



Prudential Management Co., Ltd.

On 19 May 2016

At: Tor Sor 053/2559

Subject: The opinion of the independent financial advisors regarding to the disposition of the company's assets

Attention to: Independent directors and shareholders.

Power Line Engineering Public Company Limited

According to Power Line Engineering Public Company Limited (the "Company") has appointed DS Prudential Management Co., Ltd. ("DS") is an independent financial advisor to provide their opinion to the independent directors and shareholders related to the validity including to the fair price of disposition assets list. In case the Company plans to sell ordinary shares of Sittarom Development Co., Ltd. ("Sittarom"), a subsidiary at 159,995 shares with its par value THB 1,000 per share, approximately calculated at 99.997 percent of the sold shares at total THB 370.00 Million to Adamas Incorporation Public Company Limited ("Adamas" or the "Purchaser") Adamas does not has any relationship whatsoever with major shareholders and the management of the Company;

DS as an independent financial advisor would like to propose the opinion of independent financial advisors regarding to the disposition of the assets as follows:

Refer to the Board of Directors of the Company No. 3/2016 held on 25 April 2016 and No. 5/2016 held on 3 June 2016 which resolved to propose to the Extraordinary General Meeting of Shareholders No. 1/2016 on 28 June 2016 to consider and approve the sale of all shares Sittarom Development Co., Ltd.

On 25 April 2016 and 17 May 2016, the Company made a shares sale and purchase memorandum and its amendment to Adamas at total THB 370.00 Million and on 6 May 2016 the Company received a deposit cheque at the amount THB 18.50 Million which equaled to 5.00 percent of the sale and purchase but the Company did not withdraw the money from that cheque and will return to Adamas when the Company receives in full the payment of THB 370.00 Million on the share transfer date. However the sourcing fund to purchase the shares of Sittarom must be loans received from credible financial institutions in Thailand or in

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foreign countries. The shares transfer shall be carried out within 14 days since the Company and Adamas sign in shares sale and purchase agreement, which must be made within 30 days since the date that both parties obtain an approval from the resolution of the shareholders meeting for such transaction.

On 3 June 2016, the Company signed a framework memorandum to enter into a shares sale and purchase agreement with Adamas. There is a significant addition to the shares sale and purchase agreement to Sittarom that the Company to terminate the management agreement of Sittarom which affect the company will have the expense THB 5 Million and the net selling price will be THB 365.00 Million.

Above transactions deemed as disposition of assets as announced by Capital Market Supervisory Board No. Tor Jor. 20/2551 Re: Rules on the transactions that are significant to the acquisition or disposition of assets and the notification of the stock exchange of Thailand, in related to disclosure of Information and operation of companies in connection with the acquisition or disposition of assets B.E. 2547 dated 29 October 2004 and its amendment, which equals to 74.73 percent as the maximum size on calculation basis which is criterion of the net tangible assets of the Company calculated from of the net tangible assets of Sittarom and the Company as appeared in financial statements for fiscal year ended 31 December 2015 audited by certified public accountants, which are equal to THB 170.80 Million and THB 228.57 Million respectively. And the Company did not enter into the transaction of the disposition of assets occurred during the past six months therefore, that is deemed as Class 1 transaction under the notification of the acquisition and disposition. The Company is required to disclose the transaction to the Stock Exchange of Thailand and shall arrange for a meeting of shareholders of the Company to approve such transaction. The resolution shall be adopted not less than  $\frac{3}{4}$  of total votes of the shareholders who present at the meeting and entitled to vote excluded the equity of shareholders. The Company shall also provide the independent financial advisors to provide validity of the transaction and the fairness of the price and its conditions to the shareholders of the Company in order to consider and approve the transaction.

The Board of Directors appointed DS as a financial advisor who has been approved by the Securities and Exchange Commission and is an independent of the Company to be an independent financial advisor to provide an opinion on the validity of the transaction and the fairness of price and its conditions to the shareholders of the Company in order to consider and approve the transactions and disposition of assets at this time.

This opinion of the independent financial advisor of DS prepared from information obtained from interviews with related persons, documents received from the Company and information disclosed to the public. In addition, DS also considered to the current economic condition to support the comment for this opinion, so in case any data used in this preparation change significantly in future that may affect the result of DS comment. The data used in the preparation of this report contains as follows:

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- The resolution of Board of Directors related to the transaction
- Company information on the disposition of assets (Sittarom)
- Shares sale and purchase memorandum, dated 25 April 2016
- Shares sale and purchase memorandum (Amended) dated 17 May 2016
- Framework memorandum of sale and purchase agreement which DS received on 6 June 2016
- Termination of management agreement on Sittarom Udon Thani project, dated 1 June 2016
- Statement for the year 2015 (Form 56-1) of the Company.
- Financial statements of Sittarom for the first quarter ended 31 March 2015 and 31 March 2016 audited by certified public accountants
- Financial statements for the year ended 31 December 2013, 2014 and 2015 audited by the certified public accountants
- The evaluation of assets report prepared by an independent appraiser
- Information and documents obtained from the Company and Sittarom
- Data from Company management and staff interviews
- Data from Sittarom management and staff interviews
- Data from executives interview of Sittarom

In addition, the preparation of DS is under the following assumptions:

- All information and documents received from the Company and Sittarom including to interviews with the management and related person. The data is accurate, complete, and can be referenced in the current situation.
- No events could impact significantly on the overall economy condition, the status of the company and Sittarom

This independent financial advisor report of DS version is based on the assumption that information and documents obtained from the Company and Sittarom including interviews with Company executives and related person are true and correct, so if the above information is incorrect, untrue or incomplete or be changed significantly as well as change

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of various assumptions and scenarios, those may affect to such opinion report. For that result DS can not certify and verify any potential impact which may arise to the Company and its shareholders from such factors. This report of the DS is intended only to provide opinions to the shareholders of the Company to consider and approve the transaction mentioned above and can not be referred for other purposes.

For the result of transaction the Company will use the money received from sale of Sittarom shares as reserved fund for repayment of Company shares loan which the due of redeem date will be on 6 December 2016 with the terms of the sale - purchase of Sittarom shares accord with genera trade practices and sourcing fund that Adamas will invest in Sittarom shares received from loans of financial institutions. DS then has an opinion that the sale of Sittarom shares is reasonable.

Sittarom develops residential flat projects such as detached and semi-detached houses. The current significant assets are Sittarom Park Life project, which is under development and two plots of land to be developed. So DS has an opinion that the estimation of fair value of Sittarom Park Life by using the present value of net cash flow is the most appropriate way then updated with two vacant land plots using the market price of the appraisal report of an independent appraiser to conclude the fair value of the shares. However the share price of Sittarom under the present value of net cash flow improved by assets which are not involve to operating cash flows are equal to THB 1,815.63 per share or equal to a fair value based on the proportion of offered sale shares at THB 290.49 Million lower than net selling price which is equal to THB 365.00 Million at the amount of THB 74.51 million baht or less at 20.41 percent. DS consider that if the selling price of Sittarom shares after expenses deduction is higher than fair price, this is deemed as appropriate price. Therefore, the sale of Sittarom shares after expenses deduction at the net selling price THB 365.00 Million which is higher than the fair price is considered the right price.

After consideration of above factors DS has an opinion that the shares sale of Sittarom is reasonable and affordable price, so the shareholders should adopt a resolution to approve such transaction.

However, the voting decision for this transaction is depended on the discretion of the shareholders of the Company. The shareholders should study and consider all pros and cons, risk factors, limitations and reports related to such transaction attached with a summoning notice of shareholders meeting carefully before voting. The report of DS is not a guarantee the completion of the transaction including to the other potential impact. DS then is not responsible for any consequences which may arise from the transaction whether directly or indirectly.

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DS certifies that DS studied and analyzed the information under professional standards based on the reason on the basis of fairly data and analysis by taking into the consideration of minority shareholders interest of the Company as here attached independent financial advisor report.

For your acknowledgement

Yours sincerely

DS Prudential Management Co., Ltd.

(Mrs. Benjamas Boonprakong)

Managing Director

(Mr. Kaned Srisupaat)

Operation Control

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<b>Acronyms</b>	<b>Full name</b>
<b>Company or the Seller</b>	Power Line Engineering Public Company Limited
<b>Sittarom or subsidiary</b>	Sittarom Development Co., Ltd. By Power Line Engineering Public Company Limited holds 99.997 percent shares
<b>Adamas or Purchaser</b>	Adamas Incorporation Public Company Limited
<b>An independent appraiser or (BKKPA)</b>	Bangkok Property Appraisal Co., Ltd.
<b>DS or the independent financial advisor</b>	DS Prudential Management Co., Ltd.
<b>SET</b>	The Stock Exchange of Thailand
<b>SEC</b>	The Securities and Exchange Commission
<b>Notification of the acquisition or disposition</b>	Notification of the Capital Market Tor Jor 20/2551 Regarding to rules for transactions that are significant to the acquisition or disposition of assets. and the notification of the Stock Exchange of Thailand Re: Disclosure of information and other acts of listed companies concerning to the acquisition or disposition of assets B.E. 2547 dated 29 October 2004 and amendment
<b>Net selling price</b>	The sale and purchase price of Sittarom shares at THB 370.00 Million deducted expenses from termination of Sittarom management agreement THB 5.00 Million, the remaining amount is THB 365.00 Million net.

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**The Independent Financial Advisor Report**

**of**

**Power Line Engineering Public Company Limited  
Sale of Ordinary Shares of  
Sittarom Development Co., Ltd.**



<b>Section 1: Executive Summary</b>
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Power Line Engineering Public Company Limited (“Company”) operates the contractor business of electrical, telecommunication, air conditioning, sanitary, fire protection system, public works contractors And real estate development

In 2015 the Company had total revenues at THB 6,169.99 Million, net loss of THB 1925.97 Million and in the first quarter ended of 31 March 2016. The Company had assets THB 7312.32 Million, debt THB 6715.78 Million, shareholder equity THB 626.98 Million, total revenue THB 1,158.07 Million baht, net profit THB 44.46 Million.

The Board of Directors of the Company No. 3/2016 held on 25 April 2016 and No. 5/2016 held on 3 June 2016 adopted the resolution to propose to the Extraordinary General Meeting of Shareholders No. 1/2016 on 28 June 28 2016 to consider and approve the sale of all ordinary shares in Sittarom Development Co., Ltd., who develops housing estate and the project is located in Udon Thani, Tumbol Makkang, Amphoe Mueang Udon Thani, Udon Thani Province (“Project”) as at 31 March 2016, Sittarom had assets THB 199.69 Million, liabilities THB 30.97 Million and shareholder equity THB 168.72 Million.

On 25 April 2016 the Company made a memorandum to sell and purchase shares in Sittarom with Adamas Incorporation Public Company Limited (“Adamas”) to sell Sittarom shares at the amount THB 370.00 Million and Adamas deposited THB 18.50 Million which is equal to 5.00 percent of the purchase price. The Company shall not refund in case Adamas fails to purchase Sittarom shares but shall refund the deposit if the Company did not obtain an approved from the shareholders meeting to sell such shares.

On 6 May 2016, the Company received a deposit cheque in the amount of THB 18.50 Million but the Company did not withdraw the money from such cheque. In order to reduce the risk of using Adamus working capital to pay for shares value and will return the cheque to Adamas when the Company received fully share value amount of THB 370.00 Million on the shares transfer date of Sittarom. However, the sourcing fund of Purchaser to purchase Sittarom shares shall receive from loans from credible financial institution in Thailand or foreign countries, and the transfer of shares will be carried out within 14 days since the Company and Adamas sign in shares sale and purchase agreement which must be made within 30 days since both parties obtain an approval from shareholders meeting for this transaction.

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On 17 May 2016, the Company and Adamas made an amendment to the shares sale and purchase agreement in Sittarom dated 25 April 2016 which required Adamas to be responsible for any related expenses occurs in case Adamas failed to purchase Sittarom shares. The Company is entitled to deduct from the expenses from deposit before return the remaining amount to Adamas.

On 3 June 2016 the Company signed a framework agreement to enter into a shares sale and purchase agreement with Adamas, this is also significant from the shares sale and purchase agreement in Sittarom that the Company will terminate management agreement made with Sittarom Co., Ltd., which caused the company an expense at THB 5.00 Million and had remaining net selling price THB 365.00 Million.

*Following are expected benefits arise from ordinary shares sale in Sittarom:*

- Increased short term working capital of the Company before repayment of shares loan
- Funds sourcing to repay shares loan THB of 500.00 Million due on 6 December 2016
- The Company made a profit from the sale of shares, increase liquidity and improve financial position

*Validity*

The independent financial advisor has an opinion that the conditions of the shares sale and purchase in Sittarom according with general trade practices as the Company received a deposit check as a deposit of shares sale of shares in advance at 5 percent and the remaining amount will be paid on shares transfer date. The funding sources where Adamas purchased the shares received from loans from of financial institutions which the source of fund is clear and does not related to working capital or assets disposition of Adamas.

The Company and Adamas, agreed to mad the shares sale and purchase agreement within 30 days since both parties obtained and approval from the shareholders meeting for this transaction and the parties agree the payment and shares transfer within 14 days since the date of shares sale and purchase agreement. **The independent financial advisor considered that the conditions of the transaction are reasonable.**

*Fairness of price*

The independent financial advisor considered the nature of the current business of Sittarom and found that Sittarom develops residential projects such as detached and semi-detached house. The significant assets projects such as 1 project under development (Sittarom Park Life) and two plots of land to be developed which does not clear guidelines for project development. The independent financial advisor believed that the estimation of fair value by using current value of net cash flow method is the most appropriate way by using the

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appraised projects under development by the present value of net cash flow updated with assets list which are not related to operating cash flow such as land price applied by the market value of the appraisal report of an independent appraiser approved from the Stock Exchange Commission with some cash and temporary fund which are not invest in the project to summarize the fair value of shares.

The shares price of Sittarom under the current value of net cash flow is equal to THB 1815.63 per share or equal to a fair value based on the proportion of offered shares at THB 290.49 Million, which is lower than net selling price THB 365.00 Million baht at THB 74.51 Million or less 20.41 percent. **The independent financial advisor considered that in case the shares sale price of Sittarom after related expenses deduction is higher than the fair value, this is deemed appropriate, therefore, to sell Sittarom shares at the price of THB 370.00 Million to Adamas by receiving net price after deduct the expense of the termination of Sittarom management agreement at the amount THB 365.00 Million is reasonable price as this can generate profits for the Company and become benefit to the shareholders.**

By consideration the factors as mentioned above, the independent financial advisor considered that the shares sale of Sittarom in overall is appropriate and reasonable price, so the shareholders should adopt a resolution to approve the transaction.

<b>Part 2: Description and list of the detail</b>
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By resolution of the Board of Directors of Power Line Engineering Public Company Limited No. 3/2016 held on 25 April 2016 approved the shares sale of Sittarom Development Co., Ltd. At 159,995 shares with its par value of THB 1,000 equal to 99.997 percent of shares at total amount THB 370.00 Million to Adamas Incorporation Public Company limited.

The disposition of such assets is a list must be approved by an Extraordinary General Meeting of shareholders of the Company, the Board of Directors resolved an adoption to summon the Extraordinary General Meeting of Shareholders No. 1/2016 held on 28 June 2016 to consider and approve the transaction.

## **2.1 The date of transaction**

The list will be completed within 44 days since the Extraordinary General Meeting of shareholders of the Company and Adamas adopt a resolution to approved the transaction (within 11 August 2016).

## **2.2 The related parties in the disposition of assets and their relationships**

Seller : Power Line Engineering Public Company Limited

Purchaser : Adamas Incorporation Public Company Limited

Relationship between the parties: the Purchase does not has any relationship with the Company, shareholders and executives of the Company. They do not have any relationship under the notification of the Capital Market Supervisory Board, RE: Criteria of connected transactions, the announcement of the Stock Exchange of Thailand, RE: Disclosures and other acts of listed companies concerning to relevant transaction B.E. 2546 or other related laws.

## **2.3 Nature of Transaction**

The company sold 159,995 shares of ordinary share of Sittarom at par value of THB 1,000 per share, approximately equal to 99.997 percent of the total selling shares at the total amount THB 370.00 Million which is equal to THB 2,312.57 baht per share to Adamas Incorporation Public Company Limited.

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## 2.4 Type and Size of Transaction

The transaction is the disposition of assets follow to the announcement of the acquisition or disposition. The list detail is up 74.73 percent on the total value of the net assets calculated from the consolidated financial statements of the Company for the year ended 31 December 2015 audited by the certified public accountant of the Company which is present data on the date of the Board Meeting on 25 April 2016 as the calculation detail attached. However, the independent financial advisor proposed the financial statements of the Company and Sittarom for the quarter ended 31 March 2016 audited by certified public accountant for comparison as follows:

### Financial Information

Million Baht

Details	31 December 2015		31 March 2016	
	Company	Sittarom	Company	Sittarom
Total assets	8,543.98	202.98	7,312.32	199.69
Deducted intangible assets	8.96	0.04	8.89	0.03
Deducted total liabilities	8,306.45	32.14	6,715.78	30.97
The net tangible assets (NTA)	228.57	170.80	587.65	168.69
Net profit (loss)	(1,925.96)	2.54	44.46	(2.13)

### Sizing transaction based on the transaction value

The criteria for calculation	The formula	List of detail (percent)	
		31 December 2015	31 March 2016
1. The total value of net tangible assets (NTA).	$\frac{\text{NTA of the transaction of company} \times \text{shares proportion} \times 100}{\text{NTA of listed companies}}$	$\frac{(170.80 \times 100)}{228.57} = 74.73 \%$	$\frac{(168.69 \times 100)}{587.65} = 28.71 \%$
2. Net profit	$\frac{\text{Net profit of the transaction of company} \times \text{shares proportion} \times 100}{\text{Net profit of listed companies}}$	No calculation	No calculation
3. Total consideration	$\frac{\text{Of the amount paid or received}}{\text{Total Assets of the Company}}$	$\frac{(370 \times 100)}{8,543.98} = 4.33 \%$	$\frac{(370 \times 100)}{7,312.32} = 5.06 \%$
4. The value of the shares issued as consideration.	$\frac{\text{The number of issued shares to pay for assets} \times 100}{\text{Number of issued shares and paid-up of the Company.}}$	No calculation	No calculation

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Consideration the size of the transaction based on the value of Net Tangible Assets (NTA) as 25 April 2016 The Board of Directors has approved the distribution of Sittarom shares which the size of the transaction is equal to 74.73 percent of the net tangible assets of the Company. The Company did not has the transaction and the disposition of assets in the period of past six months. The transaction was the first category under the announcement of the type of acquisition or disposition. So the Company is required to disclose detail on the transaction to the Stock Exchange of Thailand, appoint an independent financial advisor to provide an opinion regarding to the disposition of assets and arrange for a shareholders meeting of the Company to approve the transaction with the votes not less than  $\frac{3}{4}$  of the total votes of the shareholders present and entitled to vote at the meeting. However no any shareholders of the Company have interest in the transaction.

## **2.5 Total value of consideration**

The company will sell ordinary shares of Sittarom to Adamas in total THB 370.00 Million to receive the cash in fully amount, on 6 May 2016 the Company received a deposit cheque as 5.00 percent of sale and purchase value or equal to THB 18.50 Million, the Company did not withdraw the money but will return the cheque to Adamas when the Company receives the shares amount THB 370.00 Million on the shares date. The Company and its legal counsel will jointly determine the source of such fund to verify that received from the financial institution prior to the transfer of shares. The shares sale and purchase will be performed after the Company and Adamas obtain an approval from the shareholders meeting of each party.

Terms on memorandum of sale and purchase of shares in Sittarom and its amendment as follows:

The essential terms on memorandum of sale and purchase of shares in Sittarom dated 25 April 2016 and its amendment dated 17 May 2016	
Parties	1. Power Line Engineering Ltd. (PCL) as the Seller 2. Adamas Incorporation Public Company Limited as the Purchaser
Sale and purchase asset	159,995 ordinary shares of Sittarom with its par value THB 1,000 per share approximately equal to 99.997 percent of the total number of sold shares.
Price	THB 370 Million (or approximately THB 2,312.57 per share) The parties will agree the sale and purchase again after checking process as follows: - Legal

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	<ul style="list-style-type: none"><li>- Financial and accounting aspects</li><li>- Asset value and its evaluation</li><li>- Monitoring the acquisition / purchase of assets by independent financial advisor</li></ul>
<b>Essential condition</b>	
Precedent conditions	<ul style="list-style-type: none"><li>✦ The Extraordinary General Meeting of Shareholders of the Company approved the shares sale of Sittarom</li><li>✦ The Extraordinary General Meeting of shareholders of Adamus approved the acquisition of Sittarom shares</li></ul>
Payment of sale and purchase price	<p>Pay in cash</p> <ul style="list-style-type: none"><li>- Deposit at THB 18.5 Million, the Purchaser paid deposit cheque to the Seller on 6 May 2016</li><li>- The remaining THB 351,500,000 Million, the Purchaser will pay to the Seller on the date of shares transfer. The Purchaser must pay fully price at THB 370.00 Million, and the Seller will refund the received deposit to to Purchaser.</li></ul> <p>If the Purchaser fails to purchase Sittarom shares for whatsoever reason, the Purchaser will be responsible for any expenses related to the shares sale of Sittarom. The Seller is entitled to deduct expenses from the the deposit before return the remaining amount to the Purchaser unless the sale and purchase of Sittarom shares does not been approved by the shareholder meeting of the Seller. The Purchaser will not be responsible for such expense</p>
Terms of sale and purchase	<ul style="list-style-type: none"><li>✦ The Seller reserves the right to sell Sittarom shares under the results of legal due diligence related to Sittarom shares sale to the Purchaser</li><li>✦ The Purchaser is not under bankruptcy process or be filed for bankruptcy or the court has an order to receiver or under filling a petition in rehabilitation process</li><li>✦ The source of funds to purchase Sittarom shares must receive from a loan from a credible financial institution in Thailand or abroad</li><li>✦ The parties agreed to transfer Sittarom shares within 14 days since the date where the parties sign the shares sale and purchase agreement after the shareholders meeting of each party adopt a resolution to approved the transaction.</li></ul>
Termination of memorandum	<ul style="list-style-type: none"><li>✦ When the Seller does not agree with sale and purchase price, in case the share sale and purchase price are not in accordance with this memorandum</li></ul>

The Company agreed to sell Sittirom shares at the price THB 370.00 Million without any change of the sale and purchase price and the transaction will be subject to memorandum terms, however, the Board of Directors Meeting No. 5/2016 held on 3 June 2016 has approved the framework memorandum to enter into a share sale and purchase agreement of Sittarom (Framework memorandum), the Company and Adamas signed the framework memorandum with its gist as follows:

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**Essential points to enter into the shares sale and purchase agreement of Sittarom**

Parties	Seller: Power Line Engineering Public Company Limited Purchaser: Adamas Incorporation Public Company Limited
Sale and purchase shares	Shares of Sittarom Development Co., Ltd. (Sittarom) at 159,995 shares
Selling price	THB 370,000,000 (Three Hundred and Seventy Million)
Deposit	At 5 percent of shares sale and purchase price or THB 18.50 Million, the Purchaser paid a deposit cheque to the Seller on 6 May 2016. If the Purchaser fails to purchase Sittarom shares for any reason whatsoever, the Purchaser will be responsible for any related expenses to the Seller including but not limited to the cost of hiring legal counsel and an independent financial advisor related to the sale of Sittarom shares. In such case, the Seller will be entitled to deduct the related expenses prior to return the remaining deposit to the purchase, unless the sale and purchase of Sittarom shares did not approved by the shareholders meeting of the Seller, the Purchase will not be responsible for above related expenses
Transfer date	The Purchaser will pay the full amount of THB 370 Million to the Seller. The Seller must return the deposit cheque to the Purchaser
Completion of sale	The parties agreed that the transfer of all Sittarom shares must be carried out after the date of shareholders meeting of the Seller and the Purchaser adopt a resolution to approve such shares sale and purchase but the shares transfer have to be done within 14 days since the date that the parties signed shares sale and purchase agreement. On the date of shares transfer the purchaser must pay in full the shares price of Sittarom as agreed in the agreement. The Seller will return deposit to the Purchaser as specified in deposit term above
The source of funds for payment of shares	Sources of funds for the payment of Purchaser must be obtained from a loan from credible financial institutions in Thailand or abroad
Precedent Condition	The shareholders meeting of both parties had a resolution to approve the sale and purchase of all Sittarom shares.
Purchaser's warranty on Sittarom shares transfer	(1) deliver documents to confirm the source of fund in Sittarom shares purchase that obtained from loan from credible financial institution (2) execute and deliver a written confirmation from financial institutions, the creditor of Sittarom to the Seller to declare debt and obligation release of the Seller related to Sittarom (3) deliver a resolution of the Board of Directors and the shareholders meeting to approve to acquire Sittarom shares (4) Payment for purchase of Sittarom shares in full
Seller's Warranty	(1) The Seller will conduct director resignation without any claims. (2)The Seller shall terminate the project management agreement, office lease agreement and accounting services as well as other agreements made by Sittarom, provided that the termination of agreements will effect upon the completion of sale and purchase but not include to employment agreement and agreements with contractors (3) The Seller will conduct and coordinate with Mr. Chotiwat Poonyawititthamrong (director of Sittarom) as a project consultant for a period of six months from July 2016 until December 2016, this is not an obligation to the



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	<p>Seller to sell for such success</p> <p>(4) The Seller will conduct and coordinate to ensure the Purchaser has the right to use the trademark "Sittarom" for the project of Sittarom Development Co., Ltd. in Udon Thani province</p> <p>(5) The Seller agrees to deliver important documents and assets such as licenses, keys, seal to the Purchaser</p> <p>(6) The Seller certifies not to induce, indicate or advise employees to terminate from Company employment</p> <p>(7) Within a period of two years from the Sittarom shares transfer date, the Seller will be responsible for the damage claimed by a third party claims arising from an events prior to the shares transfer date</p>
Costs and duties	Each party agreed to bear incurred cost on their own. The duties under the shares sale and purchase agreement will be responsible by the Purchaser

As the framework memorandum for the sale and purchase agreement of Sittarom shares above, there are significant additional terms of the memorandum that the company has to terminate the project management agreement with Sittarom Co., Ltd. And coordinate Adamas to be entitled to use the trademark "Sittarom" for the projects Sittarom Development Co., Ltd. in Udon Thani which affect the Company has the expenses occurred from agreement termination to be paid to Sittarom Co., Ltd. at the amount THB 5.00 Million, the net remaining amount from the sale will be THB 365.00 Million.

## **2.6 Purpose of the Sittarom shares sale**

On 6 March 2015 the Company issued loan shares at the amount 500,000 shares at THB 1,000.00 per share at total amount THB 500.00 Million, the shares loan with specified holders unsubordinated, unsecured and without representatives of the holders by offering to institutional and / or large investors with its validity 1 year 9 months the due date to redeem will be on 6 December 2016 with fixed rate interest at 6.50 per year and on 6 May 2015, the Company issued shares loan at 500,000 shares at THB 1,000.00 per share in total amount THB 500.00 Million the shares loan with specified holders unsubordinated, unsecured and without representatives of the holders by offering to institutional and / or large investors with its validity 1 year 11 months 27 days the maturity will be on 19 May 2017 with fixed rate interest at 6.50 per year

In order to provide fund for shares loan repayment, the Company intends to sell Sittarom shares after the Company receives the shares payment. The company may use that fund as working capital to reduce financial costs before its maturity

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## **2.7 Information**

2.7.1 Sittarom received loan from a financial institution in form of long-term loan, overdrafts and guarantee letter at the total amount THB 61.40 Million to support project construction, Sittarom Park Life by using the project assets such as security and the Company guarantees the full amount as on 31 March 2015, Sittarom has outstanding overdraft at THB 6.71 Million and guarantee letter at THB 5.12 Million including to loans and outstanding amount in total amount THB 11.83 Million baht, which the Company negotiates to Adamas to guarantee or put other securities instead of the Company or Sittarom to settle the loan (as of 31 March 2016 Sittarom had cash and temporary investments at THB 110.16 Million), however these will not reduce Sittarom shares price as decrease in both assets and liabilities, the company will no longer guarantee obligation after the transfer of shares.

2.7.2 As 31 December 2015 the Company recorded a net loss in tax aspect from the period of past 5 years at THB 165.09 Million if consideration on Sittarom shares sale at the price THB 365.00 Million excluding to the normal operation of the Company. The Company will have taxable profit 205.00 Million (net selling price THB 365.00 Million deducted from the cost of acquisition of Sittarom shares THB 160.00 Million, which is taxable profit only not profit on the income statement), the Company can use tax losses deducted from the profit on disposal of shares. The company income tax reduce from the net taxable loss of the past deduct from the profit before corporate income tax, subject to the section 65 tri (12) provided the company or partnership can use net loss not more than five years before the current fiscal year to deduct as an expenditure.

2.7.3 comparison the financial statements of the Company before and after the sale  
Million Baht

Details	Before Sittarom shares sale (The financial statements as 31 March 2016)		Consolidated after Sittarom shares sale
	Consolidated financial statement	Sittarom financial statement	
asset	7,312.32	199.69	7,477.63
Total liabilities	6,715.77	30.97	6,684.80
The shareholders' equity	626.98	168.72	823.26
Non-controlling interests	(30.43)	0.00	(30.43)

Note: The consolidated financial statement of company after Sittarom share sale included the shares sale at net selling price THB 365.00 Million which generate company profit in accounting aspect THB 196.28 Million

(TRANSLATION)

**Part 3: Summary of Sittarom Development Co., Ltd.**

Company Name	Sittarom Development Co., Ltd.
Business type	Real estate development in category of residence for sale
Company Registered Date	June 1, 2007
Registration Number	0105550057238
Registered/Paid up capital	THB 160 Million baht, divided into 160,000 shares with a par value of 1,000 baht.
Address	1/23 Soi Pho Kaew 3 Yak 18 Klongchan Bangkok, Bangkok.
Project Location	The road around the city of Udon Thani, Tumbol Mak Khang Amphur Meuang Udon Thani, Udon Thani Province
Nature of Business	

- Major development Sittarom Development Co., Ltd. was established in 2007 to perform the business of property development in category of residence for sale. In 2007 acquired the land in total 106-1-65.3 Rai around Udon Thani Road, Tumbol Mak Kang , Amphoe Mueang Udon Thani, Udon Thani Province to develop the following details:

Detail	Area (Rai)
In 2008, Sittarom Udon Thani Project Development (Phase 1) In 2013, Sittarom Udon Thani Project Development (Phase 2) In form of detached / semi-detached house for sale In total 341 units and 1 vacant land (now the last remaining one)	84-1-91.8
In 2015, Sittarom Park Life Project Development in form of detached / semi-detached house for sale in total 42 units (currently under development).	9-1-32.5
The remaining two plots of land (vacant land for development) 1. Title deed No. 170292 2. Title deed No. 170089	3-3-87 8-2-54
The approximately total area	106-1-65.3

• Project Development in the past

Project Name:	Sittarom Udon Thani Project (Phase 1 and Phase 2).
Area:	84-1-91.8 Rai
Value:	THB 1,053.56 Million
Description:	Residential development total 341 units and 1 vacant land plot

(TRANSLATION)

Details of Development (Average data per unit)

<b>Format</b>	<b>Area (Square wa)</b>	<b>Living area (Square meters)</b>	<b>Average price (Million baht)</b>	<b>Number (Unit/Plot)</b>
Two storey detached house	60	165	3.02	198
Detached house	67	126	2.48	33
Two storey semi detached house	40	125	1.97	98
Semi detached house	37	70	1.49	12
Vacant land	487	-	6.50	1
Total				342

Sittarom Udon Thani project is a residence construction project of for sale (excluded furniture) in total 341 units and 1 vacant land which now complete the construction and its ownership transfer at 340 units and 1 vacant land, the remaining one last home is currently for sale.

The infrastructure of the project consist of the main entrance to the road with its width 18 meters (including sidewalk 2 meters) secondary road with its width 16 meters (including 1.5 meters of pavement), clubhouse, swimming pool, parks, fences, dams, retaining walls, water supply, electricity, roads and electricity system along the road inside projects.

• Project under development

Project Name: Sittarom Park Life (the extension part behind Sittarom Udon Thani the Phase 1 and Phase 2)

Area: 9-1-32.5 Rai

Project value: approximately THB 1777.38 Million

Description: 42 units residence

Details of Development (Average data per unit)

<b>Format</b>	<b>Area (Square wa)</b>	<b>Living area (Square meters)</b>	<b>Average price (Million baht)</b>	<b>Number (Unit/Plot)</b>
Two storey detached house	52.5	171.0	4.49	22
Two storey semi-detached house	39.9	152.0	3.59	20
Total				42

Note \* Excludes excess area

**(TRANSLATION)**

Sittarom Park Life Project is a residential project for sale. (Excluded furniture) at 42 units as an extension of Sittarom Udon Thani, the project contains both 2-storey detached house and 2 story semi-detached house with 4 bedrooms, 3 bathrooms, 2 parking spaces.

The progress of the development during construction (estimated) as follows:

Format	24 units (first)			18 units (later).		
	(Unit)	Progress (%)	completed	(unit)	construction	completion
Two storey detached house	14	70	Jun 16	8	Apr 16	Dec 16
Two storey semi-detached house	10	50	Sep 16	10	Apr 16	Dec 16

The infrastructure of the project consist of the main entrance to the road with its width 10 meters (including pavement 1.5 meters) secondary road with its width 9 meters (including 1 meters of pavement), parks, fences, dams, retaining walls, water supply, electricity, roads and electricity system along the road inside projects. Currently progress of infrastructure works reach approximately 70 percent and expects construction to be completed within September 2016.

Sittarom Park Life project had customers reserve for purchase 5 units which are 2 units of two storey detached house and 3 units of the two storey semi-detached houses.

As 31 March 2016 Sittarom Park Life Project had development cost at THB 52.17 Million and its evaluation value (by replacement cost as detailed in Attachment 2) evaluated by an independent appraiser for the public purpose on 18 March 2016 at THB 76.77 Million.

• Land for development

Vacant land for development with total area 12-2-41 Rai or 5,041 square meters of two plots (title deed number 170292 and 170089) separated by public watercourse between each land plot but the lands can use together. A land plot next to the road around Udon Thani (width 24 meters) length, approximately 112 meters and the side of two plots of lands next to Sittarom Udon Thani project with approximately length 264 meters.

The two vacant plots of land have its book value THB 19.83 Million and evaluated price (compared to market price as detailed in Attachment 2) evaluated by an independent appraiser for public purpose on 18 March 2016 equal to THB 126.02 Million or THB 25,000 per square wa.

• Revenue recognition

Sittarom will recognize revenue from the sale of the land and house which are available for sale once the payment is received in full under agreement and ownership transfer to the buyer

(TRANSLATION)

• Project Management Agreement

On 30 March 2010, Sittarom hired Sittarom Co., Ltd.\* to manage all Sittarom project where was located on the road around Udon Thani, Tumbol Mak kang, Amphoe Mueang, Udon Thani Province for a five-year period from June 2007 to May 2012 or until the end of project. Sittarom as the employer will pay management fee to Sittarom Co., Ltd., as the contractor at the rate 15.00 per cent of profit before corporate tax deduction. (included VAT) and on 18 July 2012 and 24 December 2015 had made an additional memorandum to allow remaining land to sell as vacant land with the same rate fee but not exceed than THB 27.50 Million.

Note: \* Sittarom Co., Ltd. had Mr. Chotiwat Puntawititthamrong and Ms. Pornpan Dechampon as authorized directors and Mr. Chotiwat Puntawititthamrong as a major shareholder who is not a relevant person of the Company.

(TRANSLATION)

## Project location



## Project map





Format house of Sittarom Park Life



Source: Sittarom

### List of Shareholders

List of shareholders as of 3 March 2016 as shown below

No	Detail	number of shares	Percent
1	Power Line Engineering Public Company Limited	159,995	99.997
2	Mr. Chotiwat Poonyawitthamrong	1	0.001
3	Mr. Sawek Srisuchat	1	0.001
4	Mr. Amnuay Kanjanopas	1	0.001
5	Mr. Somsak Kuptametee	1	0.001
6	Mr. Pisit Rojanamomgkol	1	0.001
Total		160,000	0.001



(TRANSLATION)

**Name of Director**

The Board of Directors on 3 March 2016 as shown below

1. Mr. Chotiwat Poonyawitthamrong
2. Mr. Swake Srisuchat
3. Mr. Amnuay Kanjanopas
4. Mr. Somsak Kuptamatee
5. Mr. Phisan Chintanapakdee

The authorized directors of the company is two directors jointly sign and seal with the company.

**Summary of financial position and results of operations**

Financial position and results of operation for the fiscal years 2013, 2014 and 2015 are audited by the certified public accountant Ms. Wanya Buddhasathien with her registered No. 4387, Ms. Chandra Wongsriudom with her registered No. 4996 and Mr. Cherdsakul Anmongkol with his registered No. 7195 respectively. For the past quarter ended 31 March 2016 is audited by the certified public accountant Mr. Cherdsakul Anmongkol with his registered No. 7195as follows:

THB Million

Detail	2013	2014	2015	Jan-Mar 2016
<b>Financial position</b>				
<b>Asset</b>				
Cash, deposits and temporary investments	115.72	169.86	122.19	110.16
Loans to related business	50.00	150.50	0.00	0.00
Real estate development costs	113.78	24.50	43.39	52.17
Other current assets	6.64	11.37	0.74	0.91
Total current assets	286.14	356.23	166.32	163.24
Land, building and equipment - net	10.40	9.60	9.34	9.13
Land for development	34.89	34.89	19.83	19.83
Non-current assets	7.20	7.42	7.49	7.49
Total assets	338.63	408.15	202.98	199.69
<b>Debt</b>				
current liabilities	86.42	225.76	16.64	15.42
Non-current liabilities	11.21	14.08	15.50	15.55
Total liabilities	97.64	239.84	32.14	30.97
<b>Shareholder equity</b>				
Paid up capital	160.00	160.00	160.00	160.00

(TRANSLATION)

Detail	2013	2014	2015	Jan-Mar 2016
Retained earnings	80.99	8.31	10.84	8.72
Total of shareholder equity	240.99	168.31	170.84	168.72
<b>Performance</b>				
Sale income	272.44	141.31	26.76	0.00
Other income	2.98	14.57	13.57	0.40
Total revenue	275.42	155.88	40.33	0.40
Selling cost	183.45	95.97	20.58	0.00
Selling and administrative costs.	30.10	21.08	12.05	2.51
Financial costs	1.53	8.64	3.80	0.01
Total cost	215.08	125.69	36.43	2.52
Profit before tax	60.34	30.19	3.90	-2.12
Corporate income tax	12.27	6.87	1.23	0.00
Annual net income	48.07	23.32	2.67	-2.12

**Summary of Cash Flow Statement**

THB Million

Detail	2013	2014	2015	Jan-Mar 2016
<b>Cash flow from operating activities</b>				
<i>Cash from operating activities</i>				
Profit-loss before taxes	60.34	30.19	3.90	-2.12
<i>Improved net earnings to cash</i>				
Depreciation	1.02	0.85	0.83	0.22
Amortized cost	0.02	0.02	0.02	-
Profit of assets sale	-	-	-0.11	-
Employee benefits costs	0.19	0.19	0.20	0.04
interest income	-1.89	-13.92	-7.52	-0.34
interest expense	1.53	8.64	2.46	-
<i>Profit before change of assets and liabilities</i>	61.22	26.27	-0.22	-2.21
<i>Operating assets Decrease (increase).</i>				
account receivable	0.60	0.09	-	-0.06
Property development costs	117.70	89.27	-3.48	-8.68
Other current assets	5.51	3.06	1.41	-
Current assets	-0.01	0.00	-0.02	0.02
<i>Operating liabilities increase (decrease).</i>				
Cost to be paid	-0.43	-2.70	0.50	-0.14
Advance income	-9.59	2.04	-2.30	1.11
Other current liabilities	-11.65	-17.85	-9.00	-2.19
Employee benefit obligations	-	-	-0.04	-
Other non-current liabilities	4.65	2.67	1.12	0.02
<i>Cash receiving (payments) from operations</i>	168.00	102.85	-12.02	-12.13

(TRANSLATION)

Detail	2013	2014	2015	Jan-Mar 2016
Interest expenses recorded as cost	-0.35	0.00	-0.33	-0.11
Income tax paid	-9.5	-10.68	-4.38	-
<b>Net cash from operating activities</b>	158.15	92.17	-16.73	-12.24
<b>Cashflow from investing activities</b>				
Purchase –Sale of temporary investments	-60.00	-54.79	40.20	-0.12
Lending–refund short-term loans in affiliate	-50.00	45.00	178.50	-
Income – Expenses to purchase fixed assets	-0.23	-0.06	-0.46	-0.01
Pledged deposits	-7.00	-0.24	-0.07	-0.02
Interest income	1.89	5.77	16.73	0.24
<b>Net cash from investment</b>	-115.34	-149.82	206.90	0.09
<b>Cash flows from financing activities</b>				
Overdrafts	-	-	6.71	-
Income – Expenses Short-term loans third party	20.00	66.00	-85.00	-
Income – Expenses Short-term loans affiliate	-46.00	-	-	-
Dividend Payment	-	-	-96.00	-
Interest expense	-0.20	-8.00	-23.36	-
<b>Net cash from financing</b>	-26.20	57.00	-197.65	0.00
Net cash increase (decrease)	16.60	-0.64	-7.48	-12.15
Cash at beginning period	39.11	55.72	55.08	47.60
<b>Cash at end of period</b>	55.72	55.07	47.60	35.45

(TRANSLATION)

**Financial Ratio**

Detail		2013	2014	2015	Jan-Mar 2016
<b>Liquidity Ratio</b>					
Liquidity Ratio	Time	3.31	1.58	9.99	10.59
Quick Liquidity ratio	Time	1.34	0.75	7.34	7.20
Cash Flow Liquidity Ratio	Time	0.46	0.15	- 0.03	- 0.76
Accounts receivable turnover ratio	Time	8.16	15.44	n.a.	0.00
Average debt collection period	Day	44	23	n.a.	n.a.
Inventory Turnover	Time	0.57	0.62	0.53	0.00
Average sale period	Day	630	581	682	n.a.
Payable turnover ratio	Time	15.75	17.79	20.53	0.00
Repayment period	Day	23	20	18	n.a.
Cash Cycle	Day	652	584	665	n.a.
<b>Profitability Ratio</b>					
Gross margin	%	32.67	32.09	23.11	n.a.
Operating margin	%	22.71	27.48	28.78	n.a.
Other profits	%	0.00	0.00	0.33	0.00
The ratio of cash to make a profit	%	255.59	237.32	-217.18	578.82
Net profit margin	%	17.45	14.96	6.62	537.36
Return on equity	%	5.54	2.85	0.39	1.25
<b>Efficiency Ratio</b>					
Return on assets	%	3.60	1.56	0.22	-1.06
Return of fixed assets	%	24.85	11.58	1.98	5.22
Turnover of assets	Time	0.21	0.10	0.03	-
<b>Financial Policy</b>					
The ratio of debt to equity.	Time	0.41	1.43	0.19	0.18
Interest Coverage	Time	112.34	12.46	-3.08	-1,299.53
Ability to pay obligations	Time	- 2.55	3.78	- 0.23	5.23
Dividend payout ratio	%	-	-	-3,598.02	-

**Discussion and analysis of financial condition and results of operations**

**Analysis of Operating Results**

**Income**

Revenue from sale of land and houses decreased from THB 272.44 Million, THB 141.31 Million, 26.76 Million and 0.00 Million in the year 2013-2015 and the first quarter of 2016 respectively as the sale of Sittarom Udon Thani in total 340 units and 1 plot of vacant land until nearly the close of project there is remaining 1 last home expected to be transferred within 2016 and during that time, there was no new project available for sale, so the sale can be summarized as follows:

Year	Total sales (After)	Revenue (Million Baht)
2013	82	272.44

**(TRANSLATION)**

2014	46	141.31
2015	7	26.76
First Quarter 2016	0	0.00

In 2015 Sittarom began to develop Sittarom Park Life project in form of two-storey detached home and two storey semi-detached home in total 42 units which currently are under construction and the Company had presales order 5 units which the revenue expect to be recognized in 2016.

Other income consists of interest income, rental income and profit from the disposal of assets of the year 2013 - 2015 and the first quarter of 2016, other income was THB 2.98 Million, THB 14.57 Million, THB 13.57 Million and THB 0.40 million respectively, in 2014-2015 the main items include interest from short-term loans at 7.00-8.00 per year while the first quarter of 2016 was deposits interest from financial institutions.

**Selling cost**

Cost of sales includes land and houses, works under construction, public utility system and loans during construction in 2013 - 2015 and the first quarter of 2016 are equal to THB 183.45 Million, THB 95.97 Million, THB 20.58 Million and THB 0.00 million respectively, according to the proportion of the sales decline near the end of project.

**Gross margin**

Ratio of gross profit to revenues from the sale of the years 2013 - 2015 and the first quarter 2016 equals 32.67 percent, 32.09 percent, 23.11 percent and 0.00 percent respectively and declined in 2015, as the sales decreased.

**Selling and administrative costs**

Selling expenses include commissions, promotion and the cost of ownership transfer in years 2013 - 2015 and the first quarter 2016 the cost of sales are equal to THB 19.06 Million , THB 9.57 Million, THB 3.09 Million and THB 0.15 Million respectively. The cost of sales against revenues from the sale is equal to 7.00 percent, 6.77 percent, 11.55 percent and 0.00 percent respectively with the increasing trend. The main cost of sales is project management fee and specific business tax while revenue from sales decreased.

Administrative expenses include public utilities, the cost of the staff expenses, depreciation, security fee and office expenses. In 2013 - 2015 and the first quarter of 2016,

## **(TRANSLATION)**

administrative costs are equal to THB 11.04 Million, THB 11.51 Million, THB 8.96 Million and THB 2.36 Million respectively which the trend decline follow the sales. The Company's cost of homes and public areas maintenance reduced as the first quarter of 2016 administrative expenses are mostly fixed costs such as staff salaries, public utility and the security cost.

Financial costs in 2013 - 2015 and the first quarter of 2016 were THB 1.53 Million, THB 8.64 Million, THB 3.80 Million and THB 0.01 Million respectively. Most occurred from short-term loans from third parties, interest rate is 4.50 to 5.80 percent and during 2015 Sittarom returned such loan in full amount without any occurred outstanding amount.

Sittarom received the loans from Bangkok Bank Public Company Limited to develop Sittarom Park Life project and public utilities guarantees letters in total THB 61.40 Million baht as of 31 March 2016 Sittarom loans outstanding amount was THB 6.71 Million which was paid for infrastructure construction.

### **Net margin**

In the years 2013 - 2015 and the first quarter of 2016 net profit was THB 48.07 Million, THB 23.32 Million, THB 2.67 Million and a net loss was THB 2.12 Million respectively. The ratio of net income against revenue from sales equal to 17.45 percent, 14.96 percent and 6.62 percent for the years 2013 to 2015 respectively with the trend decreased as a result of the sales decrease while some expenses in sale and administrative items such as salaries, benefits and public utility were fixed costs.

### **Analysis of Sittarom financial position**

#### **Asset**

As 31 December of the year 2013 to 2015 Sittarom total assets was THB 338.63 Million, THB 408.15 Million and THB 202.98 Million respectively and at 31 March 2016 the assets was THB 199.69 Million, decreased 1.62 percent from 2015. The main assets consist of cash, temporary investments for real estate development, vacant land for development, lands, building, equipment and other assets as follows:

- As 31 December 2013-2015 as at 31 March 2016 there were cash, bank Deposits and short-term investment at THB 115.72 Million, THB 169.86 Million, THB 122.19 Million and THB 110.15 Million respectively. Most were bank deposit and cash received from Sittarom Udon Thani project.

- As of 31 December 2013 to 2015 and as at 31 March 2016 there were real estate development cost at THB 113.78 Million, THB 24.50 Million, THB 43.49 Million and THB 52.17 Million respectively as 31 March 2016, cost of real estate development was an available

**(TRANSLATION)**

home for sale of Sittarom Udon Thani project and the rest is the cost of land and construction of Sittarom Park Life project as follows:

	Million Baht
House for sale	2.99
land	17.05
Construction in progress	18.55
Public utility system	12.36
Borrowing costs	0.92
Total	52.17

- On 31 March 2016 there were 2 lands for development located at the front next to the road around Udon Thani, total area 12-2-41 Rai with its book value THB 19.83 19.83 Million.

- On 31 March 2016 there were lands, buildings and equipment at net total THB 9.13 Million, the land separated for clubhouse and its building for Sittarom Udon Thani at total THB 1.34 Million and THB 6.95 respectively also tools and vehicles at THB 0.84 Million.

- Other non-current assets at 31 March 2016 was THB 7.49 Million which was guarantee deposit for public utilities of Sittarom Udon at THB 7.33 Million.

### **Liquidity**

In 2015 and the first quarter of 2016, liquidity ratio (Current Ratio) was equal to 9.99 times and 10.59 times respectively, increased from 2014 which equates to 1.58 times as in 2015 Sittarom repaid short-term loan and no dividends payment which effected current liabilities decreased Quick Current ratio (Quick Raito) increased from 0.75 times in 2014 up to 7.34 times and 7.20 times in 2015 and the first quarter of 2016 respectively, as a result of the current liabilities decreased from THB 225.76 Million in 2014 and remain at THB 16.64 Million in 2015. For cash, deposits and short-term investments in 2015 and the first quarter of 2016 is not much different.

In the years 2013 - 2015 and the first quarter of 2016, cash flow received (used) from net operations at THB 158.15 Million, THB 92.17 Million (THB 16.73) Million and (THB 12.24) Million respectively, due to the sale of houses in Sittarom Udon project was finished and in the process of closing project. Cash flow received from (used) net investing activities (THB 115.34) Million (THB 149.82) Million, THB 206.90 Million baht and THB 0.09 Million respectively due to the income – payment in short-term loans between Sittarom the Company. Moreover, in 2013 - 2015 and the first quarter of 2016, cash flow received from (used) financing activities (THB 26.20) Million, THB 57.00 Million, (THB 197.65) Million and THB 0.00 million baht. Most is receiving - payments in short-term loans between Sittarom and third parties. As a result, cash flow received from (used) at net amount THB 16.60 Million (THB 0.64) Million, (THB 7.48) Million and (THB 12.15) Million respectively.

## **Sources of Fund**

### **Liabilities**

As 31 December of the year 2013 to 2015 and 31 March 2016, Sittarom had debts in total THB 97.64 Million, THB 239.84 Million, THB 32.14 Million and THB 30.97 Million respectively which decreased from 2013 – 2014, the cash received from operations THB 250.32 Million was repaid for a part of short term loan term.

Main liabilities included short-term loans, outstanding dividends payment and other current liabilities such as outstanding expense for Sittarom Thani project, however such liabilities arising from such project operation of Sittarom Udon Thani. In 2015 Sittarom almost sold all houses and received the cash to pay to reduce liabilities.

As 31 March 2016, total liabilities at THB 30.97 Million consist of overdraft THB 6.71 Million public areas service fee of the customers of Sittarom Udon Thani at THB 12.62 Million, retention of construction at THB 5.37 Million and other liabilities THB 6.27 Million.

### **Shareholder equity**

As at December 31 of 2013 to 2015 and 31 March 2016, the shareholders' equity was at THB 240.99 Million, THB 168.31 Million, THB 170.84 Million and THB 168.72 Million respectively consist of paid up capital THB 160.00 Million, the rest was retained earnings and in 2014 there was dividend payment at THB 96.00 Million caused the shareholders equity in 2014 decrease from the previous year. At 31 March 2016, Sittarom had reserved fund THB 4.80 Million.

### **Capital Structure**

Liability to shareholders 'equity as of 31 December 2013 to 2015 and the first quarter of 2016 was 0.41 times, 1.43 times, 0.19 times and 0.18 times respectively. In 2014, the shareholders' equity decreased from 2013 as dividend payment caused this ratio increase but decreased significantly in 2015 as the Company repaid short-term loans at THB 85.00 Million paid dividend THB 96.00 Million which decreased liabilities thus decreased while shareholders equity did not change much.

### **Industrial Condition**



**(TRANSLATION)**

Udon Thani is a province based on agriculture while the development of the industrial and services sectors are growing respectively also becoming a trade center with Laos the economy then has grown continuously. However the last 1-2 years the growth has slowed down also the high-speed rail project is uncertain which impact to the real estate market. If consideration in detail although the growth rate of economy approximately 6% is higher than the growth rate of the country but this rate is much lower than the past.

The increase rate of population is relatively low at 0.6-0.8% per year, it means that there is no migration into the province, however, a significant number of housing rose unexpectedly, in 2013 and 2014 housing increased 4.6% per year, the population per family decreased and in 2005 population of a family was 3.9 persons, and now it is only 3.2 persons, this implies that there is no any issue of a shortage of residential accommodation in Udon Thani.

From data survey of center of research and asset evaluation of Thailand, Agency For Real Estate Affairs Co., Ltd. ([www.area.co.th](http://www.area.co.th)) found that in the province there are housing projects at 73 projects equal to 9,886 units while the vacant units for sell was 2,400 units with the average price THB 2.574 Million which is lower than the average price in Bangkok where sell up to THB 3.877 Million. In this amount consist of detached house 47%, condominium 39%, town house 7% and the rest is semi-detached house, building and land allocation. There is much demand of detached house proved that this is a traditional city where focus on low-rise residential development. The development of a suite has just began in the last 3 years, which is the result of economic growth including high-speed rail construction plans.

If consideration in details found that the location Gud Sras – Nong Bua is the area where has most residential project located in total 36 projects, equal to 52% of all units. The second location is Ban Chan – Nadi where is near airport and has residential project at 23 projects equal to 24% of all unit. The third location is Ban Leuam - Chiang Pin located to the northwest where has the minimum number at 14 projects equal to 23% of all units.

In 2015, the sales report of the province approximately 866 units, total sale value at THB 2,715 Million which is relatively low from 2013 to 2014, which was not the result of an oversupply as in 2015 there was no launching of new project but because of the economic recession especially the price of agricultural crops.

Estimated that in 2016 the market of housing in the province will remain similar to 2015, despite the government attempts to stimulate the economy with the plans for construction of high-speed trains, however, economy condition expected to be better in 2017 as expected election which will cause confidence to foreign investment and create a good atmosphere for investment in the country.

Source: Centre for Research and Evaluation of Thailand Property, Agency for Real Estate Affairs Co., Ltd. (3 December 2015)

**(TRANSLATION)**

Real estate business in the province in 2016 would return to better situation with several factors such as the establishment of special economic zones in the Nongkay to make an investment, both centrally and in their local area, high-speed rail project which will help in terms of travel, tourism and transportation, measures to reduce transfer and mortgage fees of government sector which ended on 28 April 2015, and measures of lending for housing by the Government Housing Bank and Government Savings Bank resulted in purchase of housing in this period better especially the backlog projects from the previous year.

However, Udon Thani has potential in several aspects such as transportation hub of the region, both land and air. A center for trade and tourism also full of facility equipped caused population needs to live. As a result, the demand for housing increases and also the growth of the city as a giant leap.

Source: Property Today 7 April 2016 by Mr Watchara Suansutjarit

Real estate development in the province in 2016 should be in normal condition. After slowing down earlier with several factors. Supply and demand are expected to meet and the ASEAN Economic Community (AEC) will result in a surge of population, investment and migration of capital from China and Vietnam into the region. These should cause launching of low-rise housing projects approximately 900 units by central and local entrepreneurs. They also tend to invest a large sum from CP Land Investments as the project of seminar center of ASEAN aslo Prachaktra group, the local capital investor who plans to invest for large hotels.

Housing projects which are launching this year such as Rachaya of Rachaya real estate Co., Ltd. located in the west of city. The project worth THB 250 Million, Ban Sirinnara of Pongjaroen group located on Mittrapab Road, Nongkay where heads to in Udon Thani, next to Nong Dae public park. The House of Sansiri of Pongcharoen group on approximately area 60 Rai on the ring road around the city opposite to Bung Mai Hom restaurant and 3 projects of Siri village at the amount THB 1,415 Million of foreign investor. The first project is located on Mittrapab Road Udon – Loey, head to Udon Thani which have already launched the project.

Source: Prachachat business online 18 April 2016

Major competitors, the developer of detached, semi-detached houses and Town House in Udon Thani

(TRANSLATION)

Project Name	Location	Number (Units)	Area (Square wa)	Selling price (Million baht)
Sittarom	Streets around the city	342	40-126	2.26-4.49
Sirin Park Ville	Udon – Sakon Road	113	75-149	4.20-7.00
Siwalee	Udon Thani - Nong Khai Road	361	52	5.00-13.00
Supalai(1)	Udon Thani - Nong Khai Road	261	52	4.20-6.00
Supalai (2)	Ropmueang baanlerm Road	164	60	4.20-6.00
Livello	Irrigation Road	47	60	3.89
Banklangmueng	Nong-Samrong	32	70	3.60
Baanchanakarn	Ropmueang Nadi Road	99	63-90	2.00-4.56
baanthitimon	Mittrapab Road, Ban Sa	30	70-80	2.65-4.19
chonrada (2)	Mittrapab Road	189	21	1.59
The Private Park Ville	Udon – Sakon Road	80	80-136	3.50-7.90
Baan Sansiri	Baan Ta Toom Udon Thani - Nong Khai Road	165	74-88	3.30-4.18
Rung reuang (8)	Nadi, Road to Airport	85	40-70	2.39-4.49
Kacha by Rung reuang	Nadi, Road to Airport	232	25-65	0.80-2.29
Plern Ville	Nong-Samrong	78	60	3.20
Isra	Nong-Samrong	66	80	3.99
Cristal home	Baan Ta Toom Udon Thani - Nong Khai Road	58	45-75	1.69-1.99
Burasiri	Ropmueang Rd.	n.a.	60	7.90
Nantawan	Ropmueang Rd.	n.a.	60	7.90
Supalai	Mittrapab Road, Ban Tat	135	20-50	1.75-3.64
Paradise Island	Amphur Makkhaeng Road	248	65	4.99

Source: Sittarom (to consider only an overview. Information is subject to change)

### Advantages and disadvantages of the project Sittarom

- Strengths:
- "Sittarom" is recognized and customers respond well.
  - The project is in the city, easy travel with both front and back access
  - Stylish form, function with its applications
  - The area (living space) and fair value
  - Green area, about 8 percent of the project area
- Weaknesses:
- behind the project where is a shortcut to the city is small alley
- Opportunities:
- has customer base from existing projects
  - Competitors in the same zone of the project is still minimal

**(TRANSLATION)**

- Obstacles:
- Access to the ASEAN Economic Community (AEC).
  - Overall economy slowed affect to buying decisions and bank credit

**Part 4: The Opinion of Independent Financial Advisor**

#### **4.1 The purpose and benefits of the transaction**

The benefits are expected to arise from the sale of Sittarom shares as follows:

- Increased working capital in the short term before repayment of shares loan.
- To provide money to repay shares loan THB 500.00 Million which is due for repayment on 6 December 2016, however the Company will be paid from the sale of shares Sittarom at THB 365.00 Million is not enough to pay such debt. The Companies must be prepared to allocate additional funds in the amount THB 135.00 Million. In financial statements of the year ended 31 December 2015, the Company had cash flow from operating activities of THB149.33 Million for the quarter 1/2016, the company has cash flow received from operating activities THB 450.30 Million. In addition at 31 March 2016, the Company had cash and cash equivalents including temporary investments (Consolidated financial statements) THB 467.56 Million and the total amount received from the sale of shares THB 365.00 Million, the Company then had cash and cash equivalents including temporary investments in total THB 832.56 Million, it is expected that the Company will have sufficient funds to repay the shares loan of THB 500.00 Million in December 2016.
- The Company made a profit from Sittarom shares sale, increase liquidity and the Company's financial position improved.

#### **4.2 Advantages - Disadvantages of the transaction and non- transaction**

##### *4.2.1 Advantages - Disadvantages of the transaction*

###### *Advantages*

- The Company's liquidity is higher and can use the money from the sale of Sittarom shares as working capital to reduce financial costs and enhance business performance.
- Shareholders' equity increased and the company's financial position improved. The shareholders of the Company as 31 March 2016 was THB 626.98 Million, debt to equity was 10.71 times and Sittarom shares sale at THB 365.00 Million to make the shareholders equity of the Company increased approximately to THB 823.26 Million (Sittarom shares sale at THB 365.00 Million deducted Sittarom book value at 31 March 2016 was THB 168.72 Million, which made a profit THB 196.28 Million and together with the shareholders equity THB 626.98 Million this made shareholder equity increased to THB 823.26 Million) and debt to equity ratio decreased to 8.16 times (as from 10.71 times).
- The Company recorded a profit right away as if Sittarom project is under development. In addition the risk of real estate development in the long term there

**(TRANSLATION)**

also is a risk of generating profit, which may lower the profits received from the sale of shares.

- Reducing the risk from the business of real estate development in the up-country. Due to the economic slowed down and there is no any indication that the housing industry in Udon Thani is growing significantly.

*Disadvantage*

- Loss of real estate development in the up-country
- The risk of a drop in and business distribution, however real estate development is not the core business of the Company, the impact is not much.
- Can not take the financial position and results of operations of the financial statements of Sittarom included into consolidated financial statements of the Company. But it will not affect the consolidated financial statements and the consolidated income statement of the Company much as at 31 March 2016, the Company, assets, liabilities and shareholders' equity equal to THB 7,312.32 Million, THB 6,715.78 Million and THB 626.98 Million respectively. While the assets and liabilities of Sittarom at THB 199.69 Million and THB 30.97 Million respectively equal to 2.73 and 0.46 percent respectively of the consolidated financial statements. And since in 2015 and the first quarter of 2016 the Company had total revenues THB 6,170.00 Million and THB 1,158.08 Million while Sittarom during the same period had total revenue THB 40.33 Million and THB 0.40 Million equal to 0.65 percent and 0.03 percent of the consolidated financial statements.

*4.2.2 Advantages - Disadvantages of non-transaction*

*Advantages*

- Accounting record can include total asset of Sittarom further and to receive dividends from the profits of Sittarom.

*Disadvantage*

- Loss opportunity to made profit from the sale of shares.
- The Companies need fund to develop Sittarom Park Life and to supply for land development in future which can not estimate value as there are uncertainties.

## **4.3 Terms and fairness of price**

*Conditions of terms*

**(TRANSLATION)**

The Company sold 159,995 ordinary shares of Sittarom at par value of THB 1,000 per share, approximately equal to 99.997 per cent of the total number of selling shares at totaled THB 370.00 Million, or the selling price was approximately THB 2,312.57 per share to Adamas.

On 25 April 2016, the Company and the Adamas made an agreement to sell and purchase the shares on 17 May 2016 which has been amended and can be summarized the terms of the sale and purchase of shares as follows:

- The Company sells all Sittarom shares and Adamas pay in a cash
- Adamas agreed to pay a deposit in the amount THB 18.50 Million on 6 May 2016 and on the date of transfer of shares, Adamas has to pay fully sale and purchase price THB 370.00 Million to the Company and the Company will return the deposit.
- If Adamas fails to purchase Sittarom shares for any reason whatsoever. Adamas has to be responsible for any relevant costs related to the sale and purchase of Sittarom shares. The Company is entitled to deduct such cost from a deposit before return the rest amount to Adamas unless Sittarom shares sale and purchase agreement has not been approved by shareholder meeting of the Company, Adamas is not responsible for such expenses.
- The parties must obtain an approval from the shareholder meeting and regulatory authorities for sale and purchase
- Adamas was not in bankruptcy process or have filed for bankruptcy or obtain court receivership or has filed for rehabilitation process and
- Source of fund of Adamas for shares purchase must be a loan from a credible financial institution in Thailand or abroad.

On 6 May 2016 Adamas paid deposit a cheque at THB 18.50 Million but the Company did not withdraw money on the date on the cheque to reduce the risk of shares payment from working capital of Adamas and returns that cheque to Adamas when the company received paid up shares THB 370.00 Million which was a loan from a financial institution from Adamas on the transfer of shares. The Company and its legal counsel will jointly determine the source of such money to ensure that the money received from the financial institution prior to the share transfer.

In case the Company sells Sittarom shares Adamas. The management of the Company as Sittarom director 1)Mr. Sawek Srisuchat 2)Mr. Amnuay Kanjanopas 3)Mr. Somsak Kuptamettee 4)Mr. Pisan Jintanapakdee will resign from the directors of Sittarom.

The independent financial advisor considered that the terms of sale-the purchase of Sittarom shares was according to general commercial practices. The company will receive payment in full on the date of shares transfer and the source of funds of Adamas in share purchase borrowed from credible financial institutions and did not related to working capital or assets disposal of Adamas. However, the Company did not withdraw the money on the date of the cheque as a security. The Company may lose their rights of proceedings in criminal case against the payer.

The Company and the Adamas, agreed to enter into Sittarom shares sale and purchase agreement within 30 days from the date the Company and Adamas obtain an approval from the shareholders meeting of both parties. And the parties agree to pay the price and transfer of shares within 14 days from the date of sale and purchase agreement. **The Independent Financial Advisor considered that “Terms of the transaction is reasonable”.**

(TRANSLATION)

*Fairness of price*

The reasonable price for this transaction, the independent financial advisor has considered the nature of the current business of Sittarom and found that Sittarom develops flat residence such as detached and semi-detached houses. There are significant 1 project under development such Sittarom Park Life and 2 land plots for development so independent financial advisor considered the appraisal of fairness of price by using net current cash flow method is the most appropriate way by using the price of project under development appraised by net current cash flow method improved by asset which were not related to operating cash flow such as land price by using market price appraised by independent appraisal approved by the SEC also cash and temporary investments, some of which were not used in the project to summarize the fair value of the shares. However, the independent financial advisor evaluate shares value to compare with its details as follows:

*4.3.1 Book Value Approach*

This evaluation method was an assessment of book value of net assets of Sittarom consolidated financial statements as 31 March 2016 audited by the certified public accountant with calculation detail below:

Detail	Value	
Total assets	199.69	Million baht
Deducted total liabilities	<u>30.97</u>	Million baht
Shareholders' equity as 31 March 2016	<u>168.72</u>	Million baht
Divided the number of shares sold	160,000	share
Book value	1,054.50	Baht per share
The number of Sittarom shares to be purchased this time	159,995	shares
Carrying proportion of selling shares	168.71	Million baht

From calculation Sittarom share price by the book value was equal to THB 1,054.50 per share or representing a proportion amount of selling shares at THB 168.71 Million, lower than net selling price in total THB 196.29 Million baht or lower than net selling price at 53.78 percent.

However, the independent financial advisor considered that the price was calculated on the book value approach was a consideration of book value at any time which may not reflect the current market value of the assets including the ability of the Company's profitability in the future or events that occur after the date of the financial statements, so the independent financial advisor considered that shares value under book value method is not appropriate to determine the value of Sittarom shares.

*4.3.2 Adjusted Book Value Approach*

Evaluation using this method was an assessment of the value of the net assets of Sittarom consolidated financial statements at 31 March 2016 audited by the certified public



**(TRANSLATION)**

accountant of Sittarom improved with the premium or discount of value assets that are appraised by an independent appraiser then divide by the number of shares sold.

The Company engaged Bangkok Appraisers Co., Ltd. By Mr Damras Chaowlerd, the appraiser of core price for public purpose of Wor Tor 297 which is an independent appraisal company received an approval from the Securities and Exchange Commission to evaluate the fair price of projects under development (Sittarom Park Life project) evaluated by land value compared with the market price and evaluate the house with a public utilities that is being constructed by replacement cost. In addition, evaluation of vacant land for development with market approach the financial advisor had an opinion that the method used in such assessment is appropriate and the details of evaluation of independent appraisers shown in Attachment 2.

The independent appraiser has estimated to the appraisal report dated 23 March 2016 and 25 March 2016. The assets evaluation were 1) land and buildings of Sittarom Park Life which had market value THB 76.77 Million and 2) two land plots which had market value at THB 126.02 Million for total market value THB 202.79 Million. In addition there was an available home in Sittarom Thani (phase 2) at 1 unit which was not under evaluation had its selling price THB 3.97 Million baht, while the book value of assets valuation as 31 March 2016 include 1) land and building in Sittarom Park Life project 2) vacant land and 3) available home 1 unit for sell in Sittarom Udon Thani (phase 2) of the total value THB72.00 Million. The detail of the calculation of adjusted book value was as follows:

Million Baht

Evaluated fixed assets	Book value	Cost estimate	Difference
Land and buildings	52.17	80.74*	28.57
Land	19.83	126.02	106.19
Total evaluation asset	72.00	206.76	134.76

Note: \* Total cost of 1 unit home in Sittarom Udon Project (Phase 2) the selling price at THB 3.97 Million. Such house was not under evaluation and the selling price was applied.

Detail	Value	
Shareholders' equity as 31March 2016.	168.72	Million baht

**(TRANSLATION)**

Plus the difference between the book value of the asset evaluation	<u>134.76</u>	Million baht
The shareholder's equity adjusted net market price.	<u>303.48</u>	Million baht
Divide the number of shares sold.	160,000	Shares
The book value adjusted by net market price.	1,896.75	Baht : Per share
The number of Sittarom shares to be purchased this time.	159,995	Shares
The book value adjusted by net market value in proportion to the shares offered for sale.	303.47	Million baht

From calculation of the price of Sittarom shares under adjusted book value approach using the amount of the appraised value of the assets is equal to THB 1,896.75 per share, representing a value proportional to the share sold THB 303.47 Million baht which was lower than net selling price, representing a total value THB 61.53 Million or lower that offered price at 16.85 percent. However, the independent financial advisor considered that the share price calculated by such method was consideration the value of such assets at any one time Even though it reflects the market value of assets in the present time but this does not reflect to the performance and competition of the business in the future and does not refer to the trend of overall economic and industrial condition including the ability of the Company's profitability or future events that may occur after the date of the financial statements. Therefore, the independent financial advisor considered that the adjusted book value method is not suitable for determining Sittarom shares value.

*4.3.3 Market Comparable Approach*

By using this evaluation was an evaluation of the business compared to the reference ratio of listed companies in the property sector who have all or part of the income (income from sales of detached, semi-detached houses or townhouse) as well as Sittarom business assuming that the Company who has business operations in a similar manner should had similar financial ratios. General ratio for comparison include:

- Price to Earning Ratio : PER

**(TRANSLATION)**

- Price to Book Value Ratio : P/BV

In comparison with this evaluation method, the independent financial advisor selected the listed companies in the property sector, who operated similar businesses as well as Sittarom. The information of the listed companies used in the comparison 14 companies as follows:

No.	Company	Symbol of Securities
1	Areeya Property	A
2	AP (Thailand)	AP
3	Panthong Property Development	GOLD
4	Lalin Property	LALIN
5	Land & House	LH
6	Munkong kehakarn	MK
7	NC Housing	NCH
8	Property Perfect	PF
9	Prinsiri	PRIN
10	Prugsa Real Estate	PS
11	Sammakorn	SAMCO
12	SC Asset Corporation.	SC
13	Sansiri	SIRI
14	Supalai	SPALI

1) Price to Earning Ratio Approach: PER.

This evaluation method using estimates of earnings per share of Sittarom, compared with PER of listed companies in the property sector who received some or all revenue (Revenue from the sale of detached, semi-detached house or townhouse) as well as business of Sittarom. The independent financial advisor referred to earning per share of Sittarom in past one year period ended 31March 2016 equal to 2.69 baht per share multiplied by the average PER of listed companies back from 31 March 2016 onwards. The independent financial advisor has calculated the average PER backward for the period 7-360 working

**(TRANSLATION)**

days. The detail of the calculation of net income per Sittarom ordinary shares and its evaluation by earning per share as follows.

Net profit of 2015	2.67	Million baht
Deducted net profit for the first three months of 2015	0.12	Million baht
Deducted loss for the three months of 2016.	<u>2.12</u>	Million baht
Net profit one-year period ended March 31, 2016	<u>0.43</u>	Million baht
Sittarom shares (at March 31, 2016)	160,000	shares
Net profit share of Sittarom.	2.69	Baht per share

The closing price of securities

Symbol	7 day	15 day	30 day	60 day	90 day	180 day	360 day
A	29.17	29.13	28.96	28.75	28.48	34.19	67.08
AP	7.27	7.15	7.08	7.02	6.89	6.75	7.09
GOLD	24.10	24.19	23.88	34.34	34.71	48.56	44.32
LALIN	8.70	8.67	8.75	9.70	10.24	10.35	9.78
LH	13.18	12.92	12.79	12.70	12.97	12.72	12.58
MK	7.10	7.10	7.08	7.89	8.43	9.40	9.82
NCH	14.65	14.64	14.50	12.75	11.63	12.58	13.75
PF	17.94	17.89	17.55	16.95	16.54	13.71	14.79
PRIN	23.70	23.78	23.69	13.19	6.83	3.86	27.86
PS	7.75	7.83	7.76	8.03	8.26	8.63	8.65
SAMCO	17.32	17.32	17.52	18.90	20.21	25.79	27.30
SC	7.16	7.07	7.04	7.20	7.10	6.99	7.53
SIRI	6.22	6.22	6.44	6.18	5.98	6.38	7.01

**(TRANSLATION)**

Symbol	7 day	15 day	30 day	60 day	90 day	180 day	360 day
SPALI	7.33	7.20	7.07	6.99	6.96	6.77	6.82
Average	13.69	13.65	13.58	13.61	13.23	14.76	18.89
EPS of Sittarom	2.69						
Price (THB / share)	36.83	36.72	36.53	36.61	35.59	39.70	50.81
Total shares (share)	160,000						
Price (shares)	5.89	5.87	5.84	5.86	5.69	6.35	8.13
Offered shares (share)	159,995						
Price (THB Million)	5.89	5.88	5.84	5.86	5.69	6.35	8.13

Note: According to the data used in the calculation. [www.efinancethai.com](http://www.efinancethai.com) as at 31 March 2016

From above table the Sittarom earnings per share was THB 35.59 to 50.81 baht per share, representing a proportional value to the offered shares was THB 5.69 to 8.13 million baht which was lower than net selling price, representing a total value of THB 356.87- 359.31 Million or lower 97.77 to 98.44 percent of the net selling price. However, the independent financial advisor considered that this method evaluate on market value of business shares compare to business earning per shares at one period which did not consider on the performance and competition of business in future nor the trend of overall economy and the industry including the ability of the Company's profitability in future or events that may occur after the date of the financial statements. Therefore, the independent financial advisor had an opinion that book value price evaluation to earnings per share is inappropriate to determine Sittarom shares value.

2) Price to Book Value Ratio Approach: P/BV

This evaluation method is determined by the value per share of Sittarom compared to P/BV of listed companies in the property sector who received some or all revenues (revenue from the sale of detached, semi-detached houses or townhouse) as well as business of Sittarom. The independent financial advisor referred to the book value per share of Sittarom follow financial statements of Sittarom at 31 March 2016 audited by certified public accountant multiplied average listed companies backward on March 31, 2016 onwards. The independent financial advisor calculated the average P / BV in the past. for the period 7-360 working days which the detail of evaluation of Sittarom ordinary shares based on the closing price of Sittarom of book value per share as follows:

**(TRANSLATION)**

Shareholders' equity at 31 March 2016	168.72	Million baht
Number of ittarom Shares (as of 31 March 2016)	160,000	shares
Book value of Sittarom	1,054.50	Baht per share

Price to book value of the Company on the stock exchange.

Symbol	7 day	15 day	30 day	60 day	90 day	180 day	360 day
A	2.05	2.05	2.03	2.01	1.98	1.94	1.91
AP	1.08	1.06	1.05	1.05	1.03	1.07	1.17
GOLD	1.94	1.95	1.93	1.87	1.60	1.49	1.46
LALIN	0.66	0.66	0.66	0.67	0.67	0.67	0.69
LH	2.29	2.24	2.22	2.25	2.33	2.31	2.29
MK	0.69	0.69	0.69	0.72	0.74	0.74	0.77
NCH	0.75	0.75	0.74	0.73	0.73	0.80	0.82
PF	0.59	0.59	0.58	0.57	0.56	0.60	0.67
PRIN	0.40	0.41	0.40	0.40	0.41	0.47	0.54
PS	1.74	1.76	1.74	1.76	1.78	1.87	1.87
SAMCO	0.92	0.92	0.93	0.95	0.95	1.04	1.10
SC	1.02	1.01	1.01	1.01	0.98	0.99	1.06
SIRI	0.80	0.80	0.83	0.83	0.83	0.88	0.93
SPALI	1.61	1.58	1.55	1.60	1.65	1.70	1.73
Average	1.18	1.18	1.17	1.17	1.16	1.18	1.22
Book value of	1,054.50						
Price (THB per share)	1,244.31	1,244.31	1,233.77	1,233.77	1,223.22	1,244.31	1,286.49
Total number of shares	160,000						
Price (million baht)	199.09	199.09	197.40	197.40	195.72	199.09	205.84
Number of offered shares (shares)	159,995						
Price (million baht)	199.08	199.08	197.40	197.40	195.71	199.08	205.83

Note: According to the data used in the calculation. [www.efinancethai.com](http://www.efinancethai.com) as at 31 March 2016

From the table above, the share price of Sittarom by the book value per share at THB 1,223.22 to 1,286.49 per share equal to the proportion of offered shares at THB 195.71-205.83 Million, lower than the net selling price at total THB 159.17 to 169.29 Million or lower 43.61 to 46.38 of the net selling price. However, the independent financial advisor considered that the price calculated based on such method consider on the market value of the

## (TRANSLATION)

shares compare to the book value of the Company at one time, which did not consider on the performance and competition of business in future nor the trend of overall economy and the industry including the ability of the Company's profitability in future or events that may occur after the date of the financial statements. Therefore, the independent financial advisor had an opinion that book value price evaluation to earnings per share is inappropriate to determine Sittarom shares value.

### *4.3.4 Discounted Cash Flow : DCF*

The independent financial advisor has considered assets of Sittarom found significant assets include 1) Sittarom Park Life, the project under development and 2) two vacant land plots. The proper evaluation for fair value of Sittarom Park Life should refer to the current value of cash flow (Discounted Cash Flow) method which referred to the business and profitability in the future. By calculation a result of net current cash flow expected to be received in future based on the past performance, financial cost of the Company and trend of business economy and the performance in future which reflect actual value of the business better than any other way and be improved with the list of assets which did not related to operating cash flow from operations including cash and temporary investments which did not be used in the project. For such 2 vacant lands plots which did not has exact development plan estimated by adjusted book value (Adjusted Book Value Approach) with a fair market value as determined by an independent appraiser which caused an assessment the fair value of Sittarom is more appropriate in other ways.

### **Project Sittarom Park Life**

The evaluation by the current cash flow value to evaluate the fair value of projects under development of Sittarom based on the fundamentals of business running to find operating cash flow in the future (Free Cash Flow) then reduce to their current value. The preparation of financial estimation would be affected if economy or other external factors have changed significantly or if any events against Sittarom operations seriously which also affect to the assumption of estimation preparation.

This evaluation method, the independent financial advisor referred an assumption of financial forecast on Sittarom Park Live project improved by the information gained from the management of Sittarom interview based on an assumption that the Sittarom Park Life project will carry on until the end of the project's management. The management of Sittarom was confident that the project will complete by 2017. Therefore, the independent financial advisor prepared financial report for a period approximately 1 year 9 months from 1 April 2016 to 31 December 2017.

The key assumptions are as follows:

#### 1. Revenues:

Financial Advisor estimated selling price from an executive interview of Sittarom and consider price list (Price List) of Sittarom. The price of available houses for sale of Sittarom

**(TRANSLATION)**

Udon Thani are not higher than the average of similar houses in the same project that sold and transferred. The selling price of the Sittarom Park Life has a competitive price compared to its features, functionality and easy access to the central city.

<b>Detail</b>	<b>Number (house / square wa)</b>	<b>Price (THB per unit)</b>	<b>Total Value (THB Million)</b>
<i>Sittarom Udon Thai project</i>			
House for sale	1	3,970,000	3.97
<i>Sittarom Park Life project</i>			
Two storey detached house	22	4,490,000	98.78
Two storey semi-detached house	20	3,590,000	71.80
Additional land	309	22,000	6.80
The total selling cost of Sittarom Park Life project			177.38
Total value of all sales			181.35

2. Project cost estimation:

Project costs from the calculation of Sittarom land, the construction cost is estimated from historical data and executive interviews.

<b>Detail</b>	<b>Total value</b>
Land	17.05
House construction	58.71
Utilities	13.93
Others	0.92
Total	90.61

Sittarom cash flow is used as construction and remaining public utilities.

3. Cost of sales and administration:

- Cost of sales consists of commission, specific business taxes and promotion which are equal to in total of 8.30 percent of sales



**(TRANSLATION)**

- Project management fee at 15.00 percent of profit before corporate income tax
- Administrative expenses include salary. Benefits, public utilities and other expenses at THB 800,000 per month in 2016, an increase 3.00 percent per year.

The selling and administrative expenses referred to data that have occurred in the past, and the financial statements of Sittarom.

4. Interest on loan is 6.50 percent per annum and the guarantee letter fee equal to 2.00 percent per annum determined from interest loan rate from financial institutions that Sittarom received.

5. The corporate income tax rate of 20.00 per cent of net profit.

To calculate the current value, the independent financial advisor referred to weighted average cost (WACC: Weighted Average Cost of Capital) of the Company as a discount rate as Sittarom had no long-term loans even received loans for construction but on 31 March 2016, the Company had high liquidity, there was enough cash to develop the project without any need for loans which all current capital of Sittarom is deemed as Company's capital. WACC calculated from

$$\text{WACC} = K_e \times [E/(D+E)] + K_d \times [D/(D+E)] \times (1-T)$$

The return on shareholder equity ( $K_e$ ) from an assessment model of Capital Asset Pricing Model (CAPM) as detailed below:

$$K_e = R_f + \beta \times (R_m - R_f)$$

$R_f$  = Risk Free Rate based on two-year government bond yield, which was at that time coincided with the period of cash flow preparation based on assumptions given. The value was 1.41 percent per year.

(Source: <http://www.thaibma.or.th/PriceYield.html> as at 29 April 2016)

$$\beta = 0.53 \text{ (The beta of the company)}$$

(Source: Bangkok Post newspaper on 29 April 2016)

$R_m$  = The yield of the Stock Exchange of Thailand in the past 20 years which reflect stabilized investment condition better than short term information, with its value at 5.12 percent.

**(TRANSLATION)**

(Source: Stock Exchange of Thailand as of 29 April 2016).

The calculation of return of shareholder equity or Ke at 3.38 percent.

Calculation on Weighted Average Cost of Capital (WACC : Weighted Average Cost of Capital) of Sittarom has the formula as follow:

Ke = Return on shareholder equity of 3.38 percent

Kd = Long-term interest loans averaged 6.39 percent.

(According to the loan to Sittarom)

T = Corporate income tax rate at 20.00 percent.

D/(D+E) = Loan / Fund from the shareholders equity + Loan

= 777.84/(777.84+287.68)

= 0.73

E/(D+E) = Fund from the shareholder equity/ Funding from the  
shareholders equity+ cash loan

= 287.68/(777.84+287.68)

= 0.27

WACC = (3.38 x 0.27) + ((6.39 x (1-0.20)) x 0.73)

= 4.64 %

Summary of estimated cash flows of Sittarom

Unit: million THB

**(TRANSLATION)**

Details	Quarter 2-4, 2016	2017
Cash inflows		
- Total revenue from sales	106.67	74.68
Total cash inflows	106.67	74.68
Cash outflows		
- Construction of houses and public utility	14.79	23.64
- Administrative and sale expenses	24.39	23.82
Total cash outflows	39.18	47.46
Total net cash flows	67.49	27.22
Present value of net cash flows	93.50	

Fair value of Sittarom project Park Life which has been assessed through the Discounted Cash Flow (DCF) method is equal to THB 93.5 Million. When combined to the unused assets of the Sittarom project Park Life, the fair value of Sittarom is as follows:

Present value of future net cash flows	93.50	Million baht
Plus short-term investments that are not used for development projects	70.98	Million baht*
Land for development appraisal (Appendix 2).	<u>126.02</u>	Million baht
Total fair value	<u>290.50</u>	Million baht
Divided by the number of shares sold	160,000	shares
The fair value of cash flow and net current value	1,815.63	Baht per share
The number of Sittarom shares sale and purchase this time	159,995	share
The fair value method, net present value of cash flows based on the proportion of shares offered.	290.49	Million baht

Remark: As of 31 March 2016, Sittarom had THB 110.16 Million in cash and short-term investment which would be used for supporting construction costs and additional

**(TRANSLATION)**

expenses of THB 39.18 Million. There was a remaining balance at THB 70.98 million THB after this project.

From the calculation above, the share price based on the present value of net cash flows is THB 1,815.63 per share or it has a fair value in proportion to the number of share for sale of THB 290.49 Million, which is lower than the net selling price by THB 74.51 Million in total or by 20.41 %. However, the independent financial advisor believed that the current value of net cash flows process is a better method to assess the fair value than other methods because the assumption used in this process came from real facts in the past, adjusted with the real facts in the present and the real facts that are likely to happen in the future. This method is therefore the appropriate one for fixing the share price.

*Sensitivity Analysis from Sittarom's net cash flows*

The independent financial consultant did not complete the sensitivity analysis from Sittarom's net cash flows because after analysis, the progress rate for the house construction as of 31 March 2016 was around 50 and 70 percent for public utilities. The estimates showing that the Sittarom Park Life would be sold out by year-end 2017 are appropriate and it is less likely to close the project earlier than estimated. The costs of construction estimated by independent appraiser on 18 March 2016 show that there is a possibility that the construction costs would decrease. Moreover, the fair value estimated by net current value is more than 20 percent lower than the agreed selling price of Sittarom shares.

#### **4.4 Sittarom's share price per shareholding ratio**

Unit: million THB

<b>Assessment method</b>	<b>Value</b>
Accounting value method	168.71
Accounting value adjustment method	303.47
Market value ratio comparison method	
- Closing price/net profit/share ratio	5.69 - 8.13
- Closing price/accounting value/share ratio	195.71 - 205.83
Present value of net cash flows	290.49

**(TRANSLATION)**

The independent financial advisor believes that the appropriate process to determine share price is the present value of net cash flows method by using the fairly estimated value of shares in holding proportion equivalent to THB 290.49 Million. However, if the selling price of Sittarom share is greater than the fair value after deduction of related expenses, the price would be deemed appropriate. Therefore, Sittarom share price at THB 370 Million after deduction of expenses related to termination of management agreement at THB 5 Million, which remains THB 365 Million net is greater than the fair value at THB74.51 Million. **The independent financial advisor considers that the sale of Sittarom's shares at THB 370 Million is appropriate since it generates profit to the Company and is profitable to the shareholders.**

<b>Part 5: Summary the Opinion of the Independent Financial Advisor</b>
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**(TRANSLATION)**

After analysis and consideration of several factors as mentioned in the report above, the independent financial advisor considers the sale of Sittarom shares, which presented to the Extraordinary Meeting of Shareholders No. 1/2016 in order to obtain an approval, as follows:

**1) Appropriateness of the transaction**

This transaction aims to inject liquidity to the Company and is a preparatory step for settling debts from shares loan that will be due on 6 December 2016 in total THB 500 Million. With this, the risk of non-performance is decrease. Moreover, regarding the abandon of Sittarom project Park Life and cease in developing lands to generate more income, the independent financial advisor believes that the selling price of Sittarom share is 20.41 % higher than the fair value, therefore, the selling of share would generate more cash, which would be more beneficial to the Company than waiting for at least 3-4 years before getting the income and profit from the development project. Moreover, even if the situation of housing industry in Udon Thani started to show positive signs e.g. the opening of AEC and high-speed train construction plan, there is still no clear data on the recovery of this industry. The conditions of this transaction follow the general trade practices because the Company received all share price before the share transfer date. Moreover, the funds that Amadus used for purchase the shares came from credible financial institutions with clear sources of funds and not related to Amadus's working capital or distribution of Amadus's assets. Therefore, the independent financial advisor considers that this transaction is appropriate.

**2) Fairness in Sittarom shares price**

The independent financial advisor considers that if the selling price of Sittarom's share, after deduction of related expenses, is higher than the fair value, then the selling price is appropriate. The independent financial advisor has estimated the appropriate fair value of Sittarom share in holding proportion to the Company at THB 290.49 Million and the fair value is lower than the net value of shares (which is equal to THB 365 Million) by THB 74.51 Million or 20.41% lower than the selling price. The independent financial advisor considers that the selling of Sittarom share at THB 370 million is appropriate.

**3) Conclusion**

**After consideration all factors mentioned above, the independent financial advisor considers that the sale of Sittarom shares is reasonable and the price is appropriate. Therefore, the shareholders should approve this transaction.**

DS Prudential Management Co., Ltd. as the independent financial advisor of the Company studied and analyzed the information under professional standards based on the reason on the basis of fairly data and analysis by taking into the consideration of minority shareholders interest of the Company.

**(TRANSLATION)**

However, the voting decision for this transaction is depended on the discretion of the shareholders of the Company. The shareholders should study and consider all pros and cons, risk factors, limitations and reports related to such transaction attached with a summoning notice of shareholders meeting carefully before voting and approve this transaction appropriately.

Yours sincerely

(Mr. Kaned Srisupaat)

Operation Control

**General information on Power Line Engineering Public Company Limited**

Source: 2015 annual report and financial statements

**Part 1 Important information on the Company**
**1.1 History and major development**
**1.1.1 History**

Power Line Engineering Public Company Limited (“PLE” or “the Company”) is registered as a company limited on July 8, 1988 by a group of engineers who have experience from different fields led by Mr. Sawake Srisuchart and Mr. Amnuay Kanjanopas for providing services related to design, sourcing and installation of engineering system for office buildings, commercial buildings, residences, hotels, hospitals, commercial complexes and factories. The founders have foreseen the potential growth of demand in the engineering services which were essential to the economic growth of the country. The company has turned to be a public company on August 29, 2002 and has been listed in the Stock Exchange of Thailand on December 12, 2002. The business has been gradually growing and there have been more investments in various fields such as real estate, 10-megawatt electric plant and international projects as well as joint ventures with other companies to support large government projects.

**1.1.2 Major changes and developments**

2013	April	<ul style="list-style-type: none"> <li>- The Extraordinary Meeting of Shareholders no. 1/2013 at the Imperial Queen’s Park hotel has approved the issuance and sale offer of convertible debentures for investors in foreign countries especially private placement not over 260,000,000 shares. However, more than 10 % of the attendees were against this proposal making this topic fall down and others topics in the agenda related to increase of capital fall down as well.</li> <li>- The Annual Ordinary Meeting of Shareholders of 2013 at the Grand Center Point Hotel Sukhumvit-Terminal 21 has approved the payment of dividend of 0.075 THB per share</li> </ul>
	May	<ul style="list-style-type: none"> <li>- The Extraordinary Meeting of Shareholders no. 2/2013 at the Imperial Queen’s Park hotel has approved the issuance and sale offer convertible debentures for investors in foreign countries especially private placement not over 260,000,000 shares.</li> <li>- Has proceeded with the increase of capital to support convertible</li> </ul>



(TRANSLATION)

		<p>debentures.</p> <ul style="list-style-type: none"><li>- UOB Kay Hian Private Limited, Singapore has converted the convertible debentures and registered the increase of paid capital to 1,068,690,619 THB</li></ul>
	June	<ul style="list-style-type: none"><li>- UOB Kay Hian Private Limited, Singapore has converted the convertible debentures for the 2<sup>nd</sup> time and registered the increase of paid capital to 1,072,626,551 THB</li></ul>
	September	<ul style="list-style-type: none"><li>- The Extraordinary Meeting of Shareholders no. 3/2013 at the Grand Center Point Hotel Terminal 21<ol style="list-style-type: none"><li>1. Has approved the issuance and sale offer of warrants to the existing shareholders in proportion to the shareholding ratio (PLE-W2), providing that a shareholder of 2 shares shall have right to 1 unit of PLE-W2 for the price of 0 THB. 1 unit of PLE-W2 can be converted to 1 share for the unit price of 3.2 THB at the end of a 2-year term, given that conversion is possible within 2 years and the company had to prepare 536,313,275 shares for this initiative.</li><li>2. Has approved the issuance and sale offer of warrants to the directors and employees of the Company and/or sub-company (PLE-WA or ESOP1) for 53,000,000 units, providing that 1 unit can be converted to 1 share for the unit price of 1 THB, given that conversion is possible within 3 years and the company had to prepare 53,000,000 shares for this initiative.</li></ol></li><li>- Has registered the increase of capital to be 1,661,939,826 shares to support conversion of the warrants PLEW2 and PLE-WA or ESOP1</li></ul>
2014	April	<ul style="list-style-type: none"><li>- Has increased the paid capital from 1,072,626,551 THB to 1,078,462,566 THB. This increase followed the conversion of warrants PLE-WA (ESOP) of the executives and employees of 5,836,015 units converted to 5,836,015 ordinary shares with the unit price of 1 THB.</li><li>- The Annual Ordinary Meeting of Shareholders of 2014 at the Hilton Sukhumvit Hotel has approved the payment of dividend of 0.096 THB per share</li></ul>

## (TRANSLATION)

	July	Has increased the paid capital from 1,078,462,566 THB to 1,084,524,920 THB. This increase followed the conversion of warrants PLE-WA (ESOP) of the executives and employees of 6,062,354 units converted to 6,062,354 ordinary shares with the unit price of 1 THB.
	August	<p>The Extraordinary Meeting of Shareholders no. 1/2014 at the Jasmine City Hotel</p> <ul style="list-style-type: none"> <li>- The Company has provided an update for finding a new auditor for the Company.</li> <li>- Has granted power of attorney to the board of directors to be the appointer of the new auditor for the exercise 2014 and fixed the remuneration limit not over 10 million THB.</li> </ul>
	October	Has increased the paid from 1,084,524,920 THB to 1,084,623,550 THB. This increase followed the conversion of warrants PLE-WA (ESOP) of the executives and employees of 98,630 units converted to 98,630 ordinary shares with the unit price of 1 THB.
2015	January	Has increased the paid capital from 1,084,623,550 THB to 1,084,955,380 THB. This increase followed the conversion of warrants PLE-WA (ESOP) of the executives and employees of 331,830 units converted to 331,830 ordinary shares with the unit price of 1 THB.
	April	<ul style="list-style-type: none"> <li>- The Annual Ordinary Meeting of Shareholders of 2015 at the Grande Center Point Sukhumvit-Terminal 21 Hotel has approved the payment of dividend of 0.046 THB per share.</li> <li>- Has issued debentured in all kinds and forms (with or without guarantee) within the overall limit (including the old limit) of 1,500,000,000 THB to serve as working capital for short and long term projects of the Company including business expansion.</li> <li>- Has increased the paid capital from 1,084,955,380 THB to 1,088,459,792 THB. This increase followed the conversion of warrants PLE-WA (ESOP) of the executives and employees of 3,504,412 units converted to 3,504,412 ordinary shares with the unit price of 1 THB.</li> </ul>
	July	Has increased the paid capital from 1,088,459,792 THB to 1,088,867,202 THB. This increase followed the conversion of warrants PLE-WA (ESOP) of the executives and employees of 407,410 units converted to 407,420 ordinary shares with the unit price of 1 THB.

(TRANSLATION)

	October	<ul style="list-style-type: none"><li>- Has increased the paid capital from 1,088,867,202 THB to 1,089,072,732 THB. This increase followed the conversion of warrants PLE-WA (ESOP) of the executives and employees of 205,530 units converted to 205,530 ordinary shares with the unit price of 1 THB.</li><li>- Has increased the paid capital from 1,089,072,732 THB to 1,089,080,282 THB. This increase followed the conversion of warrants PLE-W2 offered to the existing shareholders of the Company of 7,550 units converted to 7,550 ordinary shares with the unit price of 3.2 THB.</li></ul>
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## **2. Types of Business**

The services provided by the Company can be divided into 5 main categories as follows:

1. Civil constructions
2. Electric system
3. Air-conditioning system
4. Public utilities and fire prevention system
5. Telecommunication system

The details of each category are as follows:

<b>Civil construction</b>	Apart from providing services for design, sourcing and installation of complete engineering system, the Company also undertakes civil constructions including construction of office buildings, commercial buildings, hospitals, commercial complexes, schools, hotels, residences, factories etc.
<b>Electric system</b>	<ul style="list-style-type: none"><li>• Power Substation</li><li>• Power Distribution</li><li>• Electrical power Supply &amp; Emergency Power Supply System</li><li>• Lighting System</li><li>• Telephone System</li><li>• Public Address System</li><li>• Master Antenna</li><li>• Security System</li><li>• Lightning Protection System</li><li>• Building Automation System</li><li>• Energy Management System</li><li>• Solar Power System</li></ul>

(TRANSLATION)

<b>Air-conditioning system</b>	<ul style="list-style-type: none"><li>• Air Conditioning System</li><li>• Ventilation</li><li>• Refrigeration</li><li>• Clean Room</li><li>• Automatic Temperature and Humidity Control System</li><li>• Pressurized Stairs</li><li>• Variable Air Volume or VAV</li><li>• District Cooling System</li></ul>
<b>Sanitation and fire prevention system</b>	<ul style="list-style-type: none"><li>• Plumbing System</li><li>• Steam Boiler and Hot Water System</li><li>• Waste Water and Sewage Treatment</li><li>• Drinking Water System</li><li>• Swimming Pool</li><li>• Gas System</li><li>• Drainage</li><li>• Sprinkler System</li><li>• FM 200 System</li><li>• Fire Alarm System</li><li>• CO2 System</li><li>• Fire Pumps and Controller</li><li>• Fire Extinguish Equipment</li></ul>
<b>Telecommunication system</b>	<ul style="list-style-type: none"><li>• Optical Fiber</li><li>• Time Division Multiple Access</li><li>• Wireless Telephone System</li><li>• Telecommunication System</li><li>• Telephone System</li></ul>

### 3. Shareholding Structure

As of December 31, 2015, the Company holds share in sub companies and other companies including joint ventures as follows:

Company	Shareholding Percentage	Type of Business
<b>Sub Companies</b>		
PLE International Co.,Ltd.*	99.99	General civil constructions
SAPS 2007 Holding Co.,Ltd.	99.99	Holding Company for investments in other businesses
Sittarom Development Co.,Ltd.	99.99	Real estate development
Bamrungmuang Plaza Co.,Ltd.	99.00	Space renting in SOHO
Power Prospect Co.,Ltd.	57.90	Manufacturing and merchandising of electricity and steam power
Technor Co.,Ltd.	50.00	Construction
<b>Joint-Ventures</b>		
Joint-Venture P A R	90.00	BTS purple line construction – Contract 3
Joint-Venture EMC and Power Line	51.00	Construction and system installation for the International Convention Center in Chiangmai.

Remark: \* PLE International Limited was previously known as Unima Engineering Limited

Details on the operations of the sub companies and joint-ventures are as follows:

#### (1) PLE International Co.,Ltd.

PLE International Co.,Ltd. ("PLE Inter") is registered on July 16, 1987 for operating general civil construction business, including construction of office buildings, commercial buildings, hospitals, commercial complexes, schools, hospitals, residences and factories. PLE Inter has undertaken several projects with government offices such as the Provincial Waterworks Authority, the Ministry of Public Health and the Ministry of Interior etc. The Company has purchased 99.99 % of ordinary shares of PLE Inter in September 2005. This company has increased the capital from 60 million THB to 300 million THB within a period of 3 years without running any operations heavily. Nowadays, the Company has plans to partner up with foreign investors and participate in public auctions for government projects in the future.

**(2) SAPS 2007 Holding Co.,Ltd.**

SAPS 2007 Holding Co.,Ltd. ("SAPS") is registered and fully paid its capital on December 7, 2007 by having the same operating facilities as the Company. A resolution from the Board of Directors meeting no. 3/2007 dated June 14, 2007 has approved the Company to invest in 99.99 % of the SAPS's registered capital or equal to 80 million THB for investing in several activities that have good returns on investments. SAPS has invested 80 million THB in Sittarom Development Limited ("SDC") and in June 2008, the Company's Board of Directors has approved to increase SAPS's capital by 60 million THB, taking its total investment to 140 million THB. Moreover, the Company has allowed SAPS to invest further 60 million THB in SDC by holding 87.50% of SDC's registered capital of 160 million THB in order to operate house business in the central district of Udonthani Province. By now, the company has purchased and enhanced the lands as well as built sample houses. The project has been open for sale in June 2008. A resolution from the Company's Board of Directors no. 1/2009 on Feb 27, 2009 has approved an increase of capital of SAPS by 20 million THB making its total capital to be 160 million THB. The amount of the increase has be used for buying the shares of Mr. Thanachart Puangpee in SDC making SAPS hold 99.99 % of SDC's capital in 2014 and SAPS has received a dividend of 96 million THB from SDC, making SAPS have a profit of 95.92 million THB and paid a dividend of 90 million THB to the Company.

**(3) Sittarom Development Co.,Ltd.**

Sittarom Development Co., Ltd. ("SDC") is registered on June 1, 2007 and currently has a registered capital of 160 million THB by having SAPS old 99.99 of its shares for operating house projects with price range from 2-3 million THB in the central district of Udonthani Province in total 3 phases or 342 units valued at 1,054.10 million THB. As of December 31, 2014, 337 units were sold valued at 1,031.23 million THB (or 97.83 %) and the remaining 5 units are valued at 22.87 million THB (or 2.17 %). In 2014, SDC has a revenue of 155.88 million and has a net profit of 23.32 million THB. SDC has a cumulated profit of 3.51 million THB and has paid a dividend of 96 million THB to SAPS. In 2015, the company is working on the phase 2 of the project valued at 181 million THB including individual houses and twin houses in total 42 units. In 2015, the company has a revenue of 40.3 million THB and has a profit of 2.7 million THB.

**(4) Bamrungmuang Plaza Co.,Ltd.**

Bamrungmuang Plaza Co., Ltd. ("BMP") was registered on June 5, 2002 with a capital of 500 million and a paid-up capital of 125 million THB. It is located at 611 Bamrungmuang road, Khwaeng pomprab, Pom Prap Sattru Phai District, Bangkok, to carry out the Bo-Bae project of Bamrungmuang Plaza which is a 16-storey high-rise building including 6 floors of commercial areas (Plaza) and 3 floors for residential areas, and the remaining part is the car park for rent for individual or corporate customers. This project is constructed on the land of the Red Cross that BMP rented for 30 years because BMP and the previous shareholders could settle the construction debts they had with the Company. Therefore, BMP and the previous shareholders

have made a share transfer agreement to the Company so that the Company could be involved in managing BMP business in order to finish and run the project to generate income and pay all outstanding debts to the Company. The Company has registered a transfer of 85 % of BMP's registered capital with the registrar of the Ministry of Commerce on May 3, 2006. All constructions have been completed in December 2006 and the building permit has been obtained accordingly. The reason why the opening to the public for rent has been delayed was because the previous shareholders wanted to hold the opening since they were trying to find new investors to join and settle the debts with the Company. However, the previous shareholders of BMP could not find any investors and on November 10, 2008, the capital of BMP has been increased by 500 million THB making its total registered capital equal to 1,000 million THB (paid-up capital of 625 million THB). Currently, the Company holds 99.99 % of BMP shares and has reopened the project officially in May 2009. However, this opening did not have positive feedbacks since the occupants of the main areas of the mall did not cooperate well with the Company. By the beginning of 2011, BMP received further support from the Company by managing to buyback the areas from the occupants of the main areas and redesigned the project image and revisited the layouts. The project name has been changed to SOHO and the soft open has taken place in March 2013, followed by a grand opening in October 2013 but the operating results of BMP were still not satisfying in 2013 with a total revenue of 78.9 million THB and a net loss of 110.9 million THB due to depreciation costs and cutoff in the rents. Regarding the debt of 361 million towards the Company, this amount is managed by Standard Chartered Asset Management (Thailand) Limited. There are regular installments made to the Company and BMP finished paying on March 28, 2014 and it started to have some profits from the restructuring of its debts of 138.9 million THB. In the 1<sup>st</sup> quarter of 2014 and in January – December 2014, it had a total revenue of 86.46 million THB with a net profit of 1.47 million THB which is the result of the debts restructuring. In 2015, it had a revenue of 87.9 million THB with a net loss of 231 million THB due to cutoff of the rents and depreciations of the assets.

**(5) Power Prospect Co.,Ltd.**

Power Prospect Co.,Ltd. ("PPC") is registered on November 23, 2004 with an initial capital of 10 million THB for operating the business of electricity generation plants from natural resources, electricity distribution and steam power commercialization. PPC is created by a resolution from the Company's Board of Directors no. 5 on October 19, 2004 with the objective to mutualize the capitals for operating Biomass Co-gen Power Plant project. The Company holds 55 % of the shares, PPC operates the activities of manufacturing and merchandising of plastic products, plastic wares and all types of plastic parts as well as owning Nakornluang rice mill, branch 1 located at Tha-Ruea district in the province of Ayutthaya by holding 40 % of the shares and the project manager was Mr. Pongsak Liangsiri who has capabilities in engineering and experience in developing biomass power plant project and holds 5 % of the shares. This power plant has the production capacity of 9.9 megawatt by using husk as fuels and on January 10, 2007, the Company has increased the capital to be 40 million THB and readjusted the investment forecasts for this project from initially 620 million THB to be 675 million THB. 200 million came

from the company's own capital which was gradually paid-up after the project started to operate and the remaining amount of 475 million THB had the support from banks and financial institutions which was gradually unblocked based on the progress of the project. In 2007, the Company has invested further 22 million THB in PPC on top of the previous investment of 22 million, making its total investment to be 44 million THB. In 2008, the Company has invested further 44 million THB, making its total investment to be 88 million THB and in 2009, the Company has invested further 30.12 million THB, making its total investment to be 118.12 million THB and making the Company hold 57.9 % of PPC shares from a capital of 200 million THB. The construction of the power plant has completed in November 2009 and it started to distribute electricity in January 2010. In April 2012, the initial capital of 200 million THB has been increased by 120 million THB, making its total capital to be 320 million THB and the Company still holds 57.9 % of the shares, equivalent to 185.28 million THB. In 2013, PPC had a revenue of 183.3 million THB from electricity distribution but still had a net loss of 20.7 million THB due to expensive price of husk that has significantly increased along the year. In 2014, it had a total revenue of 72.1 million THB and a net loss of 63.9 million THB due to very high price of husk and dried wood skin. In 2015, it solved the situation by using alternatives resources e.g. wood skin or mixed wood to reduce the energy costs but it was still unsuccessful and in October 2015, it made an agreement to transfer all shares held by the Company to MP Energy Limited which is a company in the Mitrophol Group and the agreement was expected to be signed on January 22, 2016 (the Company has sold all PPC shares on February 4, 2016).

**(6) Techner Co.,Ltd.**

Technor Limited ("TN") is registered on March 9, 2010 with a registered capital of 10 million THB for operating the construction business. It is located at 10 One Pacific Place Unique Building 1001, Sukhumvit Road, Klong Toey, Bangkok. A resolution from the Company's Board of Directors no. 4/2005 on June 4, 2005 has approved a joint investment in TN by holding 50 % of its registered capital, equal to 5 million THB. The Company has paid and received the shares from TN accordingly, making TN a sub company of the Company to operate the projects from the National Housing Authority and the Company is the guarantor of its credits by issuing letter of guarantee to cover TN at 100 % subject to a limit of 2,000 million THB. The benefits that the Company would have would be the profits and dividend in proportion to the shareholder equity. In August 2006, TN has increased its capital to be 60 million THB and paid-up 22.5 million THB in which the Company has invested 11.23 million THB. On August 22, 2006, the Company has paid the remaining amount of 18.75 million THB making its total investment to be 30 million THB. TN has obtained construction works from the National Housing Authority in total 3 projects i.e. Ladlumkaew Project (974 units), Ayutthaya-Bang Pa-In Project (4,300 units) and Ang-Thong Project (1,550 units). The Ladlumkaew project has been completely delivered and the other 2 projects have been 13 % completed only, then the Authority has cancelled the 2 projects and claimed on 2 bank guarantees (280 million THB) and another guarantee from the Thai Bank (79 million THB) based on the ground that TN did not breached the contract by not progressing the works but TN filed a civil lawsuit against the Authority and there have been 2 compromises and



the Tribunal has scheduled another compromise on April 3, 2009 but the settlement was still not reached. Therefore the Court opened a public hearing on 20-23 July 2010 and in May 2012 the Civil Court has transferred the case to the Administrative Court for consideration. On August 7, 2014, the Administrative Court has sent a letter to the Company telling that the case was still pending and nowadays it is still pending to the Administrative Court's consideration.

As a shareholder of TN, the Company has followed up with the directors of TN to prepared remedy for this problematic situation and has contacted a big debtor of TN, Apex Concrete Tech Limited to pay the debts back to TN promptly. In 2008, the managing director and executives of TN did not provide the Company with any progress or update. Moreover, they did not proceed with the submission of balance sheet in 2008 for the auditor to control, therefore the auditor made a conditional comment on it. Failure to comply with this requirement from TN's managing director and executives caused prejudice to the Company and the Company filed a lawsuit against them on a civil ground on February 26, 2009. On April 8, 2009, the Company expanded the lawsuit on the criminal ground as well. Therefore, the Company has launched 13 lawsuits both on civil and criminal grounds. The case is still pending on the first instance, appeal and Supreme Court. The Court of First Instance has ordered an imprisonment against the managing director(s) and the case is pending at the Appeal Court. On the civil ground, the Court summoned TN to settle all debts to the Company and the Company is in the judgment execution process to settle the debts.

#### **(7) Joint-Venture P A R**

Initially, the Company has joined the joint-venture at 35% with Ascon Construct Limited (Public) and Ruamnakorn Korsang (Thailand) Limited to operate the construction works for BTS purple line (Bangyai-Bangsue) – Contract 3, including maintenance center and parking building valued at 5,025 million THB. Currently, the Company has increased the investment ratio to be 90 % by year-end of 2015 and has delivered all works to the Railway Authority already. Currently it is performing reparation work and collected the outstanding installment of 318.40 million THB at the end of 2015. The part of revenue related to K and additional works from the Railway Authority did not meet the fixed goals while PAR had to perceive very high costs making it perceive a loss of 1,120 million THB causing an impact on the financial statement of the Company with a very high perceived loss.

#### **(8) Joint-Venture EMC and Power Line**

The Company has invested at 51% with EMC Limited (Public) since September 22, 2009 for providing services in infrastructure, architecture and building reassembling, international convention and exhibition center in Chiangmai of the Ministry of Tourism and Sport valued at 1,867 million THB. The project was ongoing and the delivery took place in March 2012. Currently the project is under a closing process for end of activities.

#### **4. Industrial Situation**

##### **Economic Trend in Thailand 2016**

Thai economy is expected to expand by 2.8-3.8 % from 2015 with the supporting factors from 1) Increase in domestic spending and public investments; 2) Increase in government measures for stimulating the economy during September 2015 – January 2016; 3) Thai Baht's trend to depreciate, which helps increase the export in THB resulting in business expansion, revenue increase and a better liquidity for the business owners; 4) Oil price expected to remain low which supports the economic recovery and 5) Continuous expansion of the tourism sector. Export are expected to grow by 1.2 %. Household consumptions and overall investments are expected to grow by 2.7 % and 4.9 % respectively. Inflation rate is ranging from (0.1) – 0.9 % and the current account surplus is 8.2 % of the GDP.

The economic policies in 2016 should focus on 1) driving critical infrastructure projects of public investment projects, especially large infrastructure according to the urgent action plan for transportation of 2016 which is ready for bidding and getting distributed within 2016, urgent action plans for water resources management and development of Road Transport under the stimulus phase II; 2) the implementation of measures under the economic stimulus that has been previously approved to handle income base of farmers and low-income population; 3) Investment support from the private sector with the push and support to have privileges that have been approved by the Cabinet and active measure to attract investors in the target industries and services for future development of the country; 4) Overseeing and driving exports according to the international business strategy from the Ministry of Commerce in 2016 – 2021, especially border trade with CLMV and collaboration between the public and private sectors in terms of looking for new performing markets as well as reducing slow pace and restrictions in the work process and government regulations, and 5) Promotion of domestic tourism and arranging activities to promote tourism in Thailand in major tourist destinations and developing tourism products in collaboration with neighboring countries including problem solving e.g. unfair treatment to the tourists and their safety protection.

Source: Office of the National Economic and Social Development Board.

### **Competition and Competitiveness**

Regarding the competition, the information on major companies in each business size reflects the market rivalry as highest for small construction companies because barriers to entry are low since it requires less capital, technology, expertise and management, when compared to big companies. Despite of different rules and regulations for operating this business, entry to this market still remains easy. As a result, there are a lot of small construction companies.

Regarding big construction companies, the rivalry is the least because barriers to entry are quite high e.g. major investments, experience and specific expertise. Rivalry for medium construction companies is moderate since competition depends on the number of contracts. If the economy is good, they will win a lot of contracts, there rivalry is not high but during economic downturn, the number of contracts falls down and competition will be tougher since the number of operators remains the same or the situation might be worse if big companies decide to join the competition and we might see some price wars.

Besides, if we consider the competition by type of constructions in the public and private sectors, we will find that in the public sector the government offices categorize potential candidates for their projects through a pre-qualification process by measuring some basic factors e.g. low financial situation, low number of machinery, low number of personnel. Therefore, in this sector, there is a clear split based on the value of the projects. As a result, only big companies will compete on big a project, which reflects a low rivalry when compared to other markets.

Regarding the private sector, even if big listed construction companies at the Stock Exchange of Thailand claim that competition on price is high, but if we focus on the number of contracts, we will see that the work is quite well split among all operators. However, both in condominium and residence construction projects, we found that during the economic crisis, competition was very tough and the operators engaged into price wars to survive.

Nevertheless, demand for construction work, design, sourcing and installation of engineering system is quite constant both for new projects and the existing ones. Therefore, we can see an ongoing business opportunity, especially firms that focus on quality with strong financial situation have more chance to beat their competitors because those firms have the flexibility in handling all projects (big, medium and small) and have the a strong bargaining towards their suppliers. The Company, considered as a company that focuses on quality and fulfills the aforementioned requirements, along with continuous trust from the customers, has been operating since more than 20 years, allowing the firm to bin many bids by proposing more competitive prices and is capable of building trust more easily than its competitors. As a result, we saw many achievements that showed both quality and timeliness in meeting the customer's expectations, including the capacity to generate income. Having customers in the construction of houses, commercial buildings and industrial facilities, both new and existing, allows the

(TRANSLATION)

Company to mitigate the negative effect in the business and get less impacted by such situation in comparison with its competitors.

Apart from competition among Thai firms, competition also exists for foreign competitors and joint-ventures between a Thai and a foreign operator. In this case, the market share is hard to determine due to lack of public statistics which would allow categorizing those operators by their expertise, experience and quality of work. It is indeed hard to obtain those statistics since making machine function is easy for engineers but focus on quality, details and durability of the installations depend a lot on the preparatory works which require different skillsets specific to each operator. Moreover, it needs time to evaluate this dimension.

From the economic situation in Thailand in 2015, economic growth is quite low due to slow pace and decrease in exports from Thailand, which negatively impacts household consumption and investments, as well as big infrastructure projects from the government which do not progress as quickly as expected. All these factors make the construction business expansion low. The very few number of projects both from the public and private sectors makes rivalry very high. This had a negative impact on the Company. In 2015, the Company won 22 contracts from bidding valued at 8.01 billion THB (public sector: 6.16 billion THB and private sector: 1.85 billion THB), which is lower than the company target. In sum with the existing projects of the Company, the Company had a backlog of 12.5 billion THB at the beginning of 2016. The Company set a target of 1-8 billion THB with a projected revenue increase of 15%.

(TRANSLATION)

Nowadays, major firms operating in construction, design and installation of engineering system are as follows:

Unit: Million THB

Companies	Stock Names	December 31, 2015	
		Consolidated Balance Sheet	
		Total Assets	Total Revenue
Italian-Thai Development Public Company Limited	ITD	78,095.14	52,044.96
Ch. Karnchang Public Company Limited	CK	93,065.90	38,027.75
Sino-Thai Engineering and Construction Public Company Limited	STEC	22,661.35	18,927.11
Power Line Engineering Public Company Limited	PLE	8,543.98	6,170.00
Syntec Construction Public Company Limited	SYNTEC	6,721.83	7,374.36
Unique Engineering and Construction Public Company Limited	UNIQ	18,990.49	10,182.84
E.M.C. Public Company Limited	EMC	3,316.36	897.27
SEAFCO Public Company Limited	SEAFCO	1,807.44	1,881.65

Source: The Stock Exchange of Thailand

## **5. Information on equity and shareholders**

### **5.1 Registered Capital and Paid-up Capital**

Registered capital and Paid-up capital as of January 31, 2015

Registered capital: 1,661,939,826 THB composed of 1,661,939,826 ordinary shares for the unit price of 1 THB.

Paid-up capital: 1,089,080,282 THB composed of 1,089,080,282 ordinary shares for the unit price of 1 THB.

**5.2 Shareholders****(1) Top-10 Shareholders****List of Top-10 Shareholders as of 29 March 2016**

No.	Shareholder	No. of units	Ratio
1.	Mr. Swake Srisuchart	112,923,214	10.37%
2.	Mr. Amnuay Kanjanopas	53,960,712	4.95%
3.	Thai NVDR Limited	36,412,636	3.34%
4.	Vichian Jiragranon	32,728,100	3.01%
5.	Somsak Kupatamathi	29,811,844	2.74%
6.	SIX SIS LTD	25,624,000	2.35%
7.	Chairat Kovitmongkol	19,980,000	1.83%
8.	Pisit Rojanamongkol	18,280,000	1.68%
9.	Mathas Srisuchart	14,991,800	1.38%
10.	Vichit Chinvongvorakul	13,043,600	1.20%

Source: The Stock Exchange of Thailand

**6. Management Structure****6.1 Board of Directors** – Composed of 7 directors as follows:

No.	Directors	Position
1	Mr. Swake Srisuchart	President
2	Mr. Amnuay Kanjanopas	Vice-President
3	Mr. Phisant chintanapakdee	Director
4	Dr. Sutee Tantivanichanon	Director
5	Dr. Singchai Arunwuttipong	Independent Director
6	Mr. Somprasong Boonyachai	Independent Director
7	L.G. Sinchai Nutsathit	Independent Director

Remark: Mr. Thada Chumasaratul is the corporate secretary

**6.2 Audit Committee** – Composed of 3 directors as follows:

No.	Directors		Position
1	Dr. Singchai	Arunwuttipong	Chairman of the Audit Committee
2	Mr. Somprasong	Boonyachai	Member of the Audit Committee
3	L.G. Sinchai	Nutsathit	Member of the Audit Committee

Remark: Mr. Boonchai Budda is the interim secretary for the Audit Committee

**6.3 Executive Committee** - Composed of 9 directors as follows:

No.	Directors		Position
1	Mr. Swake	Srisuchart	Chairman of Executive Committee
2	Mr. Amnuay	Kanjanopas	Vice Chairman of Executive Committee
3	Mr. Phisant	Jintanapakdee	Member of Executive Committee
4	Mr. Pisit	Rojanamongkol	Member of Executive Committee
5	Dr. Sutee	Tantivanichanon	Member of Executive Committee
6	Mr. Thada	Chumasarntoon	Member of Executive Committee
7	Mrs. Chutima	Yusathorn	Member of Executive Committee
8	Mr. Krit	Pasit	Member of Executive Committee
9	Mr. Sombat	Wangjaisuk	Member of Executive Committee

**6.4 Recruiting and Compensation Committee** - Composed of 4 directors as follows:

No.	Directors		Position
1	Mr. Somprasong	Boonyachai	President
2	L.G. Sinchai	Nutsathit	Director
3	Mr. Amnuay	Kanjanopas	Director
4	Mr. Phisant	Chintanapakdee	Director

Remark: Mr. Thada Chumasaratul is the secretary

(TRANSLATION)

**6.5 Risk Management Committee** - Composed of 9 directors as follows:

No.	Directors		Position
1	Mr. Swake	Srisuchart	President
2	Mr. Amnuay	Kanjanopas	Vice-President
3	Mr. Phisant	Chintanapakdee	Director
4	Mr. Pisit	Rojanamongkol	Director
5	Dr. Sutee	Tantivanichanon	Director
6	Mr. Thada	Chumasaratul	Director and Secretary
7	Mrs. Chutima	Yusathorn	Director
8	Mr. Krit	Pasit	Director
9	Mr. Sombat	Wangjaisuk	Director

**6.6 Business Control Committee** - Composed of 5 directors as follows:

No.	Directors		Position
1	Mr. Swake	Srisuchart	President
2	Mr. Amnuay	Kanjanopas	Vice-President
3	Mr. Phisant	Chintanapakdee	Director
4	Mr. Pisit	Rojanamongkol	Director
5	Mr. Thada	Chumasaratul	Director and Secretary



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**6.7 Management** - Composed as follows:

No.	Directors		Position
1	Mr. Swake	Srisuchart	President/CEO
2	Mr. Amnuay	Kanjanopas	Vice-President/ Vice-Managing Director President of construction engineering and system implementation
3	Mr. Phisant	Chintanapakdee	Director/Managing Director President of Trade
4	Mr. Pisit	Rojanamongkol	Managing Director President of General Affairs and Sourcing
5	Dr. Sutee	Tantivanichanon	Director/Managing Director President of Accounting and Finance
6	Mr. Thada	Chumasaratul	Managing Director and Corporate Secretary Corporate Secretary and Investment
7	Mrs. Chutima	Yusathorn	Managing Director Vice-President of Accounting and Finance
8	Mr. Krit	Pasit	Managing Director Vice-President of Engineering System Implementation
9	Mr. Sombat	Wangjaisuk	Managing Director Vice-President of Engineering Construction

(TRANSLATION)

**Part 2 Financial Information****Power Line Engineering Public Company Limited and its related Companies  
Financial Statements**

Details	Consolidated Financial Statements		
	December 31, 2015	December 31, 2014	January 1, 2014
	THB	THB (Readjusted)	THB (Readjusted)
Assets			
Current assets			
Cash and cash equivalent	379,204,160	243,256,366	400,020,531
Short-term investment	307,612,183	187,352,197	273,422,346
Accounts receivable			
External person	1,209,730,632	723,476,916	1,269,293,727
Related activities	-	19,398,578	19,401,799
Total accounts receivable	1,209,730,632	742,875,494	1,288,695,526
Accounts receivable insurance portfolio	668,838,658	809,281,117	667,174,775
Unpaid services	1,884,306,458	2,153,789,579	1,930,875,596
Short-term loans and due interests			
Person and related business	14,752,708	14,752,708	14,752,708
Works during construction	251,601,277	1,411,437,959	1,702,794,958
Inventories	2,055,876	3,400,707	3,275,853
Costs of Real Estate Development	43,388,304	24,503,617	113,777,151
Advance for projects	58,392,016	119,257,867	180,066,534
Other current assets	153,529,750	166,039,657	257,993,034
Total current assets	4,973,412,022	5,875,947,268	6,832,849,012
Non-current assets			
Investment in joint-ventures	-	10,529,678	11,559,628
Real estate for investment	111,903,195	114,790,908	118,721,205
Land, building and equipment	789,586,271	877,148,579	909,235,499
Land pending for development	19,828,822	34,889,837	34,889,837
Leasehold right	1,191,973,962	1,252,974,848	1,274,775,827
Intangible assets	8,965,630	8,720,582	9,727,082
Other non-tangible assets			
Bank deposit under guarantee	1,000,429,383	893,708,117	841,135,022
Withholding tax	409,836,147	556,035,799	455,399,284
Others	38,043,807	49,104,728	53,297,391
Total non-current assets	3,570,567,217	3,797,903,076	3,708,740,775
Total assets	8,543,979,239	9,673,850,344	10,541,589,787

## (TRANSLATION)

**Power Line Engineering Public Company Limited and its related Companies**  
**Financial Statements**

Details	Consolidated Financial Statements		
	December 31, 2015	December 31, 2014	January 1, 2014
	THB	THB (Readjusted)	THB (Readjusted)
<b><u>Liabilities and Shareholders' equity</u></b>			
<b><u>Liabilities</u></b>			
<b>Current liabilities</b>			
Overdraft and short-term loans from financial institutions	1,981,300,344	1,925,743,383	2,157,035,811
Accounts payables			
External person	990,844,100	1,476,607,853	1,631,784,782
Person and related business	13,308,055	15,947,092	10,291,582
<i>Total accounts payables</i>	<i>1,004,152,155</i>	<i>1,492,554,945</i>	<i>1,642,076,364</i>
Accounts payables insurance portfolio	317,916,547	322,739,724	303,478,467
Short-term loans and due interests			
<i>External person</i>	<i>208,402,355</i>	<i>955,028,595</i>	<i>211,522,730</i>
<i>Person and related business</i>	<i>36,806,298</i>	<i>34,732,383</i>	<i>45,973,043</i>
Total short-term loans and due interests	245,208,653	989,760,978	257,495,773
Debts according to Court judgment	-	-	475,471,827
Part of long-term loans to be due within 1 year	62,004,000	62,004,000	57,000,000
Part of debentures to be due within 1 year	497,453,978	-	-
Part of debts under finance leases to be due within 1 year	4,294,397	4,235,819	2,092,906
Undue capital	819,074,959	277,061,575	591,987,713
Estimated debts due to contracts cancellation	283,961,014	283,961,014	283,961,014
Estimated debts from joint ventures	578,604	-	-
Due corporate tax	87,236	3,264,794	7,041,226
Advance from clients	1,852,848,603	1,282,565,000	1,604,448,501
Other current liabilities	325,974,801	386,090,819	440,643,810
<b>Total current liabilities</b>	<b>7,394,855,291</b>	<b>7,029,982,051</b>	<b>7,822,733,412</b>
<b>Non-current liabilities</b>			
Long-term loans from financial institutions	219,156,000	281,160,000	316,500,000
Debentures	496,676,923	-	-
Debts under finance leases	3,902,964	6,623,959	3,545,197
Accrued rights booking	58,437,213	61,015,017	65,408,029
Provisions for employee benefits	103,844,799	64,686,885	47,140,757
Other non-current liabilities	29,577,129	26,952,393	23,817,613
<b>Total non-current liabilities</b>	<b>911,595,028</b>	<b>440,438,254</b>	<b>456,411,596</b>
<b>Total liabilities</b>	<b>8,306,450,319</b>	<b>7,470,420,305</b>	<b>8,279,145,008</b>

## (TRANSLATION)

**Power Line Engineering Public Company Limited and its related Companies**  
**Financial Statements**

Details	Consolidated Financial Statements		
	December 31, 2015	December 31, 2014	January 1, 2014
	THB	THB (Readjusted)	THB (Readjusted)
<b><u>Shareholders' equity</u></b>			
Share capital			
Registered			
1,661,939,826 ordinary shared of 1.00 THB each	1,661,939,826	1,661,939,826	1,661,939,826
Issued and fully paid			
1,089,080,282 ordinary shared of 1.00 THB each	1,089,080,282	-	-
1,084,623,550 ordinary shared of 1.00 THB each	-	1,084,623,550	-
1,072,626,551 ordinary shared of 1.00 THB each	-	-	1,072,626,551
Share premium	2,055,665,602	2,053,691,352	2,048,412,672
Warrants	13,751,680	9,879,320	-
Advance payment received for shares	-	331,830	-
Retained earnings			
Appropriated			
Statutory reserve	24,300,000	24,300,000	19,200,000
Unappropriated	(2,895,116,564)	(955,872,079)	(891,135,370)
<b>Total main shareholders' equity</b>	<b>287,681,000</b>	<b>2,216,953,973</b>	<b>2,249,103,853</b>
Uncontrollable profit or loss	(50,152,080)	(13,523,934)	13,340,926
<b>Total shareholders' equity</b>	<b>237,528,920</b>	<b>2,203,430,039</b>	<b>2,262,444,779</b>
<b>Total liabilities and shareholder's equity</b>	<b>8,543,979,239</b>	<b>9,673,850,344</b>	<b>10,541,589,787</b>

## (TRANSLATION)

**Power Line Engineering Public Company Limited and its related Companies**  
**Profit & Loss Statements**

	Consolidated Financial Statement		
	December 31, 2015	December 31, 2014	December 31, 2013
	THB	THB (Readjusted)	THB (Readjusted)
<b>Revenue</b>			
Construction works	5,915,964,213	8,691,950,550	7,976,243,347
Sales of real estate	26,763,000	141,308,200	272,442,110
Rents income	81,764,515	86,461,340	78,346,845
Sales income	9,189,020	72,066,451	182,377,100
<b>Total revenue from sales and services</b>	<b>6,033,680,748</b>	<b>8,991,786,541</b>	<b>8,509,409,402</b>
Other income			
Interests received	17,004,170	20,813,864	17,760,932
Profits from amicable settlement of debts	-	138,904,042	-
Others	119,312,026	208,421,552	162,429,099
<b>Total revenues</b>	<b>6,169,996,944</b>	<b>9,359,925,999</b>	<b>8,689,599,433</b>
<b>Expenses</b>			
Cost of construction works	7,185,853,861	8,347,498,178	7,697,367,882
Selling expenses of property	20,577,428	95,968,051	183,445,900
Cost of renting	26,944,321	28,983,074	25,120,561
Cost of sales	19,243,992	70,616,106	163,668,210
<b>Total costs from sales and services</b>	<b>7,252,619,602</b>	<b>8,543,065,409</b>	<b>8,069,602,553</b>
Administrative and sales expenses	526,304,721	515,579,738	463,389,691
Bad or potential bad debts	34,274,737	41,555,272	(22,913,595)
Loss of estimated loss from joint-ventures	578,604	-	-
Executive compensation	31,414,601	30,659,480	30,647,120
Cost of capital	224,833,165	186,956,499	123,714,669
Part of loss from joint-ventures	2,879,678	1,029,950	-
<b>Total expenses</b>	<b>8,072,905,108</b>	<b>9,318,846,348</b>	<b>8,664,440,438</b>
<b>Profit (loss) before income tax</b>	<b>(1,902,908,164)</b>	<b>41,079,651</b>	<b>25,158,995</b>
Income tax expenses	(1,881,449)	(24,614,341)	(17,223,486)
<b>Profit (loss) for the period</b>	<b>(1,904,789,613)</b>	<b>16,465,310</b>	<b>7,935,509</b>

## (TRANSLATION)

**Power Line Engineering Public Company Limited and its related Companies**  
**Statement of Cash Flows**

	Consolidated statements		
	December 31, 2015	December 31, 2014	December 31, 2013
	THB -	THB (Readjusted)	THB (Readjusted)
<b>Cash flows from operating activities</b>			
Profit (loss) before tax	(1,902,908,164)	41,079,651	25,158,995
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities			
Bad and potential bad debts	34,274,737	41,555,272	(22,913,595)
Loss from depreciation of contract value	-	23,187,994	-
Depreciation	71,310,225	72,761,700	65,101,050
Amortized leasehold right	61,000,886	54,119,974	54,065,869
Expenses from amortized intangible assets	2,964,318	2,591,700	1,533,753
Amortized withholding tax	290,061	4,764,523	1,148,290
Unrealized profit or loss for the evaluation of short-term investment	(2,040,814)	-	-
Profit or loss from payment of short-term investment	(145,518)	-	-
Profit from payment of fix assets	(7,608,396)	(924,808)	(272,940)
Loss from amortization of fix assets	5,155,026	265,129	223,901
Profit from sale of property for investment	-	-	(18,827,145)
Loss from depreciation of property for investment	-	-	3,258,000
Fees for issuing amortized debentures	3,730,901	-	-
Unrealized profit or loss from foreign currency exchange	(83,051)	(1,327,645)	(23,258,873)
Interests received	(17,004,170)	(20,813,864)	(17,760,932)
Interests paid – Cost of capital	196,424,784	161,423,203	106,162,443
Interests paid – Cost of construction works	8,498,332	14,014,351	17,909,068
Provisions for long-term employee benefits	18,024,781	17,546,128	17,028,985
Expenses for share-based payment transactions	5,830,000	15,158,000	-
Expected loss from construction contract	(77,113)	(1,825,003)	1,884,606
Expected loss from debts from joint-ventures	578,604	-	-
Loss from court decisions	33,610,595	-	-
Share of loss from investment in joint-ventures	2,879,678	1,029,950	-
Loss from receiving accounts receivables by property for investment	-	-	999,102
Profit from amicable settlement of debts	-	(138,904,042)	-
Profit (loss) from operating activities before changes in operating assets and liabilities	(1,485,294,298)	285,702,213	211,440,577

## (TRANSLATION)

**Power Line Engineering Public Company Limited and its related Companies**  
**Statement of Cash Flows (Continued)**

	Consolidated Financial Statements		
	December 31, 2015	December 31, 2014	December 31, 2013
	THB	THB	THB
	-	(Readjusted)	(Readjusted)
Operating assets (increase) decrease			
Cash for trade guarantees	(253,000,000)	59,539,503	89,920,875
Cash from sales of trade guarantees	80,000,000	-	-
External accounts receivables	(446,914,907)	534,526,973	(425,757,094)
Accounts receivables from related business	19,398,578	3,221	(19,401,799)
Accounts receivables insurance portfolio	101,486,301	(142,930,266)	20,642,880
Unrealized accounts receivables from completed projects	266,483,121	(253,888,396)	(135,875,419)
Pending construction works	1,159,836,682	268,169,005	(505,499,207)
Inventories	1,344,831	(290,304)	(406,817)
Costs of real estate development	(3,701,804)	89,273,534	117,348,932
Advance for projects	39,067,589	60,317,963	46,456,638
Other current assets	2,152,902	93,789,173	(196,136,327)
Other non-current assets	11,060,921	11,842,662	23,126,286
Operating liabilities increase (decrease)			
External accounts payables	(485,763,753)	(156,001,420)	43,308,687
Accounts payables from related business	(2,639,037)	5,655,510	(25,035,047)
Accounts payable insurance portfolio	(4,823,177)	20,510,436	25,826,003
Undue cost	542,090,497	(313,101,135)	273,360,575
Prepaid payment from customers	570,283,603	(321,883,501)	32,753,134
Other current liabilities	(102,590,554)	(51,685,085)	214,644,891
Accrued rights booking	(2,577,804)	(4,393,012)	17,442,075
Provisions for long-term employee benefits	(42,968)	-	-
Other non-current liabilities	2,624,734	3,134,782	11,081,376
Cash from operating activities	8,481,457	188,291,856	(180,758,781)
Cash received from with withheld income tax	321,654,161	111,119,423	91,361,729
Cash paid for income tax and withheld income tax	(180,803,577)	(244,911,234)	(192,487,599)
<b>Net cash from operating activities</b>	<b>149,332,041</b>	<b>54,500,045</b>	<b>(281,884,651)</b>

## (TRANSLATION)

**Power Line Engineering Public Company Limited and its related Companies**  
**Statement of Cash Flows (Continued)**

	Consolidated Financial Statements		
	December 31, 2015 THB	December 31, 2015 THB (Readjusted)	December 31, 2015 THB (Readjusted)
<b>Cash flows from investing activities</b>			
(Increase) Decrease in short-term investment - deposit	54,926,346	26,530,645	(280,141,763)
(Increase) Decrease in bank deposit under guarantee	(106,721,266)	(60,223,095)	(465,235,081)
Cash received from short-term loans to related person & business	2,000,000	-	6,018,000
Cash paid for short-term loans to related person & business	(2,500,000)	-	-
Cash received from profits from joint-ventures	7,650,000	-	-
Cash paid for purchase of fixed assets	(4,388,115)	(24,632,536)	(79,323,919)
Cash paid for assets	-	-	(334,829)
Cash received from sale of fixed assets	31,417,005	998,432	4,558,904
Cash received from sale of property for investment	-	-	89,862,145
Cash paid for improvement of building for leasehold	-	(32,318,995)	(46,508,993)
Cash paid for buying intangible assets	(3,209,367)	(1,585,200)	(5,951,340)
Cash received from interest	18,002,050	21,001,674	15,678,430
<b>Net cash from investing activities</b>	<b>(2,823,347)</b>	<b>(70,229,075)</b>	<b>(761,378,446)</b>
<b>Cash from financing activities</b>			
Increase (decrease) of overdrafts or short-term loans	55,556,961	(231,292,428)	595,064,307
Cash received from short-term loans from external person	788,882,489	1,509,000,000	207,000,000
Cash paid for short-term loans from external person	(1,531,791,715)	(772,000,000)	-
Cash received from short-term loans of person & related business	-	40,000,000	189,780,000
Cash paid for short-term loans of person & related business	-	(53,300,000)	(165,855,000)
Cash received from long-term loans from financial institutions	-	30,000,000	-
Cash paid for long-term loans from financial institutions	(62,004,000)	(60,336,000)	(57,000,309)
Cash paid for finance lease	(5,148,843)	(4,541,820)	(2,960,565)
Cash paid for assets	(2,038,537)	(3,483,014)	-
Cash paid for debts from court decisions	-	(336,567,785)	(70,000,000)
Cash received from issuing debentures	990,400,000	-	554,463,260
Cash received from warrants	4,141,512	11,996,999	-
Cash received from dividend	(49,906,917)	(102,966,879)	(60,946,812)
Cash received from prepaid shares	-	331,830	-
Cash paid for interest	(198,734,901)	(167,876,098)	(122,118,892)
<b>Net cash from financing activities</b>	<b>(10,643,951)</b>	<b>(141,035,195)</b>	<b>1,067,425,989</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>135,864,743</b>	<b>(156,764,225)</b>	<b>24,162,892</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>243,256,366</b>	<b>400,020,531</b>	<b>379,463,106</b>
Impact from variation of cash and cash equivalents	83,051	60	227
<b>Cash and cash equivalents at end of period</b>	<b>379,204,160</b>	<b>243,256,366</b>	<b>403,626,225</b>



## (TRANSLATION)

Table of important financial ratios

Financial ratios		December 31, 2015	December 31, 2014	December 31, 2013
<b><u>Liquidity ratio</u></b>				
Current ratio	Time	0.67	0.84	0.87
Quick ratio	Time	0.26	0.17	0.25
Cash flows ratio	Time	0.02	0.01	(0.04)
Accounts receivable turnover	Time	4.98	7.05	6.20
Average collection period	Day	72	51	58
Inventory turnover	Time	8.35	5.24	4.96
Average sale period	Day	43	69	73
Accounts payable turnover	Time	5.81	5.45	4.93
Payment period	Day	62	66	73
Cash cycle	Day	53	54	57
<b><u>Profitability ratio</u></b>				
Gross profit margin	%	(20.20)	4.99	5.17
Operating profit margin	%	(33.17)	(3.16)	(2.09)
Net profit margin	%	(30.87)	0.18	0.09
Earnings per share	%	(156.07)	0.74	0.39
<b><u>Efficiency ratio</u></b>				
Return on asset	%	(20.91)	0.16	0.08
Return on fixed assets	%	(220.36)	9.55	8.08
Total assets turnover	Time	67.74	92.60	89.91
<b><u>Financial policy ratio</u></b>				
Debt/Equity ratio	Time	34.97	3.39	3.66
Interest coverage	Time	1.67	1.42	(1.14)
Cash basis	Time	0.08	0.03	(0.21)

(TRANSLATION)

Explanation and analysis of financial situation and operating result of the Company

Operating result of the Company

**Revenue**

Details	2015		2014		2013	
	THB	%	THB	%	THB	%
Revenue from construction works	5,915,964,213	95.88	8,691,950,550	92.86	7,976,243,347	91.79
Revenue from sale of property	26,763,000	0.43	141,308,200	1.51	272,442,110	3.14
Revenue from rent	81,764,515	1.33	86,461,340	0.92	78,346,845	0.90
Revenue from sale	9,189,020	0.15	72,066,451	0.77	182,377,100	2.10
<b>Total revenue from sales and service</b>	<b>6,033,680,748</b>	<b>97.79</b>	<b>8,991,786,541</b>	<b>96.06</b>	<b>8,509,409,402</b>	<b>97.93</b>
Other revenue	136,316,196	2.21	368,139,458	3.94	180,190,031	2.07
<b>Total revenue</b>	<b>6,169,996,944</b>	<b>100.00</b>	<b>9,359,925,999</b>	<b>100.00</b>	<b>8,689,599,433</b>	<b>100.00</b>

From 2013 – 2015, the Company had a total revenue of 8,689.60 million THB, 9359.93 million THB and 6,170 million THB respectively. Main revenue came from construction works for 91.79%, 92.86 % and 95.88 % of total revenue respectively. In 2015, the Company had a decrease of revenue from construction of 2,775.99 million THB or 31.94 % resulting from the delivery of the BLS purple line project (PAR Project) to the Railway Authority (currently reparation is on process and collection of the outstanding amount of 318.40 million THB). Moreover, the Company could get the payment of K value and additional works in the PAR project from the Railway Authority as initially planned by the Company.

Other revenues of the Company were mainly composed of interests, dividends and profits from amicable settlement of debts. In 2013 – 2015, the Company had other revenues of 180.19 million THB, 368.14 million THB and 136.32 million THB respectively. In 2015, the Company had a decrease of other revenues because in 2014 the Company had profit from the amicable settlement of debts from BMP for the amount of 138.90 million THB which there was none in 2015.

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### Costs of sales and services

Details	2015		2014		2013	
	THB	%*	THB	%*	THB	%*
Costs of construction	7,185,853,861	119.10	8,347,498,178	92.83	7,697,367,882	90.46
Cost of property sale	20,577,428	0.34	95,968,051	1.07	183,445,900	2.16
Cost of renting	26,944,321	0.45	28,983,074	0.32	25,120,561	0.30
Cost of sales	19,243,992	0.32	70,616,106	0.79	163,668,210	1.92
<b>Costs of sales and services</b>	<b>7,252,619,602</b>	<b>120.21</b>	<b>8,543,065,409</b>	<b>95.01</b>	<b>8,069,602,553</b>	<b>94.84</b>

Remark: \*percent per revenue from sales and services

From 2013 – 2015, the Company had a cost of sales and services of 8,069.60 million THB, 8,543.07 million THB and 7,252.62 million THB respectively or 94.845, 95.01% and 120.21 % of revenue from sales and services each year. Ratio in terms of cost of sales and services per revenue from sales and services in 2015 increased significantly from 2014 due to significant increase in costs of sales and services from PAR project.

### Gross profit ratio

For the operating results on 2013-2015, the Company had a gross profit (loss) ratio of 5.17%, 4.99% and (20.20%) of the revenue from sales and services respectively. The main reason why the Company had a negative gross profit ratio came from the deficit in the PAR project which was delivered to the Railway Authority in 2015. By the year-end of 2015, the Company did not get the revenue from value K and the additional works from the Railway Authority as much as expected. This caused a loss from the PAR project of 1,120 million THB and had an impact on the financial statements of the Company.

### Administrative and sale expenses

In 2013-2015, the Company had administrative and sale expenses of 463.39 million THB, 515.58 million THB and 526.30 million THB respectively. In 2015, the Company had a slight increase in administrative and sale expenses in comparison with 2014. However, when compared with the percentage by revenue from sales and services, we found that the increase of administrative and sale expenses was 5.73 % in 2014 and 8.72% in 2015, resulting from the decrease in construction works in 2015 as mentioned in the remark of the revenue part.

### **Net profit ratio**

In 2013-2016, the Company had a net profit (loss) of 7.94 million THB, 16.74 million THB and (1,904.79) million THB respectively or a net profit (loss) ratio of 0.09 %, 0.18 % and (30.87) % respectively. In 2015, the Company registered a loss resulting from the deficit in the PAR project including the increase in cost of capital related to the issuance of new debentures in 2015.

### **Earning per share**

In 2013-2016, the Company had an earnings per share ratio of 0.39 %, 0.74 % and (156.07) % respectively. In 2015, the Company had a negative earnings per share ratio due to an operating deficit of 1,904.79 million THB

### **Analysis of the Company's financial situation**

#### **Assets**

As of December 31, 2013-2015, the Company had total assets of 10,541.59 million THB, 9,673.85 million THB and 8,543.98 million THB respectively. Total assets in 2015 decreased by 1,129.87 million THB from 2014 mainly due to decrease of construction works and uncollected payments from the completed projects of 1,159.84 million THB and 269.48 million THB respectively, and also because of the fact that the Company already delivered the PAR project.

#### **Liabilities**

As of December 31, 2013-2015, the Company had total liabilities of 8,279.15 million THB, 7,470.42 million THB and 8,306.45 million THB respectively. Total liabilities in 2015 increased by 836.03 million THB from 2014 mainly due to issuance of debentures for sale in 2015 valued at 1,000.00 million THB.

#### **Shareholders' equity**

As of December 31, 2013-2015, the Company had shareholders' equity of 2,262.44 million THB, 2,203.43 million THB and 237.53 million THB respectively, which increased by 2.61% and 89.22 % accordingly. Even if in 2015, the Company has received cash from warrants for 13.75 million THB, it has recorded a net loss of 1,904.79 million THB in 2015 as well, including the distribution of dividend to shareholders for 2014 exercise for 49.91 million THB which made the shareholders' equity in 2015 decrease by 1,965.90 million THB from 2014.

### **Debt/Equity ratio**

By year-end of 2015, debt/equity ratio was equal to 34.97 times which increased from 3.39 in 2014. This resulted from the decrease in shareholders' equity of 1,965.90 million THB from the operating deficit and an increasing debt from the debentures of 1,000 million THB. In this regard, the Company has issued measures to address the operating result to be profitable within 2016, including the plan to increase the capital through private placement with strategic partner and/or right offering to the existing shareholders. The Company would focus as well on fixing the issues its subsidiaries are facing which impact the whole group and the Company would revisit the business plan for construction works and collect all debts.

### **Liquidity**

The Company had a decrease of current ratio from 0.84 in 2014 to 0.67 in 2015, mainly due to the decrease in current assets from the delivery of finished projects, resulting in a decrease in pending construction works and decrease in value of the completed works but pending payment. In the same time, the Company had more short-term current assets from the mature debentures but the quick ratio still increased from 0.17 in 2014 to 0.26 in 2015 because in 2015 the company had significantly more current assets when compared to 2014. Indeed, only accounts receivable increased from 742.88 million THB in 2014 to 1,209.73 million THB in 2015 while the current liabilities of the Company increased only by 364.88 million THB comparing to the previous year. This contributed to the Company to have a better quick ratio. However, the Company has low liquidity and quick ratio when compared to other companies in the same industry. Nevertheless, the Company continued to receive support from the banks in terms of project financing and the Company was also able to issue debentures and BE tickets to its investors by using the private placement model. This contributed to enhance liquidity. Moreover, the Company revisited the process of collecting debts from debtors to make it more efficient and effective.

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**Cash flows**

Unit: THB

Details of cash flows	2015	2014	2013
Net cash flows from operating activities	149,332,041	54,500,045	(281,884,651)
Net cash flows from investing activities	(2,823,347)	(70,229,075)	(761,378,446)
Net cash flows from financing activities	(10,643,951)	(141,035,195)	1,067,425,989
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>135,864,743</b>	<b>(156,764,225)</b>	<b>24,162,892</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>243,256,366</b>	<b>400,020,531</b>	<b>379,463,106</b>
Impact from variation of cash and cash equivalents	83,051	60	227
<b>Cash and cash equivalents at end of period</b>	<b>379,204,160</b>	<b>243,256,366</b>	<b>403,626,225</b>

In 2013-2015, the Company had Net increase (decrease) in cash and cash equivalents of 21.16 million THB, (156.76) million THB and 135.86 million THB respectively, due to the change in net cash flows from operating activities in 2013-2015 of (281.88) million THB, 54.5 million THB and 149.33 million THB respectively while the net cash flows from investing activities were 762.38 million THB, 70.23 million THB and 2.82 million THB respectively, including Net cash flows from financing activities of 1,067.43 million THB, (141.04) million THB and (10.64) million THB respectively.

Even if in 2015, the Company has recorded a significant loss, the Company has the policy to maintain a sufficient level of liquidity for operating and investing. The Company has the policy to reduce current assets and increase current liabilities, including to find sources of funds from lending or issuing ordinary share for increase of capital. The Company also oversees the appropriate level of investment in order to ensure cash flows are sufficient for its investments. The Company will consider from the decrease in construction works and the value of the uncollected payments in 2015 of 1,159.84 million THB and 266.48 million THB respectively, while the Company still receives cash flows from the increasing current liabilities from the advance from customers and the unpaid capital of 570.28 million THB and 542.09 million THB respectively. Moreover in 2015, the Company has issued debentures for operating and paying the due debts of approximately 1,000 million THB, including the money received through warrants of 4.14 million THB and the investing activities had an insignificant change that required a net increase of investment of 2.82 million THB only.

### Price Estimation Report

Bangkok Property Appraisal Co., Ltd. ("BKKPA") has prepared two property valuation reports of Sittarom Development Limited (Sittarom) for public purposes per belowed:

1. Report dated March 23, 2016 to assess two land title deeds No. 170089 and 170292. The appraised value of total area of 12-2-41 rai, for which 'Rai' is a Thai measurement system and 1 rai equals to 3.95 Acres, is 126.025 million baht.

2. Report dated March 25, 2016 to assess the Land Act No. 16404. The total area of 9-1-32.5 rai with building under construction comprises of 22 two-storey detached-houses and 20 two-storey twin houses (42 in total) under housing estate project of Sittarom ParkLife. The assessed property value on inspection date with the method of replacement costs worth 76,767,000 baht.

Details of estimation report from an independent appraiser are as follows:

#### **1. Property Valuation Report (2 title deeds)**

##### **1.1 Summary of the property valuation**

BKKPA has prepared a report dated March 23, 2016 to assess the value of property with the summary of property valuation assessment as per the table below:

Legal Owner	Sittarom Development Co.,Ltd.
Property Category	Vacant Land
Location	Udon Thani Bypass (HWY. 216) Maakaeng, Amphur Muang Udon Thani, Udon Thani Province
Deed/ Lan Certificate	Deed no. 170089 and 170292 (2 title deeds) Total area of 12-2-41 rai or 5,041 square wah
Land Characteristics	Polygon Land closed to Udon Thani Bypass, about 112 meters. 2 plot of land located in the same group used for mutual benefit with public watercourse between piece of land. Same level of land with the road in front.
Obligation	No obligation
Evaluation Purpose	To determine the current market value and public purpose
Evaluation Rule	To determine the market value
Evaluation Method	Market comparison Approach
Evaluation Date	March 18, 2016
Evaluated Property Value	126,025,000.- baht (One hundred and twenty-six million twenty-five thousand baht )

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1.2 Valuation of vacant land

BKKPA evaluates the value of the land purchase - sales by using market comparison approach. After reviewing and considering various factors relating to the valuation of property; such as, legal rights, specific characteristics of the property, appropriateness of utilization, market condition in general, found that other properties can be used to compare in order to estimate the value. BKKPA selected portfolio of four properties in order to compare, taking into account the physical features of land in terms of shape, characteristic, size, maximum utilization, environments, and location. Then, allocate the score by using Weighted Quality Score: WQS Method to adjust the parameters and determine the comparison ratio. The details of the data analysis, comparison with score and assessed value of the land purchase - sales as per the table below.

Market data of land at BKKPA used to compare the value of property

Descriptions	Data 1	Data 2	Data 3	Data 4
Property Characteristic	Vacant Land			
Location	Udon Thani Bypass			Mittaphab Road
Area of Land (Approximate: Rai)	7-3-33 3,133 sq-wah	13-2-31 5,431 sq-wah	30-0-00 12,000 sq-wah	2-2-29 1,029 sq-wah
Land Parcel	Polygon			
Width x Depth (metre)	160 x 200	140	290 x 330	43 x 96
Land level (metre)	0.5 metre lower	Parallel to road	0.5 metre lower	Parallel to road
Number of side adjacent to road	1	1	1	1
Street type	Tar			
Public utility	Electricity, roads electricity, water, telephone			
City plan	Low-density residential			
Benefit	Commercial			
Potential for improvement	Moderate			
Price/ sq-wah (Baht)	28,726	37,500	31,667	40,816
Condition	Offered price			



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Analysis to determine the value of property (Remove data# 4 due to out of evaluated property)

Considering factors	Scores (%)	Comparative data			
		1	2	3	Evaluated Property
Land size (sq wah)		3,133	5,431	12,000	5,041
Location Condition	15	7	7	7	7
Transportation	10	8	8	8	8
Public utility	15	8	8	8	8
Land use	15	7	7	7	7
Physical characteristic	15	6	7	6	7
Land Parcel Style	15	5	6	5	4
Legal regulations	10	6	6	6	6
Liquidity	5	6	5	3	5
Total	100	6.65	6.90	6.50	6.60

Rating scale: Low: 1-2, Fair: 3-4, Medium: 5-6, Good: 7-8, Great: 9-10

Property Value Comparison Table	Comparative data			
	1	2	3	Evaluated Property
Offering price (baht per square wah)	28,726	37,500	31,667	
Bargain rate/ discount (%)	-10	-20	-25	
Net Price	25,853	30,000	23,750	
Weighted score	6.65	6.90	6.50	6.60
Proportion Comparison	0.99248	0.95652	1.01538	Average value
Base price	25,659	28,696	24,116	26,157
Weight Comparison (%)	44	17	39	100
Liquidity	11,290	4,878	9,405	25,573
Market value of property (THB / sqm) rounding				25,000

Estimated price of two plots with total area 12-2-41 rai or 5,041 square meters THB 25,000 square meters, totaling THB 126,025,000.

Financial Advisor find that an independent appraiser assess the fair value of land using the market approach is the right approach because it is the vacant land next to the main

(TRANSLATION)

road and the area has offered several plots of land for sale enough to be use for analysis to calculate the value of property.

BKKPA used information of four vacant land and then cut out one data because it is not located on the same street. Then, rank the score on qualitative factors, after that indicate weight of market data to be compared with information on valuated land by professional standard of independent appraisers. As a result, the value of land evaluation is at 25,000 baht per square wah or 126.025 million baht in total.

## **2. Land with Structure Valuation Report of Sittarom ParkLife Project**

### **2.1 Summary of the property valuation**

BKKPA has prepared a report dated March 25, 2016 to assess the value of property with the summary of property valuation assessment as per the table below:

Legal Owner	Sittarom Development Co.,Ltd.
Property Category	Land with structure
Location	Sittarom ParkLife housing estate project, Soi Ban Muang Samakkee 5, Prachasanti Rd, Maakaeng, Ampur Muang Udon Thani, Udon Thani Province
Deed/ Lan Certificate	Deed no. 16404 Total area of 9-1-32.5 rai or 3,732.5 square wah
	Two-storey residential (42 in total) (22 detached houses and 20 twin houses)
Obligation	Mortgaged as security with Bangkok Bank PCL
Evaluation Purpose	To determine the current market value and public purpose
Evaluation Rule	To determine the market value
Evaluation Method	Replacement Cost Approach
Evaluation Date	March 18, 2016
Evaluated Property Value	76,767,000.00 baht (Seventy-six million seven hundred and sixty-seven thousand baht)

BKKPA also conducts valuation method based on the residual value of the project. The estimated revenue deducted by estimated project construction cost and land development (23.79% of total revenues), selling and administrative expenses and interest of construction cost (9.16% of gross income) as well as the profit or potential risk cost of (20% of total income) and property interest (1.91 % of total income). The outstanding value of land is 80.264 million baht (45.16% of total income). However, BKKPA use replacement cost Approach as project is still under construction.

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## 2.2 Valuation of land with structure

BKKPA evaluation the value of land with structure to purchase - sales divided by 1) the valuation of the land, which BKKPA select Market Comparison Approach because there's another property that can be compared to evaluate. BKKPA selected five properties in order to compare taking into account the physical features of land in terms of shape, characteristic, size, maximum utilization, environments, and location. Then, allocate the score by using Weighted Quality Score: WQS Method to adjust the parameters and determine the comparison ratio. 2) To evaluate the value of land with structure, BKKPA use Replacement Cost Approach referred from standard construction price. The details of the data analysis, comparison with score and assessed value of the land with structure purchase - sales as per the table below.

### Land Valuation

Market Data of 5 pieces of land BKKPA used to compare the value of land for ParkLife Project

Descriptions	Property	Data 1	Data 2	Data 3
Property Characteristic	Land with structure	Vacant Land	Vacant Land	Land with structure
Location	Soi Ban Muang Samakkee 5	Soi Ban Muang Samakkee 5	Soi Ban Muang Samakkee 5	Prachasanti Rd Without name of Soi
Area of Land (Approximate: Rai)	9-1-32.5 3,732.5 sq-wah	1-2-60 660 sq-wah	6-0-00 2,400 sq-wah	9-3-00 3,900 sq-wah
Land Parcel	Polygon	Rectangle	Polygon	
Width (metre)	210 x 112	40 x 65	50 x 170	50
Land level (metre)	0.30 metre higher	Parallel to road		0.50 metre lower
Number of side adjacent to road	1			
Street type	Reinforced concrete			
Width/ Right of way	6/8 metre			5/6 metre
Public utility	Electricity, roads electricity, water, telephone and drain			
City plan	Low-density residential			
Legal provision	Building Control Act			
Benefit	Residence			
Potential for improvement	Moderate			
Price/ sq-wah (Baht)		33,333.00	12,500.00	16,000.00
Condition	Offered price			

## (TRANSLATION)

Descriptions	Property	Data 4	Data 5
Property	Land with structure	Vacant Land	Vacant Land
Location	Soi Ban Muang	Prachasanti Rd.	
Area of Land	9-1-32.5	1-0-24	2-2-55
Land Parcel	Polygon	Rectangle	
Width (metre)	210 x 112	20 x 80	40
Land level (metre)	0.30 metre higher	Parallel to road	
Number of side	1		
Street type	Reinforced concrete		
Width/ Right of way	6/8 metre		
Public utility	Electricity, roads electricity, water, telephone and drain		
City plan	Low-density residential		
Legal provision	Building Control Act		
Benefit	Residence		
Potential for	Moderate		
Price/ sq-wah (Baht)		14,151.00	20,853.00
Condition	Offered price		

Analysis to determine the value of property (ParkLife Project-Land) without data# 1 and 4

Considering Factors	Scores (%)	Comparative data			
		2	3	5	Evaluated Property
Land size (sq wah)		2,400	3,900	1,055	3,732.5
Location Condition	15	6	6	6	6
Transportation	15	6	6	6	6
Public utility	15	6	6	6	6
Land use	15	7	7	8	8
Physical characteristic	15	7	6	7	8
Land Parcel Style	10	6	5	6	5
Legal regulations	10	6	6	6	6
Liquidity	5	6	6	9	6
Total	100	6.30	6.05	6.60	6.50

(TRANSLATION)

Rating scale: Low: 1-2, Fair: 3-4, Medium: 5-6, Good: 7-8, Great: 9-10

Property Value Comparison Table	Comparative data			
	2	3	5	Evaluated Property
Offering price (baht per square wah)	12,500	16,000	20,853	
Bargain rate/ discount (%)	-3	-30	-30	
Net Price	12,125	11,200	14,597	
Weighted score	6.30	6.05	6.60	6.50
Proportion Comparison	1.03175	1.07438	0.98485	Average value
Base price	12,510	12,033	14,376	12,973
Weight Comparison (%)	37	20	43	100
Liquidity	4,629	2,407	6,182	13,218
Market value of property (THB / sqm) rounding				13,000

Estimated price of two plots with total area 12-2-41 rai or 3,732.5 square meters, THB 13,000 per square meters, totaling THB 48,523,000 (rounded up).

However, BKKPA set an hypothesis that the market where there is no sale or purchase only reflects sale offer prices. Once there is an agreement to sell-buy the property, the price might be negotiated to be lower. If the market data are collected after the actual sale and purchase, those data would be considered reliable. Nevertheless, when compared to data 5, there are similar characteristics and factors but there are different pros and cons as follows:

- |                   |   |
|-------------------|---|
| Data 5            | - A small piece of land easier to sell/buy/transfer |
|                   | - Better scale                                      |
| Assessed property | - Already developed                                 |
|                   | - Better physical characteristics                   |

Therefore the comparison shows that the assessed property price should be lower than data 5.

The financial consultant considers that the independent assessor is doing his job properly by assessing the fair value of the land using the comparison of market prices because it referred to vacant lands located in the same area and there were many sale offer for vacant lands in that area, which is sufficient to analyze the property value. BKKPA used data from 5 vacant lands and removed 2 data because of their smaller size than the assessed property. Afterwards, it scored on quality factors and gave weight on market data used for comparing with the data of the land in compliance with professional standards of the independent assessors, which makes the estimated price of the land equal to 13,000 THB per sq. wa or in total 48,522,500 THB.

## (TRANSLATION)

Construction price assessment

BKKPA assessed the constructions by using the method of net depreciated replacement cost based on the concept of rebuilding the constructions by considering the present market value of construction materials, employment cost, operation cost and profit after deducting depreciation costs resulting from the age, use and obsolescence from the type of use of the constructions. The company assessed the construction price upon completion of the project at 100 % as follows:

Unit: THB

Details	Area (m2)	Average price	Replacement Cost
<b>2-storey individual house</b>			
- Habitable area inside	119.00	10,500	1,249,500
- Gallery – Balcony area	12.50	3,000	37,500
- Parking area	25.00	4,500	112,500
- Washing area	6.00	1,000	6,000
Value of 2-storey individual house upon completion at 100%			1,405,500
Total value of 22 units of 2-storey individual houses upon completion at 100%			30,921,000
<b>2-storey twin house</b>			
- Habitable area inside	104.00	10,500	1,092,000
- Gallery – Balcony area	12.00	3,000	36,000
- Parking area	24.00	4,500	108,000
- Washing area	4.00	1,000	4,000
Value of 2-storey twin house upon completion at 100%			1,240,000
Total value of 20 units of 2-storey twin houses upon completion at 100%			24,800,000
<b>Other public utilities</b>			
- Road/water evacuation and footpath	4,467.50	1,100	4,914,250
- Project tents	1 set		1,550,000
- Fences and walls	621 m.		4,375,000
- Public park	1,430.82	700	1,001,574
- Electric poles plantation	2 sets		1,660,000
- Internal waterworks	3 sets		427,000
Total value of public utilities upon completion at 100 %			13,927,824
Total value of all constructions upon completion at 100 %			69,648,824

Remark : Estimated construction prices are in reference to standard price for building construction as of year 2016 from the association of property price assessors of Thailand and BOQ that the employer gave.

Unit: THB

## (TRANSLATION)

Lot	Area (Sq. wa)	Type of property	Constructio n quantity (%)	Construction value on assessment date	Remaining value
<u>Construction of 2-storey individual house and 2-storey twin house</u>					
A-1	53.99	2-storey individual house	65.00	913,575.00	491,925.00
A-2	54.00	2-storey individual house	60.00	843,300.00	562,200.00
A-3	54.00	2-storey individual house	60.00	843,300.00	562,200.00
A-4	54.00	2-storey individual house	60.00	843,300.00	562,200.00
A-5	54.00	2-storey individual house	60.00	843,300.00	562,200.00
A-6	54.00	2-storey individual house	50.00	702,750.00	702,750.00
A-7	54.00	2-storey individual house	55.00	773,025.00	632,475.00
A-8	54.00	2-storey individual house	55.00	773,025.00	632,475.00
A-9	76.52	2-storey individual house	55.00	773,025.00	632,475.00
A-10	96.54	2-storey individual house	55.00	773,025.00	632,475.00
A-11	61.34	2-storey individual house	0.00	-	1,405,500.00
A-12	59.85	2-storey individual house	0.00	-	1,405,500.00
A-13	75.51	2-storey individual house	0.00	-	1,405,500.00
A-14	61.89	2-storey individual house	0.00	-	1,405,500.00
A-15	55.67	2-storey individual house	0.00	-	1,405,500.00
A-16	56.93	2-storey individual house	0.00	-	1,405,500.00
A-17	75.76	2-storey individual house	0.00	-	1,405,500.00
A-18	65.16	2-storey individual house	0.00	-	1,405,500.00
B-19	39.90	2-storey twin house	0.00	-	1,240,000.00
B-20	46.92	2-storey twin house	0.00	-	1,240,000.00
B-21	46.88	2-storey twin house	0.00	-	1,240,000.00
B-22	58.31	2-storey twin house	0.00	-	1,240,000.00
B-23	41.21	2-storey twin house	0.00	-	1,240,000.00
B-24	39.90	2-storey twin house	0.00	-	1,240,000.00
B-25	39.90	2-storey twin house	0.00	-	1,240,000.00
B-26	39.90	2-storey twin house	0.00	-	1,240,000.00
B-27	39.90	2-storey twin house	0.00	-	1,240,000.00
B-28	46.78	2-storey twin house	0.00	-	1,240,000.00
B-29	46.78	2-storey twin house	20.00	248,000.00	992,000.00
B-30	39.90	2-storey twin house	20.00	248,000.00	992,000.00

## (TRANSLATION)

Unit: THB

Lot	Area (Sq. Wa)	Type of property	Construction quantity (%)	Construction on assessment date	Remaining value
B-31	39.90	2-storey twin house	17.50	217,000.00	1,023,000.00
B-32	39.90	2-storey twin house	17.50	217,000.00	1,023,000.00
B-33	39.90	2-storey twin house	15.00	186,000.00	1,054,000.00
B-34	41.70	2-storey twin house	15.00	186,000.00	1,054,000.00
B-35	67.09	2-storey twin house	61.00	756,400.00	483,600.00
B-36	42.75	2-storey twin house	57.00	706,800.00	533,200.00
B-37	42.75	2-storey twin house	65.00	806,000.00	434,000.00
B-38	53.88	2-storey twin house	57.00	706,800.00	533,200.00
A-39	81.09	2-storey individual house	70.00	983,850.00	421,650.00
A-40	60.02	2-storey individual house	70.00	983,850.00	421,650.00
A-41	52.50	2-storey individual house	70.00	983,850.00	421,650.00
A-42	53.00	2-storey individual house	70.00	983,850.00	421,650.00
รวม	2,257.92	42 units Total value 55,721,000.00	29.24	16,295,025.00	39,425,975.00

Public utilities

- Road/water evacuation and footpath	4,914,250.00	96.3%	4,730,344.31	183,905.69
	1,550,000.00	60.0%	930,000.00	620,000.00
- Project tents	4,375,000.00	96.0%	4,201,489.45	173,510.55
- Fences and walls	1,001,574.00	0.0%	-	1,001,574.00
- Public park	1,660,000.00	100.0%	1,660,000.00	-
- Electric poles plantation	427,000.00	100.0%	427,000.00	-
- Internal waterworks				
Total public utilities work	13,927,824.00	85.8%	11,948,833.76	1,978,990.24
Grand total	69,648,824.00	40.5%	28,243,858.76	41,404,965.24

Having considered all details on the property as assessed by comparing with the market data and by showing in the performance table, BKKPA would establish the estimated value of the property on the price assessment date (March 18, 2016) and upon completion at 100 % as follows:



(TRANSLATION)

Unit: million THB

Details	Total value	value on assessment date	Remaining value
22 2-storey individual houses	30,921,000.00	12,017,025.00	18,903,975.00
20 2-storey twin houses	24,800,000.00	4,278,000.00	20,522,000.00
Public utility system	13,927,824.00	11,948,833.76	1,978,990.24
Total constructions value	69,648,824.00	28,243,858.76	41,404,965.24

The financial consultant considers that the independent assessor is doing his job properly by assessing the fair value of the houses and public utilities system under construction using the replacement cost method because the project is still under construction. The estimated price of constructions refer to standard costs of building construction as of year 2016 from the association of property assessors of Thailand, which makes the estimated price of houses and public facilities equal to 28,243,858,76 THB.