(646.00)	(2,647,968.01)
Transference	40,000.00	1,407.39	958,657.00	0.00	0.00	0.00	(1,000,064.39)	0.00
As at December 31, 2018	115,939,552.29	208,188,397.39	339,899,788.93	6,388,133.34	33,448,627.34	331,934,753.70	50.60	1,035,799,303.59
Accumulated depreciation :								
As at December 31, 2016	0.00	111,028,608.05	228,107,621.34	4,290,055.52	27,472,071.33	189,277,367.98	0.00	560,175,724.22
Depreciation for the year	0.00	10,305,168.86	15,686,779.65	283,799.44	1,915,215.36	21,428,169.93	0.00	49,619,133.24
Depreciation - write off	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at December 31, 2017	0.00	121,333,776.91	243,794,400.99	4,573,854.96	29,387,286.69	210,705,537.91	0.00	609,794,857.46
Depreciation for the year	0.00	7,587,882.35	14,889,258.07	255,121.60	1,650,401.80	19,537,970.62	0.00	43,920,634.44
Depreciation - write off	0.00	0.00	0.00	0.00	0.00	(1,086,116.67)	0.00	(1,086,116.67)
As at December 31, 2018	0.00	128,921,659.26	258,683,659.06	4,828,976.56	31,037,688.49	229,157,391.86	0.00	652,629,375.23
Net assets value								
As at December 31, 2017	115,899,552.29	84,718,851.97	89,691,639.32	1,623,556.72	3,363,517.45	107,797,971.84	1,000,710.39	404,095,799.98
As at December 31, 2018	115,939,552.29	79,266,738.13	81,216,129.87	1,559,156.78	2,410,938.85	102,777,361.84	50.60	383,169,928.36

15. DEFERRED TAX ASSETS / LIABILITIES

The increase and decrease of deferred tax assets / liabilities are as follows :

Consolidated financial statements (Baht)						
	<u>Recognized as (expenses)</u>			<u>Recognized as (expenses)</u>		
	As at December 31, 2016	income in profit or loss (Note 24.2)	Other comprehensive income (Note 24.4)	As at December 31, 2017	income in profit or loss (Note 24.2)	As at December 31, 2018
<u>Deferred tax assets</u>						
Trade accounts receivable (allowance for doubtful accounts)	2,440,565.47	(669,531.94)	0.00	1,771,033.53	0.00	1,771,033.53
Inventories (allowance for devaluation of inventories)	97,878.90	0.00	0.00	97,878.90	37,484.74	135,363.64
Intangible assets (provision for impairment)	210,944.44	841,377.92	0.00	1,052,322.36	(210,944.43)	841,377.93
Non-operating assets (provision for impairment)	4,190,069.03	(791,903.82)	0.00	3,398,165.21	(802,016.11)	2,596,149.10
Employee benefit obligations	1,436,770.18	38,088.60	1,743,554.53	3,218,413.31	(179,296.29)	3,039,117.02
Total	8,376,228.02	(581,969.24)	1,743,554.53	9,537,813.31	(1,154,772.09)	8,383,041.22
<u>Deferred tax liabilities</u>						
Fixed assets (depreciation)	(4,972,186.40)	(227,465.18)	0.00	(5,199,651.58)	(537,292.78)	(5,736,944.36)
Net	3,404,041.62	(809,434.42)	1,743,554.53	4,338,161.73	(1,692,064.87)	2,646,096.86
Separate financial statements (Baht)						
	<u>Recognized as (expenses)</u>			<u>Recognized as (expenses)</u>		
	As at December 31, 2016	income in profit or loss (Note 24.2)	Other comprehensive income (Note 24.4)	As at December 31, 2017	income in profit or loss (Note 24.2)	As at December 31, 2018
<u>Deferred tax assets</u>						
Trade accounts receivable (allowance for doubtful accounts)	2,382,996.29	(684,800.00)	0.00	1,698,196.29	0.00	1,698,196.29
Inventories (allowance for devaluation of inventories)	97,878.90	0.00	0.00	97,878.90	37,484.74	135,363.64
Intangible assets (provision for impairment)	210,944.44	841,377.92	0.00	1,052,322.36	(210,944.43)	841,377.93
Non-operating assets (provision for impairment)	4,190,069.03	(791,903.82)	0.00	3,398,165.21	(802,016.11)	2,596,149.10
Employee benefit obligations	1,166,203.58	11,672.00	1,350,990.94	2,528,866.52	10,175.53	2,539,042.05
Total	8,048,092.24	(623,653.90)	1,350,990.94	8,775,429.28	(965,300.27)	7,810,129.01
<u>Deferred tax liabilities</u>						
Fixed assets (depreciation)	(4,972,186.40)	(227,465.18)	0.00	(5,199,651.58)	(537,292.78)	(5,736,944.36)
Net	3,075,905.84	(851,119.08)	1,350,990.94	3,575,777.70	(1,502,593.05)	2,073,184.65

16. NON-OPERATING ASSETS

Consolidated and Separate financial statements (Baht)				
	Land and land improvement	Building and building improvement	Machinery, tools and equipment	Total
Assets - cost				
As at December 31, 2016	17,448,452.47	62,766,155.35	99,623,503.15	179,838,110.97
Disposal	(9,235,797.21)	0.00	0.00	(9,235,797.21)
As at December 31, 2017	8,212,655.26	62,766,155.35	99,623,503.15	170,602,313.76
Disposal	0.00	0.00	0.00	0.00
As at December 31, 2018	8,212,655.26	62,766,155.35	99,623,503.15	170,602,313.76
Accumulated depreciation :				
As at December 31, 2016	0.00	29,872,768.63	66,166,903.14	96,039,671.77
Depreciation for the year	0.00	2,953,094.55	0.00	2,953,094.55
As at December 31, 2017	0.00	32,825,863.18	66,166,903.14	98,992,766.32
Depreciation for the year	0.00	2,948,740.26	0.00	2,948,740.26
As at December 31, 2018	0.00	35,774,603.44	66,166,903.14	101,941,506.58
Provision for impairment of assets :				
As at December 31, 2016	0.00	3,339,102.98	32,501,792.31	35,840,895.29
As at December 31, 2017	0.00	3,339,102.98	32,501,792.31	35,840,895.29
As at December 31, 2018	0.00	3,339,102.98	32,501,792.31	35,840,895.29
Net non-operating assets value				
As at December 31, 2017	8,212,655.26	26,601,189.19	954,807.70	35,768,652.15
As at December 31, 2018	8,212,655.26	23,652,448.93	954,807.70	32,819,911.89

Non-operating assets are part of non-operating land, building and equipment because the factory was temporarily stopped for using in its manufacture.

On September 9, 2016, the Company entered into agreement to buy and to sell a part of land of non-operating assets with a company in the price of Baht 141.83 million and received deposit total amount of Baht 44.99 million. Subsequent on February 3, 2017, the Company has received the remaining amount and transferred the ownership of such land to the buyer. Gain on sale of such land amount of Baht 132.59 million has been recognized in statements of income.

As at December 31, 2018 and 2017, land, building, machinery and equipment at cost Baht 130.61 million in the consolidated and separate financial statements are mortgaged as collateral against overdrafts line and short-term borrowings from financial institutions (note 17) and contingent liabilities from bank issuance of letter of guarantee (note 33.2).

17. BANK OVERDRAFTS AND SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

As at December 31, 2018 and 2017, the Company and subsidiaries have overdrafts line for the amount of Baht 2.03 million and Baht 1.12 million respectively of credit line of Baht 72 million (4 banks) in the consolidated financial statements, and Baht 60 million (4 banks) in the separate financial statements respectively at the interest rate of MOR to MOR+0.25% per annum and short-term loans from 5 banks for the credit line of Baht 355 million and Baht 316 million in the consolidated financial statements and Baht 350 million and Baht 311 million in the separate financial statements respectively at the interest rate of MLR - 2.75% to MLR - 0.5% per annum.

The above liabilities guaranteed by mortgaging land held for development (note 10), land with its building, and machinery and equipment (note 13 and 16).

18. TRADE AND OTHER CURRENT PAYABLES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Trade accounts payable	81,840,754.58	110,004,907.16	74,425,083.30	61,123,425.39
Other current payables				
Securities for trading acquisition				
payable	27,480,864.98	21,381,468.85	0.00	21,381,468.85
Retention	29,772,437.33	8,774,057.88	0.00	0.00
Amount received in advance				
for goods	17,679,610.60	17,953,230.90	13,021,586.10	4,868,758.40
Accrued expenses	18,627,794.06	19,235,727.59	15,119,191.72	15,638,902.44
Others	7,899,974.08	8,547,992.58	5,782,393.27	5,465,072.30
Total	<u>183,301,435.63</u>	<u>185,897,384.96</u>	<u>108,348,254.39</u>	<u>108,477,627.38</u>

19. FINANCIAL LEASE LIABILITIES

19.1 Financial lease liabilities exclude future interest are as follow:

	Consolidated and Separate financial statements (Baht)	
	2018	2017
Lease payable	8,212,145.82	108,405.57
Less Current portion of long-term liabilities	<u>(3,111,974.89)</u>	<u>(108,405.57)</u>
Net	<u>5,100,170.93</u>	<u>0.00</u>

19.2 As at December 31, 2018 and 2017, vehicles at cost of Baht 10.50 million and Baht 1.19 million in the consolidated and separate financial statements respectively which are being made the payment as indicated in agreement.

19.3 The minimum to be paid for financial lease is as follows :

	Consolidated and Separate financial statements (Baht)	
	2018	2017
Within 1 year	3,360,000.00	109,502.75
Over 1 year but less than 3 years	<u>5,250,467.00</u>	<u>0.00</u>
Total	8,610,467.00	109,502.75
Less Future interest under financial lease	<u>(398,321.18)</u>	<u>(1,097.18)</u>
Present value of financial lease liabilities	<u>8,212,145.82</u>	<u>108,405.57</u>

20. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFIT

20.1 The Company and its subsidiaries had an employee benefit obligation based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service and long-term service awards.

20.2 The defined benefit plans expose the Company and subsidiaries to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

20.3 Employee benefit provisions in the statement of financial position was determined as follows:

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2018	2017	2018	2017
Present value of provisions	15,397,457.47	16,092,066.51	12,612,284.12	12,644,332.58

Movement in the present value of the employee benefit provisions

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2018	2017	2018	2017
As at January 1	16,092,066.51	7,183,850.88	12,644,332.58	5,831,017.88
Benefits paid	(2,341,343.00)	(510,710.00)	(1,355,526.00)	(510,710.00)
Current service costs and interest	1,646,733.96	701,158.00	1,323,477.54	569,070.00
Losses on remeasurement of				
defined benefit plans	0.00	8,717,767.63	0.00	6,754,954.70
As at December 31	15,397,457.47	16,092,066.51	12,612,284.12	12,644,332.58

Expense recognized in profit or loss

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2018	2017	2018	2017
Current service costs	1,235,166.39	449,566.00	982,043.28	371,581.00
Interest on obligation	411,567.57	251,592.00	341,434.26	197,489.00
Total	1,646,733.96	701,158.00	1,323,477.54	569,070.00

20.4 The Company and subsidiaries recognized the expenses in the following line items in the statement of income.

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2018	2017	2018	2017
Cost of services	565,350.52	170,032.00	484,604.20	170,032.00
Costs of distribution	304,553.15	99,314.45	303,017.37	71,443.45
Administrative expenses	365,262.72	180,219.55	194,421.71	130,105.55
Finance costs	411,567.57	251,592.00	341,434.26	197,489.00
Total	1,646,733.96	701,158.00	1,323,477.54	569,070.00

Actuarial losses (gains) recognized in other comprehensive income (expense)

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2018	2017	2018	2017
Include in retained earnings				
As at January 1	8,717,767.63	0.00	6,758,954.70	0.00
Realized during the year	0.00	8,717,767.63	0.00	6,758,954.70
As at December 31	8,717,767.63	8,717,767.63	6,758,954.70	6,758,954.70

20.5 Principal actuarial assumptions at the reporting date (expressed as weighted averages)

	Consolidated		Separate	
	financial statements (%)		financial statements (%)	
	2018	2017	2018	2017
Discount rate	3.08	3.08	3.08	3.08
Salary increase rate	6.00	6.00	6.00	6.00

20.6 Assumptions regarding future mortality are based on published statistics and Thailand Mortality Ordinary Life table 2017 (“TMO17”)

20.7 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below :

	Consolidated		Separate	
	financial statements (%)		financial statements (%)	
Defined benefit obligation				
as at 31 December 2018	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(811,970.00)	888,117.00	(640,238.00)	700,737.00
Salary increase rate (1% movement)	1,889,835.00	(1,609,319.00)	1,495,232.00	(1,271,958.00)
Mortality rate (20% movement)	(188,562.00)	191,530.00	(145,136.00)	147,343.00
Turnover rate (20% movement)	(1,265,524.00)	1,521,339.00	(964,587.00)	1,156,204.00

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

20.8 As stated in notes 4.12.2 to financial statements, the Company and subsidiaries shall record the effects of new Labour Protection Act when it is announced in the Government Gazette which may be effective in 2019. At present, the Company and subsidiaries are preparing an estimation from such effects.

21. SHARE CAPITAL

21.1 Authorized share capital

According to the minutes of shareholders' General Meeting for the year 2017 held on April 27, 2017, passed the resolution to decrease the registered share capital from Baht 546.32 million to Baht 542.76 million by cancel unissued and allocated to the warrants holder to purchase ordinary shares of the Company for 35.60 million shares at par value of Baht 0.10 each. The Company has registered the decreasing share capital with the Ministry of Commerce on May 26, 2017.

According to the extraordinary general shareholders' meeting No. 1/2017 held on September 28, 2017, the shareholders passed the resolution as follows :

- 1) Issue the ESOP#2 warrants for 142.45 million units at the exercised ratio of 1 unit of warrant per 1 ordinary share at the price of Baht 0.59 each. The exercise period is 5 years from the date of issuance and offering. The first exercise right commenced on October 29, 2021 and the last exercise right is on April 29, 2022.
- 2) Increase the registered share capital for reserve the exercised ESOP#2 from Baht 542.76 million to Baht 557.00 million by issuing 142.45 million ordinary shares at par value of Baht 0.10 each. The Company has registered the increase share capital with the Ministry of Commerce on October 9, 2017.

21.2 The increase and decrease of share capital are as follow :

	Authorized share capital		Issued and paid-up share capital	
	Number of shares	Amount (Baht)	Number of shares	Amount (Baht)
Balance as at December 31, 2016	5,463,161,080	546,316,108.00	4,285,495,398	428,549,539.80
Common shares issued from				
exercise of warrants	0	0.00	466,104,593	46,610,459.30
Decrease share capital	(35,603,651)	(3,560,365.10)	0	0.00
Common shares increase	142,446,000	14,244,600.00	0	0.00
Balance as at December 31, 2017	5,570,003,429	557,000,342.90	4,751,599,991	475,159,999.10
Common shares issued from				
exercise of warrants	0	0.00	452,750,795	45,275,079.50
Balance as at December 31, 2018	5,570,003,429	557,000,342.90	5,204,350,786	520,435,078.60

21.3 Warrant to purchase ordinary shares of the Company

1) On June 12, 2014, the Company has allocated the warrants (DCON-W1) to the existing shareholders based on ROWarrant for 41.09 million units without offering price at the exercise ratio of 1 unit of warrant per 1 ordinary share at the price of Baht 5 each. The exercise period is 5 years from the date of issuance. The exercise date shall be on the last business day of every 6 months. The first date of exercise is on July 31, 2017 and the last exercise date is on May 8, 2019.

On January 8, 2015, at the shareholders' extraordinary meeting No. 1/2015, passed the resolution to decrease par value of share capital from Baht 1 each to Baht 0.10 each which affected to the exercise right of warrant at 1 unit to 11.2008 shares, at the exercise price of Baht 0.4464 per share.

On February 26, 2015, at the Board of directors' meeting No. 1/2015, passed the resolution to pay shares dividend in the ratio of 25 existing shares per 1 share dividend which affected to the exercise right of warrant at 1 unit to 11.649 shares, at the exercise price of Baht 0.429 per share.

On December 21, 2015, at the shareholders' extraordinary meeting No. 2/2015, passed the resolution to allot 2,139,578,118 common shares offer to the existing shareholders (Right offering) with the offering price of Baht 0.45 each which affected to the exercise right of warrant at 1 unit to 15.709 shares, at the exercise price of Baht 0.318 per share.

2) On January 29, 2015, the Company has allocated the warrants (DCON-W2) to the existing shareholders based on ROWarrant for 341.89 million units without offering price at the exercise ratio of 1 unit of warrant per 1 ordinary share at the price of Baht 0.50 each. The exercise period is 2 years from the date of issuance. The exercise date shall be on the last business day of every 3 months. The first date of exercise is on July 29, 2016 and the last exercise date is on January 27, 2017.

On February 26, 2015, at the Board of directors' meeting No. 1/2015, passed the resolution to pay shares dividend in the ratio of 25 existing shares per 1 share dividend which affected to the exercise right of warrant at 1 unit to 1.040 shares, at the exercise price of Baht 0.481 per share.

On December 21, 2015, at the shareholders' extraordinary meeting No. 2/2015, passed the resolution to allot 2,139,578,118 common shares offer to the existing shareholders (Right offering) with the offering price of Baht 0.45 each which affected to the exercise right of warrant at 1 unit to 1.403 shares, at the exercise price of Baht 0.357 per share.

According to the minutes of Board of directors' meeting No. 1/2018 held on February 22, 2018, passed the resolution to pay dividend at Baht 0.045 per share or equal to 104.9% of net profit after deducting with other reserves as prescribed by law and the Company's determination which is still pending the warrants period, resulted to the exercise of warrants to 1 unit for 15.757 shares at the exercise price of Baht 0.317 per share.

21.4 The increase and decrease of common shares issued from exercise of warrants are as follow :

	Number of units		
	DCON-W1	DCON-W2	Total
Balance as at December 31, 2016	41,086,819	337,375,740	378,462,559
Exercise of warrants	(214,380)	(329,819,714)	(330,034,094)
Expired warrants	0	(7,556,026)	(7,556,026)
Balance as at December 31, 2017	40,872,439	0	40,872,439
Exercise of warrants	(28,821,014)	0	(28,821,014)
Balance as at December 31, 2018	12,051,425	0	12,051,425

On January 27, 2018, there is exercise of warrants to purchase ordinary shares of the Company No. 3 (DCON-W2) to purchase ordinary shares for 329,819,714 units of warrants equal to 462,736,899 ordinary shares. As a result, the Company has issued and paid-up share capital from Baht 428.55 million to Baht 474.82 million (4,748,232,297 ordinary shares at par value of Baht 0.10 each). The Company has registered the increase share capital with the Ministry of Commerce on February 7, 2017.

On July 31, 2017, there is exercise of warrants to purchase ordinary shares of the Company No. 1 (DCON-W1) to purchase ordinary shares for 214,380 units of warrants equal to 3,367,694 ordinary shares. As a result, the Company has issued and paid-up share capital from Baht 474.82 million to Baht 475.16 million (4,751,599,991 ordinary shares at par value of Baht 0.10 each). The Company has registered the increase share capital with the Ministry of Commerce on August 7, 2017.

On January 31, 2018, there is exercise of warrants to purchase ordinary shares of the Company No. 2 (DCON-W1) to purchase ordinary shares for 28,790,014 units of warrants equal to 452,262,328 ordinary shares. As a result, the Company has issued and paid-up share capital from Baht 475.16 million to Baht 520.39 million (5,203,862,319 ordinary shares at par value of Baht 0.10 each). The Company has registered the increase share capital with the Ministry of Commerce on February 7, 2018.

On July 31, 2018, there is exercise of warrants to purchase ordinary shares of the Company No. 3 (DCON-W1) to purchase ordinary shares for 31,000 units of warrants equal to 488,467 ordinary shares. As a result, the Company has issued and paid-up share capital from Baht 520.39 million to Baht 520.44 million (5,204,350,786 ordinary shares at par value of Baht 0.10 each). The Company has registered the increase share capital with the Ministry of Commerce on August 6, 2018.

Events after the reporting period

On January 31, 2019, there is exercise of warrants to purchase ordinary shares of the Company No. 4 (DCON-W1) to purchase ordinary shares for 6,059,940 units of warrants equal to 95,486,470 ordinary shares. As a result, the Company has issued and paid-up share capital from Baht 520.44 million to Baht 529.98 million (5,299,837,256 ordinary shares at par value of Baht 0.10 each). The Company has registered the increase share capital with the Ministry of Commerce on February 6, 2019.

22. LEGAL RESERVE

By virtue of the Public Company Limited Act, the Company is required to set aside the reserve as a legal reserve at least 5% of its annual net income after deduction of the deficit brought forward (if any) until the reserve reach an amount 10% of authorized share capital. The reserve is not available for dividend distribution.

23. RETAINED EARNINGS APPROPRIATION

Parent

According to the minutes of shareholders' General Meeting for the year 2018 held on April 26, 2018, passed the resolution to pay dividend from the results of operation for the year 2017 to the shareholders at Baht 0.045 per share for 5,203.86 million shares amounting to Baht 234.17 million. During the year, the Company had already paid such dividend.

According to the minutes of shareholders' General Meeting for the year 2017 held on April 27, 2017, passed the resolution to pay dividend from the results of operation for the year 2016 to the shareholders at Baht 0.008 per share for 4,748.23 million shares amounting to Baht 37.99 million. During the year, the Company had already paid such dividend.

Subsidiaries

According to the minutes of shareholders' General Meeting for the year 2018 held on March 26, 2018, passed the resolution to pay dividend from profit of year 2017 to the shareholders at Baht 9 per share, for 3.50 million shares amounting to Baht 31.50 million. During the year, the Company has already paid such dividend.

According to the minutes of shareholders' General Meeting for the year 2017 held on April 26, 2017, passed the resolution to pay dividend from profit of year 2016 to the shareholders at Baht 7 per share, for 3.50 million shares amounting to Baht 24.50 million. During the year, the Company has already paid such dividend.

24. INCOME TAX

24.1 The calculation of current income taxes

For the year 2018 and 2017, the corporate income tax is calculated at the rate of 20 per cent of profit (loss) before deducting with tax expenses and added back other expenses which shall not be allowed as expenses in tax calculation (if any) except the exempted taxable profit derived from promoted business by using the rate as stipulated in the promotion certificate (note 30).

24.2 Income tax recognized in profit or loss

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Current income tax				
For the current year	42,079,337.48	59,113,420.60	29,206,726.14	50,210,310.64
Deferred tax				
Changes in temporary differences	1,692,064.87	809,433.42	1,502,593.05	851,119.08
Total income tax	43,771,402.35	59,922,854.02	30,709,319.19	51,061,429.72

24.3 Reconciliation for effective income tax rate

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Profit before income tax	206,814,244.13	283,855,466.39	189,335,762.26	285,948,721.48
Income tax rate (%)	20	20	20	20
Income tax	41,362,848.83	56,771,093.28	37,867,152.45	57,189,744.30
Prohibited taxable expenses	2,192,441.88	1,122,858.92	1,992,475.77	1,060,322.50
Additional taxable expenses	(2,951,533.69)	(2,215,645.12)	(2,850,670.83)	(2,151,958.48)
Exempted income	0.00	(136,960.00)	(6,299,638.20)	(5,036,678.60)
Effects from elimination with				
subsidiary	3,167,645.33	4,381,506.94	0.00	0.00
Total income tax	43,771,402.35	59,922,854.02	30,709,319.19	51,061,429.72
Income tax rate (%)	21	21	16	18

24.4 Income tax realized in other comprehensive income (expense)

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
(Gains) Losses on remeasurements				
of defined benefit plans				
before income tax	0.00	(8,717,767.63)	0.00	(6,754,954.70)
Tax (income) expense	0.00	1,743,553.53	0.00	1,350,990.94
Net of tax	0.00	(6,974,214.10)	0.00	(5,403,963.76)

25. EARNINGS PER SHARE

Consolidated financial statements							
	Net profit			Number of shares		Earnings / share	
	2018	Baht	2017	2018	shares	2017	2018 Baht 2017
Basic earnings per share							
Net profit (loss) of common							
shareholders	163,105,134.78	223,305,745.75	5,158,214,612	4,702,681,025	0.03	0.05	
Effects of potential common share							
(exercise rights)	-	-	84,286,419	296,002,914			
Diluted earnings per share							
Profit (Loss) of common							
shareholders assumed							
as conversion to							
common share	163,105,134.78	223,305,745.75	5,242,501,031	4,998,683,939	0.03	0.04	
Separate financial statements							
	Net profit			Number of shares		Earnings / share	
	2018	Baht	2017	2018	shares	2017	2018 Baht 2017
Basic earnings per share							
Net profit (loss) of common							
shareholders	158,626,443.07	234,887,291.76	5,158,214,612	4,702,681,025	0.03	0.05	
Effects of potential common share							
(exercise rights)	-	-	84,286,419	296,002,914			
Diluted earnings per share							
Profit (Loss) of common							
shareholders assumed							
as conversion to							
common share	158,626,443.07	234,887,291.76	5,242,501,031	4,998,683,939	0.03	0.05	

26. TRANSACTIONS WITH RELATED PERSONS AND PARTIES

Part of the Company and subsidiaries assets, liabilities, revenues and expenses arose from transaction with persons and related parties. These related transactions are determined on the conditions in the normal course of business and based on the Company concerned as follows :

26.1 General information

<u>Name</u>	<u>Type of business</u>	<u>Relationship</u>	<u>Description</u>	<u>Pricing policy</u>
<u>Related persons</u>				
Miss Wisara Pornkul		Member in family of shareholder and director	Revenues from sales of goods	Market price less discounted
Mr. Chana Towan		Shareholders and directorship	Revenues from sales of goods	Market price less discounted
<u>Subsidiaries</u>				
Orrada Co., Ltd.	Sales and lease of real estate	Shareholders and directorship	Revenues from sales of goods	At cost Interest rate at 3-4% per annum
Rompo Products Co., Ltd.	Manufacturing and selling of precast floor	Shareholders and directorship	Purchase of equipment	At agreed price
DSC Product Co., Ltd.	Manufacturing and distribute of construction material precast wall and other precast partition	Shareholders and directorship	Advances payment	At actual cost
<u>Other companies</u>				
Chusin Concrete Co., Ltd.		Director is a director of subsidiary	Cost of goods	At agreed price
Sinudom Concrete Co., Ltd.		Shareholders and directorship	Revenues from sales of good	Market price

26.2 Assets and liabilities transaction with related persons and parties consist of:

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Orrada Co., Ltd.				
Trade and other current receivables	0.00	0.00	649,516.89	33,747.89
Short-term loans	0.00	0.00	1,139,000,000.00	736,000,000.00

The increase and decrease of short-term loans are as follow :

	Separate financial statements (Baht)	
	2018	2017
Beginning balance	736,000,000.00	305,000,000.00
Increase during the period	545,000,000.00	431,000,000.00
Decrease during the period	(142,000,000.00)	0.00
Ending balance	<u>1,139,000,000.00</u>	<u>736,000,000.00</u>

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
DSC Product Co., Ltd.				
Trade and other current receivables	0.00	0.00	1,165.00	295,960.00
Sinudom Concrete Co., Ltd.				
Trade and other current receivables	624,235.86	0.00	624,235.86	0.00
Chusin Concrete Co., Ltd.				
Trade and other current receivables	18,000.00	1,146,600.00	18,000.00	1,146,600.00

26.3 Revenues and expenses transaction with related persons and parties are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Miss Wisara Pornkul				
Sales of goods	3,914,990.10	0.00	0.00	0.00
Mr. Chana Towan				
Sales of goods	3,618,202.05	0.00	0.00	0.00
Orrada Co., Ltd.				
Sales of goods	0.00	0.00	666,190.49	1,527,502.30
Other income (interest income)	0.00	0.00	36,817,287.60	21,618,300.97
Rompo Products Co., Ltd.				
Sales of goods	0.00	0.00	65,895.00	0.00
Sinudom Concrete Co., Ltd.				
Sales of goods	5,756,898.00	0.00	5,756,898.00	0.00
Chusin Concrete Co., Ltd.				
Costs of sale (for goods)	4,051,068.08	0.00	4,051,068.08	0.00

27. DIRECTORS' REMUNERATION

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, excluding salaries and related benefits payable to executive directors.

28. MANAGEMENT BENEFIT EXPENSES

Management benefit expenses focuses expenses relating to salaries, remunerations and other benefits to the directors and management, in accordance with the definitions of the Office of the Securities and Exchange Commission. Management under definition includes a chief executive officer, the next four executive levels immediately below that chief executive officer and all persons in positions comparable to these fourth executive levels.

29. EXPENSES ANALYZED BY NATURE

Expenses analyzed by nature are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Changes in inventories of finished goods and work in progress	(400,289,651.24)	(474,152,488.71)	(641,235.31)	(1,078,071.74)
Raw materials and consumables used	895,184,171.58	389,070,708.81	430,840,356.84	349,752,182.70
Contractor wages	97,172,921.87	462,588,869.59	0.00	0.00
Directors' remuneration	2,495,000.00	2,410,000.00	2,495,000.00	2,410,000.00
Management benefit expenses	8,310,735.00	9,172,835.00	5,326,306.00	5,867,297.00
Employees benefit expenses	112,748,354.90	106,175,240.23	95,082,982.42	89,072,849.48
Depreciation	53,366,691.55	60,046,133.04	46,869,374.70	52,572,227.79
Instaltion transportaion expenses	79,138,889.98	68,604,856.03	71,316,024.47	59,816,639.33

30. RIGHTS AND PRIVILEGES FROM PROMOTION CERTIFICATE

30.1 The Company are granted certain right and privileges as a promoted industry under the Promotion of Investment Act B.E. 2520 for the precast floor products by the approval of the Board of Investment in accordance with the certificate dated April 30, 2007. The significant privileges are as follows:

- 1) To exempt the customs duties for imported machinery as approved by the Board of Investment.
- 2) To exempt the corporate income tax from net profit for the period of 8 years from the date of income earnings and reduce the corporate income tax from net profit from investment at the rate of 50% of the normal rate for the next 5 years from the overdue of such duration.
- 3) The Company's shareholders will be exempt the corporate income tax for dividend received from the Company all duration of income tax exemption of the Company.

The Company must comply with the certain conditions and terms as stipulated in promotion certificate.

30. RIGHTS AND PRIVILEGES FROM PROMOTION CERTIFICATE (Continued)

30.2 The results of operation of the Company and subsidiaries separated by privileges in accordance with promotion certificate as follow :

(Unit : Baht)

	Promoted business		Non-promoted business		Total	
	2018	2017	2018	2017	2018	2017
Sales and services	16,232,628.41	24,197,111.54	1,215,367,279.31	907,916,288.60	1,231,599,907.72	932,113,400.14
Cost of sales and services	(18,756,580.86)	(22,505,126.84)	(788,990,891.75)	(581,822,240.48)	(807,747,472.61)	(604,327,367.32)
Gross profit (loss)	(2,523,952.45)	1,691,984.70	426,376,387.56	326,094,048.12	423,852,435.11	327,786,032.82
Other income	1,436,439.67	951,892.26	21,578,499.11	161,550,764.50	23,014,938.78	162,502,656.76
Distribution costs	(4,259,417.97)	(3,689,508.88)	(153,303,335.13)	(123,796,756.90)	(157,562,753.10)	(127,486,265.78)
Administrative expenses	(4,579,456.95)	(11,709,459.47)	(75,252,257.47)	(66,762,305.23)	(79,831,714.42)	(78,471,764.70)
Finance costs	(2,772.60)	0.00	(2,655,889.64)	(289,419.76)	(2,658,662.24)	(289,419.76)
Profit (Loss) before income tax	(9,929,160.30)	(12,755,091.39)	216,743,404.43	296,796,330.73	206,814,244.13	284,041,239.34
Tax expense	0.00	0.00	(43,771,402.35)	(59,922,854.02)	(43,771,402.35)	(59,922,854.02)
Profit (Loss) for the year						
from continuing operations	(9,929,160.30)	(12,755,091.39)	172,972,002.08	236,873,476.71	163,042,841.78	224,118,385.32

Unidentifiable distribution cost, administrative expenses and finance costs were allocated to each related income segment.

31. OPERATING SEGMENTS

31.1 Operating segment information is reported in a manner consistent with the internal reports of the Company that are regularly reviewed by the chief operating decision maker in order to make decision about the allocation of resources to the segment and assess its performance. The chief operating decision maker of the Company has been identified as the President of executive directors.

31.2 The Company and subsidiaries' operations involve virtually in business of manufacturing and selling construction supplies (precast floor, concrete post and others), sales of land and lease of real estate in one geographical segment only in Thailand. Therefore, revenues and assets in financial statements are reported in geographical segment.

31.3 For the purpose of presentation the financial information in the consolidated financial statements, the core manufacturing and selling construction supplies (precast floor, concrete post and others), sales and lease of real estate that the financial information by segment are as follows:

	(Unit : Baht)							
	Sales of construction supplies		Sales of real estate		Real estate for lease		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
<u>Statement of comprehensive income</u>								
Revenues	967,785,539.12	860,996,400.14	249,449,473.60	58,072,000.00	14,299,000.00	13,045,000.00	1,231,534,012.72	932,113,400.14
Costs	(653,485,668.20)	(569,257,862.76)	(149,614,000.57)	(32,967,353.17)	(2,272,726.92)	(2,102,151.39)	(805,372,395.69)	(604,327,367.32)
Segment gross profit	314,299,870.92	291,738,537.38	99,835,473.03	25,104,646.83	12,026,273.08	10,942,848.61	426,161,617.03	327,786,032.82
Distribution costs	(133,638,367.25)	(116,903,647.75)	(23,924,385.85)	(10,582,618.03)	0.00	0.00	(157,562,753.10)	(127,486,265.78)
Administrative expenses	(59,191,305.51)	(64,688,880.01)	(8,267,659.32)	(3,231,337.55)	0.00	0.00	(67,458,964.83)	(67,920,217.56)
Profit before operations	121,470,198.16	110,146,009.62	67,643,427.86	11,290,691.25	12,026,273.08	10,942,848.61	201,139,899.10	132,379,549.48
Other income							20,639,861.86	162,502,656.76
Unallocated expenses							(12,306,854.59)	(10,551,547.14)
Finance costs							(2,658,662.24)	(289,419.76)
Tax expense							(43,771,402.35)	(59,922,854.02)
Profit for the year							163,042,841.78	224,118,385.32

(Unit : Baht)

	Sales of construction supplies		Sales of real estate		Real estate for lease		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
<u>Statement of financial position</u>								
Segment assets	859,127,586.14	1,191,402,578.61	1,602,007,038.40	1,233,165,348.15	40,478,638.90	38,251,334.62	2,501,613,263.44	2,462,819,261.38
Unallocated assets							25,199,150.93	6,981,446.28
Total assets							<u>2,526,812,414.37</u>	<u>2,469,800,707.66</u>
Segment liabilities	162,583,038.84	152,266,735.78	36,900,838.27	92,945,849.30	2,036,000.00	2,060,000.00	201,519,877.11	247,272,585.08
Unallocated liabilities							34,761,763.37	4,839,131.93
Total liabilities							<u>236,281,640.48</u>	<u>252,111,717.01</u>

31.4 The Company did not present the operating segments for the separate financial statements since the Company's operation involve virtually a single construction materials business in one geographical segment in Thailand.

31.5 For the year ended December 31, 2018 and 2017, the Company and subsidiaries have income from sales of construction supplies in the amount of Baht 251.21 million and Baht 233.69 million respectively received from 5 majority customers.

32. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

1) Accounting policy

The significant accounting policies and method adopted including the basis of recognition and measurement relating to each class of financial assets and liabilities have been disclosed in notes to financial statements No. 4.10.

2) Credit risk

Credit risk derives from failure by counterparties to discharge their obligations resulting in financial loss to the Company and subsidiaries. The Company and subsidiaries have policy to hedge this credit risk by reviewing the financial status of customers and collecting in advance before delivery of goods. Financial assets shown in statements of financial position at the book value deducted by allowance for doubtful accounts is maximum value of credit risk.

3) Interest rate risk

Interest rate risk from changes in market interest rate will affect the results of the Company and subsidiaries' operations and cash flows. The Company and subsidiaries exposed the interest rate risk due to its bank overdrafts, short-term borrowings from financial institutions, long-term borrowings and financial lease liabilities. The Company and subsidiaries do not use derivative financial instruments to hedge such risk.

4) Exchange rate risk

Exchange rate risk connected to the acquisition of fixed assets in foreign currency of which the subsidiary entered into forward contract for exchange rate hedging. Such contract has a period not exceed 1 year.

As at December 31, 2018, the subsidiary has the balance of financial liabilities denominated in foreign currencies amount of EURO 0.77 million (other payables).

The subsidiary has the balance of forward contract as at December 31, 2018 amount of EURO 0.86 million at the exchange rate of Baht 38.3400 - 38.5600 per 1 EURO. Such contract is guarantee by the parent and its directors.

5) Fair value of financial instruments

Financial assets shown in statements of financial position consist of cash and cash equivalents, current investment, trade and other current receivables and short-term loans. Financial liabilities shown in statements of financial position consist of bank overdrafts and short-term borrowings from financial institutions, trade and other current payables and financial lease liabilities.

Book value of financial assets and liabilities are closed to their fair value.

33. COMMITMENT AND CONTINGENT LIABILITIES

33.1 The Company and subsidiaries have commitment under hire contractors agreement, purchase inventories agreement, lease land agreement and others as at December 31, 2018 and 2017, totally Baht 62.63 million and Baht 110.54 million in the consolidated financial statements and Baht 14.87 million and Baht 33.19 million in the separate financial statements respectively.

33.2 The Company and subsidiaries have contingent liabilities from a bank issuance of letter of guarantees for purchasing raw materials from several sellers for guarantee the work performance to the employer and guarantee central utilities usage to government agencies as at December 31, 2018 and 2017 amounting to Baht 110.05 million and Baht 133.92 million in the consolidated financial statements, and amounting to Baht 83.26 million and amounting to Baht 107.53 million in the separate financial statements respectively. Contingent liabilities are guaranteed by land held for development (note 10) and land, building, machinery and equipment (note 13) and non-operating assets (note 16).

33.3 As at December 31, 2018, the Company has contingent liabilities from entering into credit line guarantee agreement which the subsidiary made with a bank in the maximum guarantee for principal amount of Baht 41.30 million.

33.4 Subsidiary has commitment under long-term lease agreement for using in its business and is liable on undue expenses as at December 31, 2017 amount of Baht 0.82 million

33.5 Subsidiary has commitment under letter of credit agreement in respect of fixed assets acquisition with a bank as at December 31, 2018 with the balance amount of EURO 0.24 million.

34. PROVIDENT FUND

On June 1, 2004, the Company has joined to be a member of provident fund named "Peum Kuan Mun King Registered Provident fund" which registered in accordance with the Provident Fund Act B.E. 2530 and the amendment by appointing the fund management to be fund manager. The fund is contributed to both by the employees and the Company at the same rate of 3% of employees wage. The accumulation and benefits will be paid to the members upon their retirement, death or resignation.

35. CAPITAL MANAGEMENT

The objective of financial management of the Company is to preserve the ability to continue its operation as a going concern and capital structure to be properly appropriated.

36. EVENTS AFTER THE REPORTING PERIOD

According to the minutes of Board of directors' meeting No. 1/2019 held on February 28, 2019, passed the resolution to submit the approval to the general meeting of the shareholders for the year 2019 to pay dividend from the results of operation for the year 2018 to the shareholders at Baht 0.015 per share for 5,299.84 million shares including ordinary shares issued to the exerciser of DCON-W1 No. 4 on January 31, 2019, totally Baht 79.50 million.

37. FINANCIAL STATEMENTS APPROVAL

These financial statements were approved and authorized for issue by the Company's Board of directors on February 28, 2019.