



APEX DEVELOPMENT PUBLIC COMPANY LIMITED



ANNUAL REPORT 2016

Company Profile

Company Name	Apex Development Public Company Limited
Symbol	APX
Registration Number	0107536001117
Head Office Address	10/53-56, 2nd Floor The Trendy Building, Soi Sukhumvit 13 (SangChan), Sukhumvit Road, Klongtoey Nue Sub-district, Wattana district, Bangkok 10110
Telephone	02-168-7200
Facsimile	02-168-7191
Nature of Business	Property Development
Home Page	www.apexpcl.com

<u>Securities in Focus</u>	As of December 31st , 2016
Registered Capital	2,999,850,000 Baht divided to ordinary shares 2,999,850,000 shares, par value 1 Baht per share
Paid-up Capital	2,999,850,000 Baht divided to ordinary shares 2,999,850,000 shares, par value 1 Baht per share
Accounting Year Period	1 January to 31 December, annually

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“Investors can find out more information about the issuer from the company’s annual disclosure form (Form 56-1) is shown in www.sec.or.th”

Message from the Chairman



The year 2016 marks the continued success of the company that have completed the construction and decoration of the beachfront project Mövenpick Residences and Mövenpick Pool Villas. With the continuous sale and ownership transfer of the condominium units and Pool Villas, the operation concluded for the fiscal year of 2016 ending on the 31st December, 2016, the company showed a net profit of Baht 61.88 million which promptly qualified us by our financial statement for year 2015 and 2016 to be lifted from revocation rule on resuming its stock trading transaction in the Stock

Exchange of Thailand (SET). In so doing, the company will lodge a request to the SET in the beginning of year 2017, immediately after the auditor have completed their audit of the company Financial Statement for the fiscal year 2016.

I am confident that with the success of our past project, and the resumption to trading in the Stock Exchange of Thailand in the beginning of year 2017, together with the project expansion of many notable property developments in accordance to the company's expansion plan, this will bring success and sustainable growth to the company.

Finally, on behalf of the company, I wish to thank all our buyers that have given their confidence in our company's projects, our shareholders that have invested and supported the company's operation, our directors, management, and employees that have diligently worked together to achieve good continuous performance.

Yours Truly,

A handwritten signature in blue ink, appearing to read 'Pongphan Sampawakoop'.

(Pongphan Sampawakoop)

Chairman of the Board of Directors

Company Background

After the **Suntec Group Public Company Limited** had successfully completed its rehabilitation plan under the Bankruptcy Act, it was legally permitted to operate its business again from 30th of April, 2007 onwards. In August 2007 the new investor group led by **Mr.Pongphan Sampawakoo** acquired the increased shares of paid-up capital to obtain 78% of the total shares. The company's name was also changed to **Apex Development Public Company Limited**, with “APX” being its new symbol in the Stock Exchange of Thailand (SET). The new business objective is to engage actively in real estate development. Hence forth Apex started to develop the new seaside resort project named “White Sand Beach”, Pattaya on approximately 30 rai of land area with a project value of 3,500 million Baht. It consists of:

1. Mövenpick Hotel (North Tower), 34 floors Hotel Condominium, 264 units with facilities.
2. Mövenpick Residences (South Tower), 37 floors Residential Condominium, 196 units with facilities.
3. Mövenpick Pool Villas, 34 Villas with land.

The objective plans of the company are to develop and sell Mövenpick Condotel, Mövenpick Residences, and Pool Villas to investors and individual buyers in order to realize earning and profit as envisaged according to the project plan in order to apply for the resumption of trading of the company's shares in the Stock Exchange of Thailand.

And by year end of 2015, the company has completed the construction and transferred some of condo-units and pool villas to the buyers, thus realized the net profit to the company. (APX earns its net operating profit from its core business based on its audited financial statements for the year 2015 and 2016)

The **Stock Exchange of Thailand (SET)** and **The Securities and Exchange Commission, Thailand (SEC)** have considered and approved Apex to resume trading in the Stock Exchange of Thailand for the Property and Construction group, in the Property Development Sector starting from the **27th of March, 2017** onwards, after strictly adhering to the rules and regulations until the criteria for removal from delisting was achieved coupled with the continuous profitable in its operation years. The company is determined to conduct the business which yields good operational result under the policy of corporate risk management and corporate governance in a fitting manner.

The shareholders that are involved in the management of the company (Strategic Shareholders) of APX totaling 18 persons, holding ordinary shares of 1,649,917,500 shares (55% of its paid-up capital of 2,999.85 million Baht) have given their warrant to the Stock Exchange that they **will not sell their securities within one year (Silent Period)** from the day APX securities resumed trading. However, they have been granted permission that after 6 months, they may begin to sell some of their securities amounted to 25% of the total securities that were prohibited to sell.

Property Development Projects for Operation Plan Year 2017

Property Development Projects of Apex continued from year 2016 in accordance to the policy and clear operation plan of the company to emphasize on developments that are in sync with the bright and booming growth of Thailand's tourism industry, as well as provide a good return on investment for our customer-buyer of our project for both short-term and long-term. The company will select prime locations that are most suitable for Hotel and Residences projects for the sale and realization of corporate profit.

In year 2017, projects for Apex in summary are:



MÖVENPICK
RESIDENCES & POOL VILLAS



1. Mövenpick Resort & Residences

Located on the beachfront of na Jomtien, Pattaya, the land area of the project is approximately 30 rai which comprises of Hotel of 34 storeys with 264 keys, Residences of 37 storeys with 196 condominium units, and Pool Villas of 34 villas that construction has already been completed in year 2016. The company has already sold the Hotel to a hotel investor, and the remaining units of Mövenpick Residences and Pool Villas with a total value of 670 million Baht are planned to be sold and transferred within the year 2017.



SHERATON PHUKET GRAND BAY RESORT AND GRAND BAY RESIDENCES

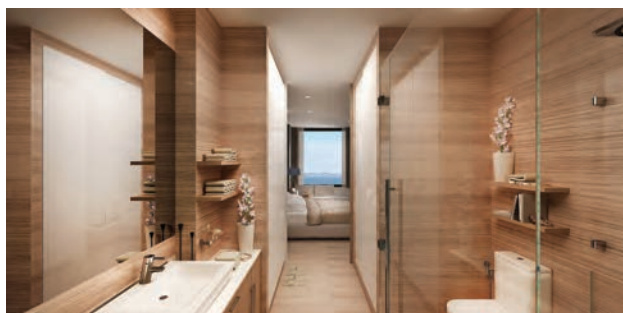


2. Sheraton Phuket Grand Bay Resort and Grand Bay Residences

Situated on the mountain slope with beach perimeters of 650 meters at Po Bay, Phuket, the project area encompass of approximately 66 rai comprising of the Sheraton Phuket Hotel of 183 keys with an estimated value at 2,190 million Baht, and Grand Bay Residences consisting of 80 Pool Villas totaling 150 units with an estimated value at 2,000 million Baht. Construction and decoration schedule for the Residences component to be completed and ownership transferred to recognized revenue in year 2019, and the Sheraton Phuket Hotel scheduled construction and decoration completion, and opening is in the middle of year 2020, with an estimated total project value of 4,200 million Baht.



FOUR POINTS BY SHERATON PATTAYA RESORT AND JOMTIEN BAY RESIDENCES



3. Four Points by Sheraton Pattaya Resort and Jomtien Bay Residences

Located on the beachfront of Jomtien Pattaya, this project encompasses an area of approximately 10.5 rai. It is the old Sigma Resort Hotel with 15 storeys that the company has started to develop, renovate, and decorate the Hotel building to re-launch under a new name and new hotel management which the company is under the discussion process with the hotel chain Four Points by Sheraton to manage this property. This hotel will have a total of 307 keys at an estimated value of 1,980 million Baht, renovation scheduled to complete and open for service towards the end of year 2018. The remaining vacant 4 rai the company will use to develop a high-rise condominium by the name of Jomtien Bay Residences consisting of 338 units for sale, at an estimated value of 1,850 million Baht, scheduled for construction and decoration completion approximately at the end of year 2020. Estimated total project value at 3,830 million Baht.



4. Resort & Residences on Mai Kao Beach Phuket

Located on Mai Kao Beach Phuket on a land area of 14 rai with beachfront width of 200 meters, the company will develop Hotel and Residences which currently is under discussion process with the hotel chain Hyatt Centric to be the hotel management with accommodation of 170 keys, and with an estimated value of 1,440 million Baht. The Residences will have 106 condominium units for sale with an estimated value of 1,400 million Baht. Construction and decoration are scheduled to be completed approximated in the middle of 2020. Estimated total project value at 2,850 million Baht.

Vision Mission Objective-Goal

Vision

“APX is committed to real estate development with quality growth and steady revenue for strong financial position for the benefits of all shareholders.”

Mission

1. The company is committed to be a quality real estate developer with high rate growth in Thailand.
2. The company is committed to build an organization of professional property developers.
3. The company is committed to develop quality projects that create a quality environment for all residents.
4. The company is committed to conduct the business with corporate governance to the benefits of the shareholders and society.

Objective-Goal

The company is determined to be one of the top 10 property development organizations, emphasizing on quality and generate steady revenue for the organization.

Performance & Revenue Structure

Based on the company's performance over time, it can be seen that the company has good performance, this results in continued growth and the company also managed to pass well. (Based on 3-year financial data as per schedule)

Statistics Information

Year	Revenue from sale and services	Net profit	Earning per share	Book Value
	(MB)	(MB)	(Baht / share)	(Baht / share)
2014	827.80	(8.91)	(0.004)	0.055
2015	778.89	65.62	0.028	0.171
2016	798.53	61.89	0.021	0.282

Revenue Structure

APX's revenue structure of 2014 –2016:-

Consolidated Statement	2557		2558		2559	
	MB	%	MB	%	MB	%
<u>Revenue from sales:</u>						
Selling of developing hotel	827.80	95.59%	-	-	-	-
Real estate sales – with no rental pool	-	-	530.50	67.52%	513.67	63.05%
Real estate sales – with rental pool	-	-	241.14	30.69%	170.56	20.94%
Selling land			-	-	70.67	8.67%
Revenue from meter installation	-	-	0.52	0.07%	-	-
Total revenue from sales	827.80	95.59%	772.16	98.28%	754.90	92.66%
Revenue from services	-	-	6.74	0.86%	43.63	5.36%
Other revenue	38.16	4.41%	6.80	0.87%	16.14	1.98%
Total Revenue	865.96	100.0%	785.69	100.0%	814.67	100.0%

Note: * Residences/Villas which were transferred ownerships to purchasers and the purchasers signed lease management agreements with APX to let their residences or villas in Rental Pool Program. For the 15-year program, the revenue from sales recognition will be booked when the agreements expire.

Risk Factors and Risk Management

Risk Factors which may affect the Company's operation:-

- 1) Risk from financial supporting needs from major shareholders and possibly conflicted persons.
APX has outstanding amount of short-term loan from related persons/businesses as of 31 December 2016, 193.93 million baht, with 7% interest rate charged. The purposes of the loan are for APX's working capital and funding its developing projects to speed up the construction then could transfer to purchasers and recognize revenue from sale. However, after project completed, APX would have cash flow for its on-going projects and APX also received financial supports for Phuket project mostly from financial institutions. Therefore, APX would be able to lessen need of financial supports from its shareholders in the future.
- 2) Risk from being in the high-competitive business
Real estate development for sale business, especially residential property, is the high-competitive business. There are many projects launched by many players or competitors in the industry. Consequently, there are many supplies in the market but in the same time the customers' demand has been decreased. Each operator uses different marketing techniques; some inject more selling and advertising budgets. Nonetheless, APX's target customer group is high-income customers which a small group. Therefore, for making its projects be attractive for such customer group, APX's projects have well-designed and uniqueness. APX's projects also have rental pool program offered to interested purchasers to persuade them for invest either short-term or long-term investments. In addition, APX may consider modifying its projects and room-size to be more fit to customers' and market' needs to gain more revenue and market share.
- 3) Risk from delay of project developing period
According to accounting standard, the revenue of sale is recognized as revenue when the transferred ownership has been done. Therefore, if there is an event of delay developing period of a project, the revenue recognition will be postponed also. However, APX has policy to collect down payment of 30-50% of selling price), most customers don't drop their purchases but wait for transferring of ownership when such project is completed. So, APX will gain certain revenue from sale. During APX keeps receiving down payments from its customer, APX has cash paid in advance which can be used as its working capital helping its smooth business operating. Nonetheless, APX has more efficiently control on developing period of current projects to meet its plan for delivery and transferring to purchasers.
- 4) Risk from discontinuous projects
Currently, APX has a construction completed project which is Mövenpick White Sand Beach Pattaya. The sold units of this project have been transferred to purchasers since 2015. APX also has 2 during developing projects which are Sheraton Phuket Grand Bay Project and the renovation of Sigma Resort Pattaya Project. In the case of delay from plans of any projects, it may affect to APX's continuity of revenue from sale. However, APX also has renovation project of Sigma Resort Pattaya in its pipeline. At the same time, APX will be able to generate management fee from being the Operator of Rental Pool Program as a type of income, which will make APX can maintain its revenue continuity in the future.
- 5) Risk from laws relating to real estate developing business
Since there have been new issuances and revisions of Thai real estate and property related laws all the time. Therefore, new and revised versions of such laws and regulations will impact on adjournment of APX's projects. APX always follow any new and revision of relating laws and regulations to prepare readiness for business operation adaptation relevant to such new and revisions. For the transferring fee,

in case of reducing rate, it will be benefited to the Company and customers. But in the other way, it may cause more expenses for the Company and customers and may affect customers' decision on purchasing. However, the transferring fee is still remaining in the same level as current for many years with decreased rates for sometimes as per government's economic stimulus policy.

6) Risk from interest rate increases

The increase of policy interest rate by The Monetary Policy Committee affects loan interest rates of financial institutions which impact directly to real estate development business. From the past, APX has been using bank loan facilities for main funding its real estate developing projects for existing projects and future projects. Therefore, the increase of interest rate will impact on higher financial of each project. However, after APX be in normal business sector and resuming trade in SET, APX will have more funds raising methods such as issuance of new shares or debt instruments which make lower financing costs.

7) Risk from Bank of Thailand's rules and regulations relating to property sector

Bank of Thailand (BOT) has followed the loan lending by commercial banks emphasizing on lending qualities. That makes commercial banks strictly issue loans to any businesses. They increase their loans filter efficiency and decrease amount of facilities to collateral pledged. Therefore, customers who apply for housing loan from banks may have to prepare their own cash from more down payment amount. This may make such customers reconsider their buying decision. APX may be able to screen its customer's quality by strict loan of banks at the same time. However, APX's customers mostly are middle-income and high-income groups who have no such problems of lending loans from banks.

8) Risk from fluctuation of construction cost and construction material cost

Construction cost is the main cost of APX's business. Therefore, if cost of construction material is fluctuated or increased, especially steel bars and cement, cost of operating of APX will be higher with generating lower operating profit. Furthermore, APX has contracts with construction material suppliers in advance to fix their pricing and APX has planned to control its construction period to be operated as planned.

9) Risk of having major shareholder group that has nominated management policy

Currently, Mr. Pongphan Sampawakoo is the President, Chief Executive Officer and major shareholder of APX. Therefore, there are risks from his power in the management and control any decision making of APX. However, by the management structure of APX which consisting of the board of directors and audit committee, each group of people has clear duty scope that make the most benefits to the Company. Moreover, there are 5 independent directors in the board of directors of the Company, which 4 of them are audit committees who inspecting and monitoring the Company's internal control system.

Risk Management Policy

The Company has policy to manage risk throughout the organization systematically without appointment the risk management committee specifically, but empower the Executive Board to make a policy, system and assessment with respect to various risks, including which is incurred from external factor, administration and internal operation. The Executive Board has the authority to designate the guidelines in administration and management on order to control the risks within acceptable level and to make the employees aware of how important the risk management is. The risk management procedure of the Company is as follows:

Policy and Principles of Risk Management

This is to indicate the policy, purpose, scope, responsibility, principle and guideline on risk management in conformity with the strategy, goal, plan and business direction which the Company regularly reviews every year. Simultaneously, the Company is to make business plan in conformity therewith, too.

Risk Identified

This is to identify the risks possibly affecting the achievement of purposes and goals by considering from all risk incurred from internal and external factors such as environment, law, finance, information technology, information system for decision making, investor's satisfaction, investment management, human resource, reputation and image, security system etc. The Company manages the risks by ranking them at first and then concerning the control system. For the risk at high or very high level, the Company will make an analysis and manage it, consequently.

Risk Analysis

This is to analyze and assess the residual risk after assessing the existing risk control system and prioritizing their importance. If the residual risk remains in high or very high level, there will be a measurement for managing such risk immediately by the senior executive in charge of it. If the residual risk remains in medium or low level, there will a measurement to be carried out by departmental unit or revising the working process, accordingly.

Risk Management

This is to make a plan for managing the important risk as prioritized at risk analysis. The risk management may be undertaken in various means such as controlling, transferring, avoiding, utilizing or accepting of the risk, as the case may be.

Management & Corporate Governance

Company Information and Shareholder Structure

1. Registered Capital

- (1) As December 31st 2016 the company has 2,999,850,000 Baht divided to ordinary shares 2,999,850,000 shares, par value 1 Baht per share บาท
- (2) As December 31st 2016 has not another capital.

2. Shareholder

- (1) The Shareholder of Apex Development Public Company Limited
Name and the top 10 shareholding as of the last book closing date 2 March 2017.

Major Shareholders as of the last book closing date 2 March 2017

No.	Name	Relationship	Amount of shares	% all shares sold
1	Mr. Pongphan Sampawakooop	Director	539,838,262	
	Ms. Puangchan Sampawakooop	Mr. Pongphan's sister	441,158,459	14.71
	Mr. Ekapong na Ranong	Ms. Puangchan's son	363,986,322	12.13
	Subtotal : Sampawakooop's family Group		1,344,983,043	44.84
2	Mr. Sompong Cholkadidamrongkul		148,527,961	4.95
3	Ms. Vorapan Jungsubpaisarn		145,398,673	4.85
4	Mr. Wiwat Vitoontien		127,100,000	4.24
5	Mr. Annop Limprasert		95,850,000	3.20
6	Commercial Metal Investment Limited		80,759,406	2.69
7	Quam Securities Company Limited		76,059,008	2.54
8	Ms. Anokthip Nuamcharoen		67,857,851	2.26
9	Brooker Group Public Company Limited		63,573,231	2.12
10	Ms. Chompunuch Meewang		60,808,780	2.03
	Subtotal : the first 10 shareholders		2,210,918,050	73.70
	Other shareholders		788,932,047	26.30
	Total Shareholders		2,999,850,000	100.00

Foreign shareholders as of the last book closing date 2 March 2017

Shares of the Company can be transferred without any limitation, except that the transfer is caused the portion foreign shareholders limit at 49% of total sold shares. As of 2 March 2017, shares of the Company hold by 30 foreign shareholders total of 248,466,299 shares equals to 8.28% of paid-up capital.

3. Issuance of other securities

- None –

4. Dividend Payout Policy

APX has dividend policy to pay dividend to its shareholders in the rate of not more than 50% of net profit of separate financial statement after deducting taxes and all reserves (if any). APX will pay dividend when its retained loss was written-off. Nonetheless, the dividend payment is subjected to be changed depending on its financial status, liquidity, working capital needs for operation, business expansion plans, and other related factors in the operation management of the Company. The payment of the dividend shall receive approval from the Board of Directors and major shareholders of the Company and also be considered on the aspect of cash sufficiency for normal operation of the Company.

For the interim dividend, the Board of Directors can approve such dividend payment but then has to report to the general meeting of shareholders in the next meeting. The subsidiaries and associated companies have policies to pay dividend from net profit after deducting taxes and all legal reserves. Such dividend payment must have no impact on normal operation which depends on their future investment plans, financial structure and liquidity of each company. There is no determinate minimum dividend payment rate for those companies.

Moreover, according to a loan agreement with a financial institution stated that when APX still has debt outstanding with the financial institution, APX cannot pay dividend to its shareholders and must not decrease its registered capital, dispose of its assets or repayment of capital and any other property in the same way to its shareholders. Such loan agreement has condition that APX has to repay the loan within the last business day of June 2018.

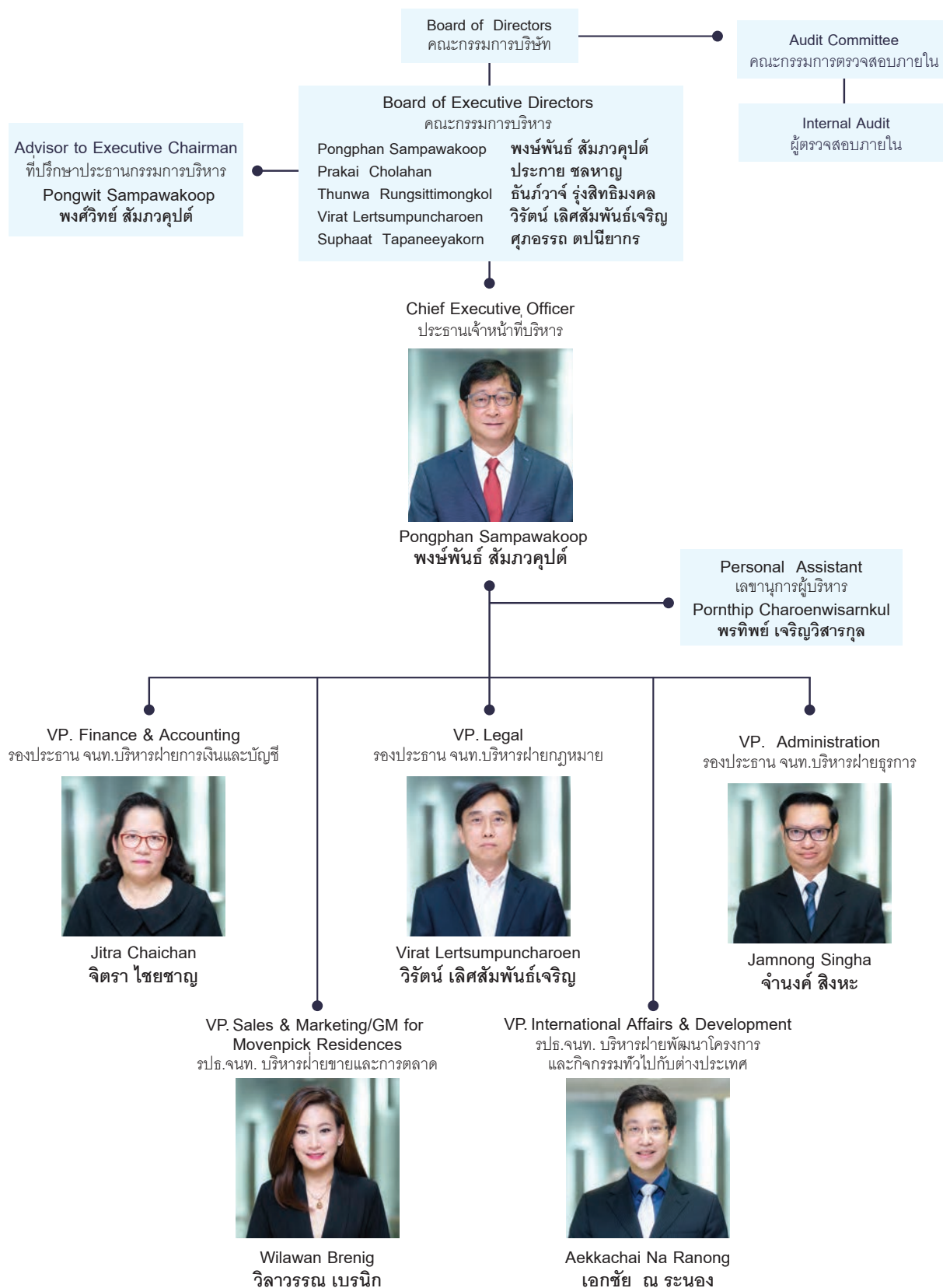
Since the Company has a huge retained loss, as of 31 December 2016 is 1,026 million baht, the Company cannot pay dividend until such loss cleared. The Board of Directors Meeting #2/2017 on 28 February 2017 had resolution to wipe out the Company's retained loss by decreasing its par value per share from 1.00 baht /share to 0.25 baht/share and then combine 2 shares to 1 share making its par value to 0.50 baht/share (comply to SET's rules and regulations). The Company will propose such scheme to Annual General Shareholders' Meeting of 2016 dated 25 April 2017 to approve the process. In case that the AGM approves, the Company expects all the process will be finished by August 2017. The table below shows the preliminary figures of each items of shareholders' equity after par decreasing and share combining (based on the shareholders' equity as of 31 December 2016)

Dividend payment policy of subsidiaries

Dividend payment policy of subsidiaries is in the same direction as the company. Not more than 50% of net profit of separate financial statement after deducting taxes and all reserves (if any) (with additional conditions), except has necessary to invest to expand business or other important activities.

Organization Structure

APEX DEVELOPMENT PUBLIC CO.,LTD บริษัท เอเพ็กซ์ ดีเวลลอปเม้นท์ จำกัด (มหาชน)



1. Management Structure

The Board of Directors

As of 31 December 2016, APX's board of directors comprise of 11 directors:

Authorized directors of the Company are Mr. Pongphan Sampawakoo, Mr. Prakai Cholahan and Mr. Virat Lertsumpuncharoen by co-signing of two from three authorized directors with the Company's seal for authorization.



Pongphan Sampawakoo
Chairman of the Board of Directors
Chief Executive Officer



Prakai Cholahan
Director



Pansuagn Xumsai na Ayudhya
Director
Independent director



Padoongpun Jantaro
Director
Chairman of the Audit Committee
Independent director



Chalit Satidthong
Director
Audit Committee
Independent director



Siripong Silpakul
Director
Audit Committee
Independent director



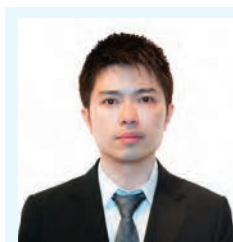
Chatchawan Triamvichamkul
Director
Audit Committee
Independent director



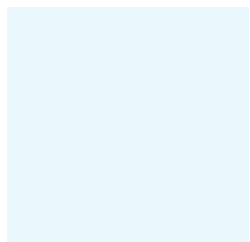
Virat Lertsumpuncharoen
Director



Thunwa Rungsittimongkol
Director



Prawim Horrurunguang
Director



Penpannee Horrurunguang
Director

Name	Position	Join Meeting (Times / Year)
Mr. Pongphan Sampawakoo	Chairman of the Board of Directors	8
Mr. Prakai Cholahan	Director	8
Mr. Virat Lertsumpuncharoen	Director	8
Mr. Thunwa Rungsittimongkol	Director	8
Miss Penpannee Horrurunguang	Director	-
Mr. Prawim Horrurunguang	Director	-
Mr. Padoongpun Jantaro	Director	7
Mr. Chalit Satidthong	Director	8
Mr. Siripong Silpakul	Director	8
Mr. Chatchawan Triamvichamkul	Director	8
Mr. Pansuagn Xumsai na Ayudhya	Director	7

The Scope and responsibilities of the Chairman of the Board of Directors

Besides the responsibilities of the Company's director, the additional responsibilities that the Chairman of the Board of Directors has to take the responsibilities are calling for the Board of Director meeting, being the Chairman of the meeting, casting vote in case of a tie vote, leading the Board to ensure its functions effectively and ensuring that all Board members receive timely information needed to deliberate on agenda items.

The scope, duties and responsibility of the Board of Directors

1. Abide by the law, objectives, corporate regulations, and decisions made in the shareholders' meetings, practicing, such as cases stated by law which has to be approved by shareholders' meeting, connected transactions, assets acquisition or disposal according to rules and regulations of SET or any other relevant organizations.
2. Appoint or change the authorized directors of the Company.
3. Establish the Company's vision, mission, policies and strategies for stability and sustainability maximizing wealth of shareholders of the Company.
4. Determine and make decisions on the important things such business plans, budgets, large investment projects, authority of management and other law related.
5. Evaluate corporate performance and effectiveness of corporate executives.
6. Responsible for management's performance with dedicating and cautious.
7. Develop accounting system, financial reporting and auditing being accredited. Assess the suitability of internal control system to be performed and effective. Monitor and follow-up the operating management, risk management and financial reporting.
8. Dedicate efforts for the Company to avoid actions which may lead to conflicts of interests.
9. Direct the Company by corporate governance policies and best practices.
10. Develop the Company's regulations.
11. Report the responsibilities of the Board of Directors in annual reports along with auditor's reports which including the significant aspects according to the best practices for listed company's directors by SET.
12. The Board of Directors may grant authority to any individuals to conduct actions according to the Board of Directors' approval. Authorized individuals must operate under regulations, orders, and policies established by the Board. The Board of Directors reserves rights to revoke the authority granted or remove such individuals from duty to be replaced by another as appropriate.

The Executive Committees

As of 31 December 2016, APX's the executive committees comprise of 5 executives:

	Name	Position
1	Mr. Pongphan Sampawakoop	Chairman of the executives committee
2	Mr. Prakai Cholahan	Executives committee
3	Mr. Virat Lertsumpuncharoen	Executives committee
4	Mr. Thunwa Rungsittimongkol	Executives committee
5	Mr. Supa -us Tapaneeyakorn	Executives committee

The scope, duties and responsibility of the Executive Committees

1. Develop policies, directions, strategies and management structure for business operation of the Company for supporting corporate competitiveness which informed to shareholders for the Board of Directors approval.
2. Develop business plan, budgets, and management authorities of the Company for the Board of Directors approval.
3. Monitor the Company's practices according to policies and instructions for business efficiency.
4. Monitor and follow-up the Company's performance according to approved business plans.
5. Consider large investment projects for the Board of Directors approval.
6. Process financial transactions with financial institutions for the Company such as opening accounts, applying for loan, pledging collateral and others including selling or purchasing and registering of lands for the Company's business purposes.
7. Establish work instructions of the Company's operations.
8. Determine for approval on appointing and discharging employees in management level.
9. Determine for approval on wages, salary, others compensations revision and determine performance of employees.
10. Appoint persons or groups of persons to conduct actions for the Committee and for the Company's purposes.
11. Approve any expenses of assets acquisitions and other expenses on appreciates purposes of the Company.
12. Provide opinions on the Company's operation and performances.
13. Provide opinions on any departments' operation and control managing of each department being efficiency, in-time and meet agreed quality.
14. Carry out any actions of the Company which have not been assigned to specific persons.
15. Monitor, control and approve on the normal operations of the Company. The Committee may grant authority to any management or persons to action on the day-to-day operations of the Company.
16. Carry out any assignment from the Board of Directors.

The Audit Committees

As of 31 December 2016, APX's audit committees comprise of 4 directors:

	Name	Position
1	Mr. Padoongpun Jantaro	Chairman of the Audit Committee / Independent director
2	Mr. Chalit Satidthong	Audit Committee / Independent director
3	Mr. Siripong Silpakul	Audit Committee / Independent director
4	Mr. Chatchawan Triamvicharnkul	Audit Committee / Independent director

Mr. Chatchawan Triamvicharnkul is the audit committee who has experiences in finance and accounting.

Name	Position	Join
Mr. Padoongpun Jantaro	Chairman of the Audit Committee	5
Mr. Chalit Satidthong	Audit Committee	4
Mr. Siripong Silpakul	Audit Committee	5
Mr. Chatchawan Triamvicharnkul	Audit Committee	5

The scope, duties and responsibility of the Audit Committees

1. Verify the Company to have correct financial report as it should be according to the accounting standard specified by the law and sufficient disclosed.
2. Verify the Company to have suitable and sufficient internal control.
3. Verify the Company to follow public company laws, laws relating to securities and exchange, specification of SET, announcements of the capital market supervision committee and the law relating to the Company's businesses.
4. Consider, select and propose to appoint including discharge the Company's auditor. Propose the compensation of auditor. Monitor auditor's performance and working independence.
5. Review relating transaction to avoid the conflict of interest between the Company and related parties.
6. Consider the disclosure of related party transactions to make sure that correct and sufficient.
7. Verify and approve the charter of internal auditing, auditing plan, work operation, manpower and annual budget of the Company.
8. Consider and approve on appointing, discharging, rotating, unemploying the Company's internal audit department.
9. Carry out the tasks assigned by the Board of Directors that are also approved by the Audit Committee, for example:
 - Review and assess suitability of rules and regulations of the Company and other relating laws/regulations.
 - Review the Company's financial management and risk management system.
 - Review the management's practices according to the Company's Code of Conduct.
 - Review, with the Company's management, on any important reporting to public which stated by laws such as the analysis reports by management, etc.
10. Determine any information or clues about corruption received from the Company's personnel or outsider according to the whistle-blower hotline instructions including anti-corruption instructions.
11. Prepare audit committee's corporate governance reports and disclose in the Company's annual reports which signed by the Chairman of Audit Committee.

Moreover, the audit committee is responsible directly to the Board of Directors and the Board of Directors is responsible to managing the Company, to shareholders and to outsiders.

Term of Audit Committee

1. Chairman of the Audit Committees 3 years
2. Audit Committees 3 years

2. Managements

As of 31 December 2016, APX's Management comprise of 6 managements:

	Name	Position
1	Mr. Pongphan Sampawakoo	Chief Executive Office
2	Mrs. Jitra Chaichan	Vice President Finance and Accounting (1)
3	Mr. Jamnong Singha	Vice President Administration
4	Mr. Virat Lertsumpuncharoen	Vice President Legal
5	Mr. Ekachai na Ranong	Vice President International Affairs and Development
6	Ms. Wilawan Brenig	Vice President Sales and Marketing

Note: (1) "Vice President Finance and Accounting" Is the highest-level position in Accounting and finance department of the Company.

The Scope of duties of Chief Executive Officer

1. Manage the Company's operations, business strategies and day-to-day operations.
2. Make decisions on significant events of the Company, operating plan, objectives/policies including controlling in any departments.
3. Be authorized in directing and for binding the Company by signing agreements, orders and any announcements which stated in the work instructions.
4. Hire, appoint, rotate personals appropriately including setting the scopes of work and compensation, and discharge such persons appropriately also. Those actions must be according to the Company's work instructions.
5. Authorized to establish normal business conditions for the benefits of the Company.
6. Consider any investments in new business or aborting of existing business and propose to the Executives Committee and/or the Board of Directors for approval.
7. Approve and appoint any advisors necessary to the Company's business operations.
8. Carry out any assignments from the Executives Committee and/or the Board of Directors.

Nonetheless, the Chief Executive Officer cannot approve any transactions which related to him or his related persons where there may be any conflicts of interests with the Company or its subsidiaries.

3. The Company Secretary

The Board of Directors has appointed Mr. Virat Lertsumpuncharoen, Vice President of Legal, as the Company Secretary. He has all the qualifications with experiences in the secretary field. The scope and responsibilities of the company secretary are as follows

1. To arrange Shareholders' meetings and Board of Directors' meetings and ensure their compliance with applicable laws, the Company's regulations, and other relevant codes of conduct.
2. To prepare and keep a register of directors, notices calling for the Directors' meetings and minutes of the Directors' meetings, notices calling for the Shareholders' meetings and minutes of the Shareholders' meetings, as well as the Company's annual reports.
3. To keep reports on interest reported by the directors or the executives and submit a copy of the reports on interest in compliance with the laws.

4. To give advices and report to the directors on their scope and responsibilities in compliance with the laws and regulations of the Company's regulatory entities.
5. To be responsible for and prepare reports to disclose significant information and information obliged to be disclosed by the Company's regulatory entities.

4. The Remuneration of directors and executives

(1) Remuneration in cash

The Remuneration of directors was paid form of director fees, with the following details:

Name	Position	Director fees (Baht)
Mr. Pongphan Sampawakoo	Chairman of the Board of Directors	80,000.-
Mr. Prakai Cholahan	Director	80,000.-
Mr. Virat Lertsumpuncharoen	Director	80,000.-
Mr. Thunwa Rungsittimongkol	Director	80,000.-
Miss Penpannee Horrungruang	Director	-
Mr. Prawim Horrungruang	Director	-
Mr. Padoongpun Jantaro	Director	110,000.-
Mr. Chalit Satidthong	Director	120,000.-
Mr. Siripong Silpakul	Director	120,000.-
Mr. Chatchawan Triamvicharnkul	Director	120,000.-
Mr. Pansuagn Xumsai na Ayudhya	Director	70,000.-

A sum of 13,522,800 Baht was paid to 7 company's executives in form of the Remuneration fees and bonus in 2016.

(2) Other Remuneration

Other Remuneration of directors - None -

Other Remuneration of executives The remuneration of 7 executives of year 2016 in form of provident fund contributed by the Company was total 348,000 Baht.

Corporate Governance

Corporate Governance Policy

The Board of Directors realizes the significance of good corporate governance which constitutes a foundation for a policy formulated to oversee the Company's operations. This policy encompasses the impartial treatment among shareholders and stakeholders; the role, responsibility, and independence of directors; information disclosure and transparency; internal controls and internal audits; risk management; business ethics; and policy compliance for the Board, the Management, and all employees. The policy on good corporate governance has been commenced as follows:

1. The Board must treat and communicate with shareholders on an equitable basis.
2. The Board must be mindful of the rights of all stakeholders and strives to promote a good understanding of and cooperation with the Company.
3. The Board conducts their duties with due regard for the best interests of the Company and shareholders. The Board also establishes a structure and procedure to clearly define and separate the role and responsibilities for the Board from those of shareholders and the Management.
4. The Board takes due care to ensure that the Management discloses Company reports and information which are accurate, timely, transparent and in conformance with the applicable laws and regulations.
5. The Board is responsible for establishing a structure to evaluate the performance of the Management with reference to management policy and effectiveness of the internal control system.

Approval authorities and the scope of the approval authorities

1. Investment in fixed assets and investment in other company.

No.	Authority	Limit
1	Vice President	Not over 100,000.00 baht
2	Chief Executive officer	Not over 50 million baht
3	Executive Committee	Not over 100 million baht
4	Board of Director	Unlimited

The scope of the approval

- 1.1 Sales and purchase of land, building and equipments means assets beneficial in business and services, which are expected to be benefit more than one year.
- 1.2 Sales and purchase of intangible asset which doesn't have figure and the business hold them for research and development.
- 1.3 Sales and purchase of the other permanent assets.
- 1.4 Investment in other properties
- 1.5 The acquisition of shares in other companies

2. Construction Costs

No.	Authority	Limit
1	Vice President	Not over 100,000.00 baht
2	Chief Executive officer	Not over 50 million baht
3	Executive Committee	Not over 500,000,000 บาท
4	Board of Director	Unlimited

The scope of the approval

- 2.1 Cost of the construction and public utility, the definition of cost will be calculated from engineers to estimate the cost as “the average price”, For controlling the construction costs of the company which is approved and the figure is always adjusted to relate with the market price.
- 2.2 The contractors 'employment means construction cost in the part of the constructions employment by agreement which is more or less than the average price.
- 2.3 The construction material purchasing means purchasing of material for constructions along the agreement terms and the order sheets of customers, in case of over or less of the average price.
- 2.4 Repair of villa or residences which are the products for sales or after sales fixing for the dissatisfied customers per each villa or residences.
- 2.4.1 In case of before the transferring of the villas or residences and more than the guarantee from the contractors of that area.
- 2.4.2 In case of after the transferring of villa or residence.
- 2.5 The expenditure of the project improvement and development means the expenses in purchasing and employment for improvement and development to be ready for project opening.

3. Selling & Marketing Expenses

3.1 Marketing Expenses

No.	Authority	Limit
1	Vice President	Not over than 100,000.00 baht
2	Chief Executive officer	Not over than 10 million baht
3	Executive Committee	Not over than 20 million baht
4	Board of Director	Unlimited

The scope of the approval

- 3.1.1 The advertising and promotion expenses means marketing consultant , marketing research, Media advertising , Design, billboards and Brochures, Procurement media buying, Venue and billboards rental, Event and booth rental.
- 3.1.2 Other marketing and selling expenses.
- 3.1.3 Entertainment expenses means the expenditure is spent on customer service to make customers satisfied and include other marketing activities.

3.2 Sale Discount

<i>No.</i>	<i>Authority</i>	<i>Limit</i>
1	Vice President	Not over 100,000.00 baht
2	Chief Executive officer	Not over 5 million baht
3	Executive Committee	Not over 20 million baht

The scope of the approval

3.2.1 Discount from sales department is called “discount price” which is different from a promotion. A discount price, calculated by deducting the price from the price list, shall not be below the net selling price.

4. Administrative Expenses

4.1 Employees Expenses

<i>No.</i>	<i>Authority</i>	<i>Limit</i>
1	Vice President	Not over 50,000.00 baht
2	Chief Executive officer	Not over 5 million baht
3	Executive Committee	Not over 10 million baht
4	Board of Director	Unlimited

The scope of the approval

Employees expenses means salary and wages including welfare that the company gives to all staff and commission of sales, calculated from the commission policy.

4.2 Administrative Expenses

<i>No.</i>	<i>Authority</i>	<i>Limit</i>
1	Vice President	Not over 50,000.00 baht
2	Chief Executive officer	Not over 10 million baht
3	Executive Committee	Unlimited

The scope of the approval

Administrative expense means the expenses for general administration about management.

4.3 The expenses for obligation of more than one year.

<i>No.</i>	<i>Authority</i>	<i>Limit</i>
1	Vice President	Not over 50,000.00 baht
2	Chief Executive officer	Not over 10 million baht
3	Executive Committee	Unlimited

The scope of the approval

The expenses with the long term obligation , which has duration more than 1 year means the expenses happens along the agreement terms or any obligation in the contract not the amount of all installments only.

Corporate Social Responsibilities (CSR)

Company Policy on CSR

Apex Development Public Company Limited and its subsidiaries hold CSR as the main policy in business in 2016 as defined in our vision “We are committed to develop properties for growth with quality, to generate steady revenue to build financial strength for the benefits of the shareholders.”

The company defined its CSR policy as “Apex Development Public Company Limited is committed to develop quality development with steady growth, creating value added Condominium in excellent environment with full facilities for customers, conducting business with Corporate Governance.” We instill and encourage employees to be responsible to society. The objective of our CSR is to build business and society for sustainable growth.

The Importance of Responsibilities on Business and Social

In the past, the company has no clear policy on CSR, the management has focused on the importance of CSR in 2016. The company develops strategies on CSR by giving the importance in all any process in the company for building and transferring the condo and residential units with quality and good services to customers, which is in line with the strategies of the company.

Besides, the company supports and develops human resources to perform duties with skills in taking care of the customers and communities, and to take responsibilities, to work with integrity and by performing CSR with the internal procedure in order to build the condominium of quality, with reasonable price and good services for the benefit to customers who will receive highest return, to future sustainability of our business and the society.

The company has adjusted the vision of the organization to have responsibilities towards the society. Besides profit which is the main purpose of all companies, and the responsibilities to all part of the society, it is not specific to any individual. Another important point is to build the right knowledge and understanding of CSR for all employees in the organization. CSR should not be a nice word or activities for marketing promotion for company image by only giving donation. It should be a real project to create proper CSR activities in the future.

Internal Control and Information Security

The company gives importance to the internal control system that is suitable to the company business at present at Executive levels and Operation levels, for efficiency. We have improved the organization structure to support the objectives, business, and responsibilities of each department. The company has defined roles, and authorities of all operation employees and the management with clear, written documents. There are internal control and assets allocation for highest benefits. There are clear division of responsibilities and internal control and proper evaluation for balance of authority. There are independent internal and external audit reporting directly to Audit Committee who evaluate their performances.

Internal Auditor

DHARMNITI INTERNAL AUDIT CO., LTD

Address: 267/1 Pracharaj Sai 1 Road, Bangsue, Bangkok 10800 Thailand

Telephone: 02-587-8080 Ext. 210, 228, 229, 061-418-1112

Fax: 02-587-2018

Website: www.dir.co.th

E-mail: dir@dharmniti.co.th

Related Parties Transactions

APX has transactions with related persons and/or businesses which dealing on normal trade conditions of the Company. Some transactions are essential financial supporting transactions for the Company. Those transactions are reasonable and provide benefit to the Company's business. The related parties transactions also shown in the Company's financial statement notes. The transactions can be summarized as follow.

Related parties	Relationship
Thai Seri Property Co., Ltd.	Co-management and shareholder: Mr. Pongphan Sampawakooop is authorized director and holds 26% of total shares.
Open Construction Co., Ltd.	Co-management and shareholder: Mr. Pongphan Sampawakooop is authorized director and holds 98% of total shares.
Brooker Group Plc.	The Company's shareholder.
Mr. Pongphan Sampawakooop	The Company's major shareholder and director.
Ms. Puangchan Sampawakooop	The Company's major shareholder.
Mr. Chalit Satidthong	The Company's director.
Mr. Siripong Silpakul	The Company's director.
Mr. Varut Bulakul	Brooker Group Plc.'s shareholder

1) Short-term loan from related persons and businesses

Unit: million baht

Related parties	As of 31 Dec 15	Jan. – Dec. 2016		Balance 31 Dec 16	Transactions/remarks	Necessity and reasons of transactions
		Addition	(Repay)			
Sampawakooop's Family	237.77	271.05	(314.89)	193.93	- At call @Interest rate 7% p.a. - During the second-third quarter of 2016 APX repaid partially with RO's proceed.	<u>Necessity and reasons :</u> For APX's business, fund for working capital and developing projects are very important. The loans from related parties provide more flexibility to operate and manage business, without collateral and get cheaper interest rate than loan from financial institution. However, APX has repaid full amount to some creditors during this year to

Related parties	As of 31 Dec 15	Jan. – Dec. 2016		Balance 31 Dec 16	Transactions/remarks	Necessity and reasons of transactions
		Addition	(Repay)			
Thai Seri Property Co., Ltd.	20.79	-	(20.79)		- At call @Interest rate 12% p.a. - Repaid all amount in March 2016.	reduce its interest liability and lessen dependence on related parties. <u>Audit Committee's opinions :</u> Audit Committee reviewed and agreed that such transactions were necessary and reasonable for APX. The transactions were helpful for APX to increase flexibility in managing main business with no higher interest rate than financial institutions in return. Nevertheless, AC suggested that APX should repay all loan as soon as possible. In the future, AC must have opinions and approve before any execution of this kind of transactions and must strictly implement according to SEC's and SET' regulations.
Brooker Group Plc.	24.63	-	(24.63)	-	- Interest rate 7% p.a., repay according to agreement. - Repaid all amount in February 2016.	
Mr. Varut Bulakul	48.24	-	(48.24)		- Interest rate 7% p.a., repay according to agreement. - Repaid all amount in February 2016.	
Total	331.43	271.05	(408.55)	193.93		

Accrued Interest (Short-term loan from related persons and businesses)

Unit: million baht

Related parties	As of 31 Dec 15	Jan. – Dec. 2016		Balance 31 Dec 16	Interest Payment	Necessity and reasons of transactions
		Addition	(Pay)			
Sampawakooop's Family	58.50	14.20	(52.7)	20.00	14.20	- In June 2016, APX paid partially with RO's proceeds.
Thai Seri Property Co., Ltd.	2.46	0.43	(2.89)	-	0.43	- Paid all amount in March 2016.-
Brooker Group Plc.	10.17	0.22	(10.39)	-	0.22	- Paid all amount in February 2016.-
Mr. Varut Bulakul	34.60	0.92	(35.52)	-	0.44	- Paid all amount in February 2016.
Total	105.73	15.77	(101.50)	20.00	15.29	

Accrued interest as at end of 2016 comprises of 2016's interest payment of 14.20 million baht and 2015's of 5.80 million baht.

2) Advanced receives from customers

Unit: million baht

Related parties	Product	31 Dec 16		Necessity and reasons of transactions
		Advanced receives	Unit price	
Mr. Siripong Silpakul	Residence: 1 unit	1.23	4.40	<u>Necessity and reasons :</u> The advanced receives were the installment of down payment which those persons have paid due to the purchases of residences/villas of Mövenpick Res- idences and Pool Villas since first opening period in 2011-2012. Those related persons got price and normal trade condition same as other customers, did not get any privileges.
	Villa : 1 unit	4.29	14.31	
Mr. Chalit Satidthong	Villa : 1 หลัง	4.51	15.04	<u>Audit Committee's opinions :</u> Audit Committee reviewed and agreed that those transactions were normal trade business without any extra conditions or pricing. Those transactions did not grant any privileges to related persons.
Total		10.03	33.75	

3) Revenues from sale

The transactions were revenues from selling residences and/or villas of Mövenpick White Sand Beach Pattaya to related persons.

Unit: million baht

Related parties	Products	2016	Necessity and reasons of transactions
Open Construction Co., Ltd.	Residence : 1 unit	5.46	<u>Necessity and reasons :</u> The transactions were normal trade operation. Those persons purchased residences/villas of Mövenpick Residences and Pool Villas at market price and normal trade conditions same as other customers. APX recognized as revenue after fully paid amount and ownership transferred. <u>Audit Committee's opinions :</u> Audit Committee reviewed the necessity and reasons of transactions and agreed that those transactions were normal trade business without any extra conditions or pricing for any benefit to connected persons. The revenue recognition occurs when the ownership transfer completed which followed the account standard.
Mr. Chalit Satidthong	Residence : 1 unit	5.34	
Mr. Siripong Silpakul	Residence : 1 unit	4.20	
Total		15.00	

4) Consultant fee

Unit: million baht

Related parties	2559	ลักษณะรายการ	Necessity and reasons of transactions
Brooker Group Plc.	4.14	In 2015, APX appointed Brooker Group Plc. as an advisor for business planning to be applicable with resume-trading of its stock in SET. The total consultant fee was 6.77 million baht with VAT of 0.47 million baht. APX paid partial consultant fee of 3.10 million baht in 2015 and the remaining of 4.14 million baht in 2016. The shown amounts are VAT including fee amounts.	<u>Necessity and reasons :</u> Brooker Group is an expertise in business and investment advisory. The Brooker Group's service was benefit to APX in developing business plans be more efficient. <u>Audit Committee's opinions :</u> Audit Committee agreed that this transaction is necessary and reasonable. The appointing Brooker Group as advisor would be much benefitted to APX. Since APX is in the process of resolve causes of delisting and resume trading in the SET, therefore APX should have an expertise to advice on future plan. Nonetheless, this transaction was one time transaction.

5) Personal /Corporate guarantee for loan from financial institutions

Unit: million baht

Related parties	Debtor	Collateral Pledged	As of 31 Dec 2016		Transactions	Necessity and reasons of transactions
			Facilities	Outstanding		
Mr. Pongphan Sampawakoo	APX	✓	50.00	50.00	They are personal/corporate guarantee and/or pledged with guarantors' assets for loan from financial institutions. Such loan facilities are loans for financing project development and/or as working capital facilities with no charge of guarantee fee.	<u>Necessity and reasons:</u> The personal/corporate guarantee are requirements by the financial institutions who providing the loans (mostly are long-term loan facilities). This kind of transaction is helpful for APX's business operation. Those guarantors don't charge any fee for such guarantee to APX. <u>Audit Committee's opinions :</u> Audit Committee agrees with the necessity and reasons (including related conditions) of these transactions. These guarantees are supportive to APX's businesses. However, after APX resumes its share trading in SET, APX should negotiate with those financial institutions to release such guarantee.
Open Construction Co., Ltd.	APX	✓	50.00	50.00		

Net Tangible Assets ("NTA") of APX, calculated by using APX's consolidated financial statement as of 31 December 2016, equals to 801.81 million baht.

NTA = Total Assets – Total Liabilities – Intangible assets not generating core revenue – Non-controlling interests. (1,656.09 – 836.52 – 17.74 – 0)

Policies on Connected Transactions

1. Policies on Connected Transactions, transactions with major shareholders, director, executive or related persons

“Connected transactions” means any transaction between a listed company or a subsidiary and the listed company’s connected persons; or any transaction between a subsidiary and its connected persons.

“Agreement to enter into a transaction” means an entering or decision to enter into any contract or agreement, either directly or indirectly, in order to cause an acquisition or disposition of assets, leasing or renting of assets, provision or receipt of services, provision or receipt of financial assistance and an issuance of new securities, including the creation of rights or waiver of right to such acts.

“Connected person” means who has control of the company or companies

(1) The management, major shareholders, controlling persons or persons to be nominated as the management member or persons with controlling power of a listed company or a subsidiary including related persons and close relatives of such persons.

(2) Any juristic person having a major shareholder or a person with controlling power as the following persons of a listed or a subsidiary company:

- (a) Executives,
- (b) Major shareholders,
- (c) Persons with controlling power,
- (d) Persons to be nominated as executives or persons with controlling power,
- (e) Related persons and close relatives of persons from (a) to (d)

(3) Any person, by circumstances, can be indicated as an acting person or under a major influence of persons from (1) to (2) when making decision, adopting policy, handling management or operations; or other persons that the Stock Exchange of Thailand (SET) deems as being in the same circumstances.

2. Characteristics of connected transactions can be divided into 2 categories as follows:

1. When a listed company, or its subsidiaries, decides to enter into a transaction with Executives, Major shareholders, related persons and close relatives of persons from (a) to (b)

2. When a listed company, or its subsidiaries, decides to enter into a transaction with another company of which the major shareholders or persons with controlling power are the executives, major shareholders, persons with controlling power or persons to be nominated to be executives or persons with controlling power of a listed company or its subsidiaries, including related persons or close relatives of such persons.

3. Types of connected transactions. There are altogether 6 categories as follows:

- (1) Normal business transactions.
- (2) Transactions supporting normal business.
- (3) Transactions regarding leasing or leasing out real property not exceeding three years.
- (4) Transactions relating to assets or services.
- (5) Transactions regarding provision or receipt of financial assistance.
- (6) Connected transactions other than those in (1) to (5).

4. Procedures for conducting transactions between each other or connected transactions

The Company must comply with all the rules and regulations of SET and SEC. The Company has set the procedures for conducting transactions between each other and connected transaction as follows:

4.1 To consider doing connected transactions, the Company shall use the same criteria as that used with general customers and in accordance with the Company's normal lending procedures to support the company operation which must be fair and reasonable with maximum benefits to the Company. For example, if the Group requests for a loan, an interest rate charged must be the same rate applied to the third parties.

- In case of no price rules as reference, the company will compare the product or services prices with the same or the similar one.
- The company might use the report, which the company assigned to compare the prices for the agreements to make sure that the prices are reasonable and for the most benefit of the company.
- The committee, the executive office or the related person will do the business with the company or the branches when that business has been approved from Board of Directors meeting already, except the business in the agreement is normal as all people do in the same situation and the trade bargain is out of the influence of the directors, the executive officers or the related person, and the agreement must be approved from the committee or the approval.

4.2 If the Company has a transaction between each other or other connected transactions which are applicable to requirements of the Stock Exchange of Thailand, the Company must strictly comply with such requirements.

4.3 The Company is required to disclose transactions with potential conflicts of interest or connected transactions or transactions between the Company and subsidiaries according to the regulations issued by the Securities and Exchange Commission Thailand which disclosed in its annual registration statement and annual reports or any other reports, as the case may be. There shall also be disclosure of connected transactions to the Stock Exchange of Thailand in accordance with the rules of the Stock Exchange of Thailand as well as items related to the Company in accordance with accounting standards which must be disclosed in the notes to the financial statements being audited by the auditor of the Company.

It must be inspected the doing related to the plan by the internal audit and the audit must report to the audit committee and there must be the control policy to take a random to inspect.

5. The approval of the transaction

The company has the approval to have list to do as following;

For the transaction in small, medium and big size which is normal trade accordance, the Board will have the consideration.

5.1 The transaction in small or medium size, which is not normal trade accordance, the Board will have the consideration.

5.2 Transaction in big size, which is abnormal trade accordance, the shareholders will have the consideration as the regulations following;

- Small transaction has value less than or equal to 1 Million Bath or less than or equal to 0.03 of the net assets, depending on which is higher.

- Medium transaction has value more than 1 Million Bath but less than 20 Million or more than 0.03 but less than 3 percent of the net assets, depending on which is higher.
- Big transaction has value more than or equal to 20 Million Bath or more than 3 percent of the net assets, depending on which is higher.

6. The procedure of the audit about the transaction

6.1 The transaction under the approval of the management

In case of the transaction under the approval of the management, the management will have consideration related staff such as the accounting, the sales, purchasing, executive officers department who have the responsibilities to approve the any transactions as the procedure of the approval and the company policy and after approval, the department must present to the audit to inspect the reasonable and overt the transaction in the annual report and no voices in the meeting.

6.2 The connected transactions are under the approval of the Director Board.

In case of The small or medium size transaction, which is abnormal trade accordance under the approval of the directors, the cause must present the information necessities and the reasonable of the transaction and the committee will inspect and have comment on the transaction before present to the committee for the procedure following;

- The originally department will summarize the description on the transaction and prepare the all relating information to present to the executive directors.
- The executive directors will assign the audit and secretary of audit committee to coordinate with the audit committee to prepare the agenda of the meeting.
- The audit and secretary of audit committee will inspect together with the relating department and to prepare the documents, which are summarized and have the topics to the audit committee to have considers in the meeting.
- After the agenda has been completed, the audit committee will assign the secretary to gather and present to the directors to approve the transaction, and the directors who has the benefits in the transaction not join the meeting and no vote in the meeting.
- To show the transaction in the annual reports and also the agenda of the Board of Directors to SET according to the SET condition.

6.3 The transaction under the shareholders authorization

For the transaction under the shareholders authorization, the originally department will present the description on the transaction and prepare the all relating information to have comment requisition from the audit committee, before present the directors to have comment and then to the shareholders to have transaction as the procedure following;

The originally department will have summary the transaction description and prepare the all relating information to present to Board of Directors.

The Board of Directors will assign the audit or the secretary of audit committee will coordinate with the audit committee to set the agenda.

- The audit and the secretary of audit committee work together with the relating department and to prepare the documents, which are summarized and have the topics

to the audit committee to have consider in the meeting

- After the agenda has been completed, the audit committee will assign the secretary to gather and present to the Boarding of Directors to approve the transaction, and the directors who has the benefits in the transaction not join the meeting and no vote in the meeting.
- After the vote in the meeting on Board of Directors, the secretary of the company prepare the documents for the meeting and have the approval requisition, with enough information to have the consideration as the condition of SET and the committee of the market capital and SEC and have the list and the amount of shares of the relating people, who has no vote in this meeting and the company has duties to invite the shareholders to join as the regulation.
- To overt the transaction ion the annual reports and also the agenda of the Board of SET according to the SET condition.

Policies of the Connected Transaction in the future

The company has the policies of the transaction in the present and in the future that comply the regulations in the normal business of the company and have actions as the rules with the policies of reasonable prices and as the condition on the price reference and the reasonable condition of the markets by the approval of the clear and justice consideration as the related regulation. The transaction in the future must be examined by the committee of the audit and /or the Boarding of the Directors about the reasonable always, inspect the prices and any other conditions, according to the regulations, to be normal situation or not. And the Executive Officer who has the benefit will not be in part of the transaction. And after in SET, the Boarding of Directors will take care of the company to comply with the regulation of SET, the notice and the rules of SET and of the committee of the capital market, to practice to overt the information of the transaction and the profit of the company or branches and to follow the accounting standard by the audit.

In case of the company or the subsidiary has the transaction between person which has the controversy as above, the company will present the audit to have the consideration and comment on necessary, reasonable and proper transaction. And in the case that the audit isn't the professional, the company will send to the professional person such as the appraisal to have comment on the transaction by the specified person and will bring the opinion to be the consideration of the Board of Directors to make sure that the transaction is not for transfer any profit between companies and/or branches or the person who has the controversial with the company, but the transaction for shareholders benefit.

Financial Position & Consolidated Financial Performance

Financial Information

Financial statement

Statement of Financial Position

Unit: million baht

Items	Audited financial statements					
	As of 31 Dec 2014		As of 31 Dec 2015		As of 31 Dec 2016	
	MB	%	MB	%	MB	%
Assets						
<u>Current assets</u>						
Cash and cash equivalents	55.85	3.52%	51.26	2.60%	85.69	5.17%
Trade and other receivables	171.28	10.79%	36.72	1.86%	35.62	2.15%
Unbilled receivables	-	-	12.52	0.63%	8.40	0.51%
Short-term loans to other parties	1,257.08	79.19%	-	-	-	-
Real estate development costs	-	-	-	-	414.94	25.06%
Other current assets	-	-	1.08	0.05%	2.78	0.17%
Total current assets	1,484.20	93.49%	101.57	5.14%	547.44	33.06%
<u>Non-current assets</u>						
Advance payments for business investment	-	-	-	-	75.40	4.55%
Long-term investments	0.07	0.00%	0.06	0.00%	0.07	0.00%
Land and real estate under development	-	-	1,670.93	84.61%	890.48	53.77%
Land and real estate sold with long-term income guarantee/ buy-back condition	-	-	63.53	3.22%	58.66	3.54%
Property, plant and equipment and intangible (net)	39.01	2.46%	35.59	1.80%	37.66	2.27%
Prepaid withholding tax	55.32	3.49%	39.83	2.02%	17.74	1.07%
Deferred tax assets (net)	-	-	45.69	2.31%	3.43	0.21%
Deposits	8.32	0.52%	16.73	0.85%	24.18	1.46%
Other non-current assets	0.58	0.04%	0.95	0.05%	1.02	0.06%
Total non-current assets	103.29	6.51%	1,873.31	94.86%	1,108.65	66.94%
Total Assets	1,587.49	100.00%	1,974.88	100.00%	1,656.09	100.00%
Liabilities						
<u>Current liabilities</u>						
Short-term loans from related parties	290.53	18.30%	331.43	16.78%	193.93	11.71%
Short-term loans from other parties	23.64	1.49%	30.00	1.52%	215.00	12.98%
Trade and other payables	255.75	16.11%	263.34	13.33%	143.68	8.68%
Current portion of long-term loans from financial institutions	50.00	3.15%	46.33	2.35%	9.00	0.54%
Provision for guaranteed returns	-	-	7.41	0.38%	7.64	0.46%
Current portion of finance lease liabilities	1.73	0.11%	1.67	0.08%	1.19	0.07%

Items	Audited financial statements					
	As of 31 Dec 2014		As of 31 Dec 2015		As of 31 Dec 2016	
	MB	%	MB	%	MB	%
Provision for delivery delay and project loss	692.58	43.63%	353.82	17.92%	103.44	6.25%
Other current liabilities	47.65	3.00%	35.27	1.79%	4.98	0.30%
Total current liabilities	-	-	0.79	0.04%	3.17	0.19%
รวมหนี้สินหมุนเวียน	1,361.88	85.79%	1,070.05	54.18%	682.02	41.18%
<u>Non-current liabilities</u>						
Long-term loans from financial institutions	96.89	6.10%	390.25	19.76%	41.00	2.48%
Finance lease liabilities	3.10	0.20%	1.44	0.07%	2.77	0.17%
Unearned revenue	-	-	105.10	5.32%	94.13	5.68%
Deposits and advances received from customers	-	-	-	-	7.07	0.43%
Employee benefit obligations	7.56	0.48%	9.90	0.50%	9.52	0.57%
Total non-current liabilities	107.56	6.78%	506.69	25.66%	154.49	9.33%
Total liabilities	1,469.44	92.56%	1,576.74	79.84%	836.52	50.51%
Shareholders' Equity						
Registered capital	2,143.59	135.03%	2,857.00	144.67%	2,999.85	181.14%
Issued and paid-up share capital	2,143.59	135.03%	2,500.29	126.60%	2,999.85	181.14%
Discount on share capital	(871.37)	(54.89%)	(1,012.60)	(51.27%)	(1,153.82)	(69.67%)
Deficits	(1,154.17)	(72.70%)	(1,089.56)	(55.17%)	(1,026.46)	(61.98%)
Other components of equity	0.00	0.00%	(0.00)	(0.00%)	0.01	0.00%
Total shareholders' equity	118.05	7.44%	398.14	20.16%	819.57	49.49%

Statement of Comprehensive Income

Unit: million baht

Items	Audited					
	2014		2015		2016	
	Amt.	%	Amt.	%	Amt.	%
Revenue from sales	827.80	100.00%	772.16	99.14%	754.90	94.54%
Revenue from services	-	-	6.74	0.86%	43.63	5.46%
Cost of sales	(713.81)	(86.23%)	(523.34)	(67.19%)	(520.39)	(65.17%)
Cost of services	-	-	(5.60)	(0.72%)	(38.96)	(4.88%)
Gross profit	113.99	13.77%	249.94	32.09%	239.18	29.95%
Other revenue	38.16	4.61%	6.80	0.87%	16.14	2.02%
Profit before expenses	152.14	18.38%	256.75	32.96%	255.31	31.97%
Selling expenses	(25.43)	(3.07%)	(68.76)	(8.83%)	(66.14)	(8.28%)
Administrative expenses	(75.86)	(9.16%)	(73.50)	(9.44%)	(90.11)	(11.28%)
Financial cost	(54.44)	(6.58%)	(44.08)	(5.66%)	(44.27)	(5.54%)
Other profit (loss) ⁽¹⁾	-	-	12.38	1.59%	30.29	3.79%

Items	Audited					
	2014		2015		2016	
	Amt.	%	Amt.	%	Amt.	%
Total expenses	(155.73)	(18.81%)	(173.96)	(22.33%)	(170.23)	(21.32%)
Profit before tax	(3.58)	(0.43%)	82.79	10.63%	85.09	10.66%
Income tax expenses	(5.33)	(0.64%)	(17.17)	(2.20%)	(23.20)	(2.91%)
Profit (loss) for the period	(8.91)	(1.08%)	65.62	8.43%	61.89	7.75%
Other comprehensive income :						
Items that will not be reclassified to profit or loss						
Re-measurements of employment benefit obligations			(1.26)		1.51	
Income tax relating to items that will not be reclassified to profit or loss			0.25		(0.30)	
Re-measurements of employment benefit obligations, net of tax	(0.15)		(1.01)		1.21	
Items that will be subsequently reclassified to profit or loss						
Gain (loss) on re-measurement of investments			(0.008)		0.009	
Income tax relating to items that will be subsequently reclassified to profit or loss			0.001		(0.002)	
Gain (loss) on re-measurement of investments, net of tax	0.004		(0.007)		0.007	
Other comprehensive income (loss) for the year, net of Total	(0.15)		(1.02)		1.22	
comprehensive income for the year	(9.06)		64.60		63.11	
Earnings per share						
Basic earnings per share (Baht)	(0.004)		0.028		0.021	

Note: (1) Other profit (loss) is the reversal of provision for delivery delay and project loss.

Statement of Cash Flows

Unit: million baht

Statement of Cash Flows	For the year end		
	2014	2015	2016
Cash flows from operating activities			
Profit before income tax	(3,582)	82,791	85,088
Adjustments:			
- Depreciation	6,455	2,993	2,830
- Allowance for doubtful account		1,018	1,610
- Gain from sale of investment		(73)	-
- Net loss (gain) from disposals of property, plant and equipment	(3)	(10)	2,237
- Revenue from contract termination	(36,192)		
- Transfer construction to cost of sales	713,811		
- Allowance for impairment of property, plant and equipment (reversal)		84	(2,167)
- Provision for delivery delay (reversal)	27,539	(12,422)	(30,289)

Statement of Cash Flows	For the year end		
	2014	2015	2016
- Provisions for guaranteed returns		7,589	9,612
- Employee benefit obligations	1,498	1,071	1,136
- Interest income	(347)	(768)	(914)
Finance costs - interest expenses	54,444	44,078	44,266
	763,623	126,351	113,409
Changes in working capital			
- Trade and other receivables	(44,577)	136,203	8,275
- Land and real estate development costs	(387,699)	(476,309)	370,375
- Other current assets		(1,081)	(1,699)
- Deposits		(46,175)	40,644
- Other non-current assets	(66)	(2,552)	(63)
- Trade and other payables	(98,844)	22,111	(33,585)
- Provision for guaranteed returns		(176)	(9,386)
- Deposits and advances received from customers	65,687	(322,578)	(243,308)
- Other current liabilities	3,320	790	2,380
- Unearned revenue		105,104	(10,974)
Cash generated from (used in) operations	301,444	(458,312)	236,068
Income tax paid	0	(8,415)	(8,872)
Net cash generated from (used in) operating activities	301,444	(466,727)	227,196
Cash flows from investing activities			
Payment of short-term loans to related parties	-	-	-
Proceeds (payments) of short-term loans to other parties (net)	1,379	(12,515)	4,112
Purchase of property, plant and equipment	(1,211)	(733)	(1,391)
Interest received	347	220	196
Payment for investments in subsidiaries	-	-	-
Proceed from sale of investment in available for sale	-	73	-
Proceeds from disposals of property, plant and equipment	-	10	-
Advance payments for business investment		-	(75,403)
Net cash used in investing activities	515	(12,945)	(72,486)
Cash flows from financing activities			
Payment of finance lease liabilities	(2,272)	(1,731)	(2,725)
Proceeds of short-term loans from related parties	(46,177)	85,790	271,053
Proceeds of long-term loans from financial institutions	0	707,615	104,061
Repayments of long-term loans from financial institutions	(224,574)	(417,930)	(490,639)
Repayments of short-term loans from related parties	0	(44,892)	(408,554)
Proceeds of short-term loans from other parties	15,638	6,361	215,000
Repayments of short-term loans from other parties	0	-	(30,000)
Proceeds from issue of ordinary shares (net)	44,231	169,826	358,328
Interest paid	(39,993)	(29,958)	(136,801)
Net cash received from (used in) financing activities	(253,147)	475,081	(120,277)

Statement of Cash Flows	For the year end		
	2014	2015	2016
Net increase (decrease) in cash and cash equivalents	48,812	(4,591)	34,433
Cash and cash equivalents - beginning balance	7,037	55,848	51,257
Cash and cash equivalents - ending balance	55,849	51,257	85,690
Supplementary information for cash flows:	-	-	-
Non-cash transaction	-	-	-
Finance lease liabilities from purchase of equipment and vehicles	3,715	-	3,715

Ratio Analysis

Items	Unit	For the year end		
		2014	2015	2016
Liquidity Ratio				
Current ratio	Times	1.09	0.09	0.80
Quick ratio	Times	0.04	0.05	0.13
Operating cash flows ratio	Times	0.22	n/a	0.26
Account receivables turnover	Times	n/a	n/a	n/a
Account receivables days	Days	n/a	n/a	n/a
Inventory turnover	Times	0.51	0.36	0.38
Inventory days	Days	707.40	996.40	957.79
Account payable turnover	Times	5.89	6.43	8.41
Account payable days	Days	61.15	56.03	42.82
Cash Cycle	Days	646.24	940.37	914.97
Profitability Ratio				
Gross profit margin	%	13.77	32.09	29.95
Operating profit margin	%	1.53	13.83	10.39
Other income margin	%	4.41	2.44	5.70
Operating cash flows margin	%	2,372.46	(433.42)	273.96
Net profit margin	%	(1.03)	8.35	7.60
Return on equity	%	(7.27)	25.43	10.16
Efficiency Ratio				
Return on assets	%	(0.52)	3.68	3.41
Return on fixed assets	%	(4.16)	183.97	176.69
Assets turnover	Times	0.51	0.44	0.45
Financial Policy Ratio				
Debt to equity ratio	Times	12.45	3.96	1.02
Interest coverage ratio	Times	8.54	(14.30)	2.73
Fixed-charge coverage ratio	Times	1.10	(0.98)	0.23
Dividend payout ratio	%	-	-	-

Summary of Auditors' reports

Accounting period	Auditors	Summary of audit's reporting
2014	Mr. Chaiyuth Angsuwithaya; Certified Public Accountant Registration No.3885; A.M.T. & Associates	Auditor's opinion was that the consolidated and separate financial statements of the Company as at 31 December 2014, in all material respects, were shown in accordance with Thai Financial Reporting Standards.
2015	Miss Susan Eiamvanicha; Certified Public Accountant (Thailand) No.4306; SP Audit Company Limited	Auditor's opinion was that the consolidated and separate financial statements of the Company as at 31 December 2015, in all material respects, were shown in accordance with Thai Financial Reporting Standards.
2016	Mr. Boonlert Kamolchanokkul; Certified Public Accountant (Thailand) No. 5339; Pricewaterhouse Coopers ABAS Limited	Auditor's opinion was that the consolidated and separate financial statements of the Company as at 31 December 2016, in all material respects, were shown in accordance with Thai Financial Reporting Standards.



Independent Auditor's Report

To the Shareholders and the Board of Directors of Apex Development Public Company Limited

My opinion

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

What I have audited

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

Basis for opinion

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

Key audit matters

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

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Key audit matter	How my audit addressed the key audit matter
<i>Provision for guaranteed returns</i> As at 31 December 2016, the Company records provision for guaranteed returns for Baht 7.6 million in the financial statements as shown in Note 19 to the financial statements. The provision relates to the rental management program provided to customers when the Company has sold residences to them with a guaranteed returns option. The Company has recorded payable for guaranteed returns when the Company considers that expected rental income in the future guaranteed period will be lower than the guaranteed amounts. I focus on this liability as determination of future expected rental income during the guaranteed period requires management to make some key assumptions into consideration such as occupancy rate of residences and rental price rate. Changes in these key assumptions that management uses in the estimation of the provision may have a material impact on the provision amount. <i>Valuation of land and real estate development costs</i> Land and real estate development costs are the major costs of the Group. The costs at 31 December 2016 comprise of land and real estate for sales of Baht 414.9 million and land and real estate under development of Baht 890.4 million as reference in Note 9 and Note 12 to the financial statements, respectively. These costs represent 78% of total assets at 31 December 2016.	My procedures in relation to management's estimation of the provision include: - checking reasonableness of occupancy rate of residences and rental price rate each year with the market data in the hotel industry in the same area and class of the hotel. - recalculating expected rental income of residences during the guaranteed periods. In case that expected rental income of residences lower than the guaranteed amount, recalculating the provision amount from the gap between rental income and guaranteed amount for each year during the guaranteed periods. I found the key assumptions in relation to occupancy rate and rental price rate are supported by the available evidences in industry. The estimation of the provision by management was reasonable based on available information. In testing the valuation of the account, I carried out the procedures on a sample basis which include : - testing the controls over its process to record the costs. - performing test of details to test valuation by examining with the supporting documents from suppliers i.e. contracts, invoices, and payments.

Key audit matter	How my audit addressed the key audit matter
I focused on the valuation of land and real estate development costs because costs have significant amounts and comprise several sources of expenditures, which are cost of land, development cost, construction cost, infrastructure and related borrowing cost	- checking units unsold each project in the Group's record by performing a reconciliation from total units available for sales less total units sold (total units sold were checked against with sale document) and checking against their physical premises and examining cost of residence unit or villa presented as real estate for sales by recalculating for correctness of costs of units and unsold units each project. - assessing the reasonableness of interest capitalisation by testing a sample of interest capitalised in the year to assess whether these had been appropriately met the criteria for capitalisation as set out in accounting standards and testing its accuracy. - performing site visit to see the overall progress of real estate for sales and under development to assess whether it is consistent with costs recorded. I found that the amounts of the cost recorded were supported by the available evidences.



Other information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

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Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

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

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

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

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

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

PricewaterhouseCoopers ABAS Ltd.



Boonlert Kamolchanokkul
 Certified Public Accountant (Thailand) No. 5339
 Bangkok
 28 February 2017

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	6	85,689,946	51,257,195	84,599,746	51,166,027
Trade and other receivables	7	35,618,704	36,717,159	68,945,291	33,341,430
Short-term loans to other parties	8	8,402,800	12,515,360	8,402,800	12,515,360
Short-term loans to related parties	15	-	-	384,675,000	373,750,000
Land and real estate for sales	9	414,943,941	-	414,943,941	-
Other current assets		2,780,169	1,081,159	2,780,169	1,081,460
Total current assets		547,435,560	101,570,873	964,346,947	471,854,277
Non-current assets					
Investments in subsidiaries	10	-	-	20,999,100	20,999,100
Advance payments for business investment	11	75,403,500	-	75,403,500	-
Long-term investments		69,576	59,677	69,576	59,677
Land and real estate under development	12	890,478,111	1,670,930,568	487,430,216	1,282,629,003
Land and real estate sold with long-term income guarantee/ buy-back condition		58,659,995	63,526,851	58,659,995	63,526,851
Property, plant and equipment and intangible asset(net)	13	37,664,992	35,588,782	37,664,992	35,588,782
Prepaid withholding tax		24,181,631	16,729,835	24,179,635	16,729,060
Deferred tax assets (net)	14	17,744,026	39,831,407	17,744,026	39,831,407
Deposits		3,434,221	45,688,381	3,434,221	45,688,381
Other non-current assets		1,015,575	952,645	1,015,575	952,645
Total non-current assets		1,108,651,627	1,873,308,146	726,600,836	1,506,004,906
Total assets		1,656,087,187	1,974,879,019	1,690,947,783	1,977,859,183

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

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
		Baht	Baht	Baht	Baht
Liabilities and equity					
Current liabilities					
Trade and other payables	16	143,676,821	263,339,644	139,243,496	263,315,404
Current portion of long-term loans from financial institutions	17	9,000,000	46,325,347	9,000,000	46,325,347
Short-term loans from other parties	18	215,000,000	30,000,000	215,000,000	30,000,000
Short-term loans from related parties	15	193,926,897	331,427,570	193,926,897	332,317,570
Provision for guaranteed returns	19	7,638,839	7,412,578	7,638,839	7,412,578
Current portion of finance lease liabilities	20	1,191,355	1,666,023	1,191,355	1,666,023
Deposits and advances received from customers	21	103,437,480	353,817,114	103,437,480	353,817,114
Provision for delivery delay	22	4,981,176	35,270,068	4,981,176	35,270,068
Other current liabilities		3,169,754	789,684	3,129,554	781,764
Total current liabilities		682,022,322	1,070,048,028	677,548,797	1,070,905,868
Non-current liabilities					
Long-term loans from financial institutions	17	41,000,000	390,253,052	41,000,000	390,253,052
Finance lease liabilities	20	2,772,275	1,437,500	2,772,275	1,437,500
Unearned revenue		94,130,275	105,104,137	94,130,275	105,104,137
Deposits and advances received from customers	21	7,071,300	-	7,071,300	-
Employee benefit obligations	23	9,519,685	9,899,339	9,519,685	9,899,339
Total non-current liabilities		154,493,535	506,694,028	154,493,535	506,694,028
Total liabilities		836,515,857	1,576,742,056	832,042,332	1,577,599,896
Equity					
Share capital	24				
Authorised share capital					
2,857,000,000 ordinary shares of par Baht 1 each		-	2,857,000,000	-	2,857,000,000
2,999,850,000 ordinary shares of par Baht 1 each		2,999,850,000	-	2,999,850,000	-
Issued and paid-up share capital					
2,500,294,872 ordinary shares of par Baht 1 each		-	2,500,294,872	-	2,500,294,872
2,999,850,000 ordinary shares of par Baht 1 each		2,999,850,000	-	2,999,850,000	-
Discount on share capital		(1,153,823,762)	(1,012,596,497)	(1,153,823,762)	(1,012,596,497)
Deficits		(1,026,460,152)	(1,089,558,737)	(987,126,031)	(1,087,436,413)
Other components of equity		5,244	(2,675)	5,244	(2,675)
Total equity		819,571,330	398,136,963	858,905,451	400,259,287
Total liabilities and equity		1,656,087,187	1,974,879,019	1,690,947,783	1,977,859,183

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

	Notes	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		Baht	Baht	Baht	Baht
Revenue from sales of and real estate		754,899,552	772,155,680	754,899,552	772,155,680
Revenue from decoration service	21	43,634,119	6,735,766	43,634,119	6,735,766
Cost of sales of land and real estate		(520,394,490)	(523,341,713)	(520,394,490)	(523,341,713)
Cost of decoration service		(38,960,543)	(5,604,992)	(38,960,543)	(5,604,992)
Gross profit		239,178,638	249,944,741	239,178,638	249,944,741
Interest income		914,619	768,065	33,866,006	768,065
Other income		15,221,544	6,034,346	15,221,544	7,399,572
Profit before expenses		255,314,801	256,747,152	288,266,188	258,112,378
Selling and servicing expenses		(66,144,355)	(68,764,072)	(66,144,355)	(68,764,072)
Administrative expenses		(90,105,143)	(73,496,569)	(85,838,150)	(72,630,127)
Finance costs - interest expense		(44,265,655)	(44,078,574)	(44,272,238)	(44,123,074)
Other gains - reversal of provision for delivery delay	22	30,288,892	12,383,436	30,288,892	12,383,436
Total expenses		(170,226,261)	(173,955,779)	(165,965,851)	(173,133,837)
Profit before income tax		85,088,540	82,791,373	122,300,337	84,978,541
Income tax	26	(23,202,175)	(17,167,385)	(23,202,175)	(17,167,385)
Profit for the year		61,886,365	65,623,988	99,098,162	67,811,156
Other comprehensive income :					
Items that will not be reclassified to profit or loss					
Remeasurements of employment benefit obligations		1,515,275	(1,265,120)	1,515,275	(1,265,120)
Income tax relating to items that will not be reclassified to profit or loss		(303,055)	253,024	(303,055)	253,024
Remeasurements of employment benefit obligations, net of tax		1,212,220	(1,012,096)	1,212,220	(1,012,096)
Items that will be subsequently reclassified to profit or loss					
Gain (loss) on remeasurement of investments		9,899	(8,901)	9,899	(8,901)
Income tax relating to items that will be subsequently reclassified to profit or loss		(1,980)	1,780	(1,980)	1,780
Gain (loss) on remeasurement of investments, net of tax		7,919	(7,121)	7,919	(7,121)
Other comprehensive income (loss) for the year, net of tax		1,220,139	(1,019,217)	1,220,139	(1,019,217)
Total comprehensive income for the year		63,106,504	64,604,771	100,318,301	66,791,939
Earnings per share					
27					
Basic earnings per share (Baht)		0.021	0.028	0.034	0.029

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

Consolidated financial statements									
		Other components of equity							
		Other comprehensive income (loss)				Total other components of equity		Total Baht	
		Gain (loss)		on remeasurement of investments		equity			
		Baht		Baht		Baht		Baht	
Note		Authorised, issued and paid-up share capital	Discount on share capital	Deficits					
		Baht	Baht	Baht					
	Opening balance as at 1 January 2015	2,143,589,744	(871,369,232)	(1,154,170,629)	4,446	4,446	4,446		118,054,329
	Change in equity for the year								
24	Increase in share capital during the year	356,705,128	(135,547,949)	-	-	-	-		221,157,179
	Expenses in issuing of shares	-	(5,679,316)	-	-	-	-		(5,679,316)
	Total comprehensive income for the year	-	-	64,611,892	(7,121)	(7,121)	(7,121)		64,604,771
	Closing balance as at 31 December 2015	2,500,294,872	(1,012,596,497)	(1,089,558,737)	(2,675)	(2,675)	(2,675)		398,136,963
	Opening balance as at 1 January 2016	2,500,294,872	(1,012,596,497)	(1,089,558,737)	(2,675)	(2,675)	(2,675)		398,136,963
	Change in equity for the year								
24	Increase in share capital during the year	499,555,128	(135,547,949)	-	-	-	-		364,007,179
	Expenses in issuing of shares	-	(5,679,316)	-	-	-	-		(5,679,316)
	Total comprehensive income for the year	-	-	63,098,585	7,919	7,919	7,919		63,106,504
	Closing balance as at 31 December 2016	2,999,850,000	(1,153,823,762)	(1,026,460,152)	5,244	5,244	5,244		819,571,330

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

		Separate financial statements					
		Other components of equity					
		Other comprehensive income (loss)		Total other components of equity			
		Gain (loss)		on remeasurement of investments		Total	
		Baht		Baht		Baht	
Note	Authorised, issued and paid-up share capital	Discount on share capital	Deficits				
	Baht	Baht	Baht				
Opening balance as at 1 January 2015	2,143,589,744	(871,369,232)	(1,154,235,473)	4,446	4,446		117,989,485
Change in equity for the year							
Increase in share capital during the year	356,705,128	(135,547,949)	-	-	-	-	221,157,179
Expenses in issuing of shares	-	(5,679,316)	-	-	-	-	(5,679,316)
Total comprehensive income for the year	-	-	66,799,060	(7,121)	(7,121)	(7,121)	66,791,939
Closing balance as at 31 December 2015	2,500,294,872	(1,012,596,497)	(1,087,436,413)	(2,675)	(2,675)	(2,675)	400,259,287
Opening balance as at 1 January 2016	2,500,294,872	(1,012,596,497)	(1,087,436,413)	(2,675)	(2,675)	(2,675)	400,259,287
Change in equity for the year							
Increase in share capital during the year	499,555,128	(135,547,949)	-	-	-	-	364,007,179
Expenses in issuing of shares	-	(5,679,316)	-	-	-	-	(5,679,316)
Total comprehensive income for the year	-	-	100,310,382	7,919	7,919	7,919	100,318,301
Closing balance as at 31 December 2016	2,999,850,000	(1,153,823,762)	(987,126,031)	5,244	5,244	5,244	858,905,451

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

	Notes	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		Baht	Baht	Baht	Baht
Cash flows from operating activities					
Profit before income tax		85,088,540	82,791,373	122,300,337	84,978,541
Adjustments:					
Depreciation	13	2,830,532	2,992,760	2,830,532	2,992,760
Allowance for doubtful account		1,610,555	1,018,299	1,610,555	1,018,299
Gain from sale of investment		-	(73,226)	-	(73,226)
Net loss (gain) from disposals of property, plant and equipment		2,236,685	(9,816)	2,236,685	(9,816)
Allowance for impairment of property, plant and equipment (reversal)	13	(2,167,565)	83,693	(2,167,565)	83,693
Provision for delivery delay (reversal)	22	(30,288,892)	(12,422,680)	(30,288,892)	(12,383,435)
Provisions for guaranteed returns	19	9,612,117	7,589,172	9,612,117	7,589,172
Employee benefit obligations	23	1,135,621	1,070,989	1,135,621	1,070,989
Interest income		(914,619)	(768,065)	(33,866,006)	(768,065)
Finance costs - interest expenses		44,265,655	44,078,574	44,272,238	44,123,074
		113,408,629	126,351,073	117,675,622	128,621,986
Changes in working capital					
- Trade and other receivables		8,275,685	136,203,430	4,576,365	140,080,034
- Land and real estate development costs		370,375,372	(476,308,975)	385,121,702	(88,007,409)
- Other current assets		(1,699,010)	(1,081,159)	(1,698,709)	(1,081,460)
- Deposits		40,643,604	(46,174,887)	40,643,604	(46,174,887)
- Other non-current assets		(62,929)	(2,552,573)	(62,929)	(2,552,573)
- Trade and other payables		(33,585,659)	22,111,137	(37,882,945)	22,795,273
- Provision for guaranteed returns	19	(9,385,856)	(176,594)	(9,385,856)	(176,594)
- Deposits and advances received from customers		(243,308,334)	(322,577,766)	(243,308,334)	(322,557,766)
- Other current liabilities		2,380,070	789,684	2,347,790	781,764
- Unearned revenue		(10,973,862)	105,104,137	(10,973,862)	105,104,137
Cash generated from (used in) operations		236,067,710	(458,312,493)	247,052,448	(63,167,495)
Income tax paid		(8,871,625)	(8,414,731)	(8,870,404)	(8,414,607)
Net cash generated from (used in) operating activities		227,196,085	(466,727,224)	238,182,044	(71,582,101)

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

		Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
Notes		Baht	Baht	Baht	Baht
Cash flows from investing activities					
Payment of short-term loans to related parties	15.3	-	-	(10,925,000)	(373,750,000)
Proceeds (payments) of short-term loans to other parties (net)		4,112,560	(12,515,360)	4,112,560	(12,515,360)
Purchase of property, plant and equipment		(1,390,862)	(732,929)	(1,390,862)	(732,929)
Interest received		195,912	219,644	144,303	219,644
Payment for investments in subsidiaries		-	-	-	(19,999,700)
Proceed from sale of investment in available for sale		-	73,226	-	73,226
Proceeds from disposals of property, plant and equipment		-	10,000	-	10,000
Advance payments for business investment	11	(75,403,500)	-	(75,403,500)	-
Net cash used in investing activities		(72,485,890)	(12,945,420)	(83,462,499)	(406,695,120)
Cash flows from financing activities					
Payment of finance lease liabilities		(2,724,893)	(1,731,162)	(2,724,893)	(1,731,162)
Proceeds of short-term loans from related parties	15.4	271,052,950	85,790,000	271,052,950	85,790,000
Proceeds of long-term loans from financial institutions	17	104,061,284	707,615,290	104,061,284	707,615,290
Repayments of long-term loans from financial institutions	17	(490,639,683)	(417,930,361)	(490,639,683)	(417,930,361)
Repayments of short-term loans from related parties	15.4	(408,553,623)	(44,892,380)	(409,443,623)	(44,892,380)
Proceeds of short-term loans from other parties	18	215,000,000	6,361,077	215,000,000	6,361,077
Repayments of short-term loans from other parties	18	(30,000,000)	-	(30,000,000)	-
Proceeds from issue of ordinary shares (net)	24	358,327,863	169,826,597	358,327,863	169,826,597
Interest paid		(136,801,342)	(29,958,092)	(136,919,724)	(31,380,236)
Net cash received from (used in) financing activities		(120,277,444)	475,080,970	(121,285,826)	473,658,825
Net increase (decrease) in cash and cash equivalents		34,432,751	(4,591,674)	33,433,719	(4,618,396)
Cash and cash equivalents - beginning balance		51,257,195	55,848,869	51,166,027	55,784,423
Cash and cash equivalents - ending balance		85,689,946	51,257,195	84,599,746	51,166,027

Supplementary information for cash flows:

Non-cash transaction

Finance lease liabilities from purchase of equipment

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

Notes of Financial Statements

1 General information

Apex Development Public Company Limited ("the Company") is a public limited company which is listed on the Stock Exchange of Thailand, and is incorporated and domiciled in Thailand. The address of its registered office is 10/53-56, 2nd floor, The Trendy Building, Soi Sukhumvit 13, Klongteoy Nua, Wattana, Bangkok 10110.

For reporting purposes, the Company and its subsidiaries are referred to as "the Group".

The principal business operations of the Group is development of real estate for sale and operation of condotel management.

These consolidated and separate financial statements were authorised for issue by the Board of Directors on 28 February 2017.

2 Accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below:

2.1 Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except long-term investments which are carried at fair value as disclosed in the accounting policies.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in note 4.

An English version of the consolidated and separate financial statements have been prepared from the statutory

financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 New financial reporting standards, revised financial reporting standards, and related interpretations

2.2.1 New financial reporting standards, revised financial reporting standards and interpretations are effective on 1 January 2016. These standards are relevant to the Group.

a) Financial reporting standards with major changes

TAS 16 (revised 2015)	Property, plant and equipment
TAS 19 (revised 2015)	Employee benefits
TAS 24 (revised 2015)	Related party disclosures
TAS 27 (revised 2015)	Separate financial statements
TAS 36 (revised 2015)	Impairment of assets
TAS 38 (revised 2015)	Intangible assets
TAS 40 (revised 2015)	Investment property
TFRS 2 (revised 2015)	Share-based payment
TFRS 3 (revised 2015)	Business combinations
TFRS 8 (revised 2015)	Operating segments
TFRS 10 (revised 2015)	Consolidated financial statements
TFRS 12 (revised 2015)	Disclosure of interests in other entities
TFRS 13 (revised 2015)	Fair value measurement
TFRIC 21 (revised 2015)	Levies

TAS 16 (revised 2015), 'Property, plant and equipment' clarifies how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. This standard has no impact to the Group.

TAS 19 (revised 2015), 'Employee benefits' is amended to apply to contributions from employees or third parties to defined benefit plans and to clarify the accounting treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. This standard has no impact to the Group.

TAS 24 (revised 2015), 'Related party disclosures' includes as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. This standard has no impact to the Group.

TAS 27 (revised 2015) allows an investment entity that is exempted from consolidating its subsidiaries presenting Company as its only financial statements. It requires the investment entity to measure its investment in subsidiaries at fair value through profit or loss. This standard has no impact to the Group.

TAS 36 (revised 2015), 'Impairment of assets' is amended to provide additional disclosure requirement when the recoverable amount of the assets is measured at fair value less costs of disposal. The disclosures include 1) the level of fair value hierarchy and 2) when fair value measurement categorised within level 2 and level 3, disclosures is required for valuation technique and key assumption. This standard has no impact to the Group.

TAS 38 (revised 2015), 'Intangible assets' is amended to clarify how the gross carrying amount and the accumulated amortisation are treated where an entity uses the revaluation model. This standard has no impact to the Group.

TAS 40 (revised 2015), 'Investment property' clarifies that TFRS 3 should be applied when determining whether an acquisition of an investment property is a business combination. This standard has no impact to the Group.

TFRS 2 (revised 2015), 'Share based payments' clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. This standard has no impact to the Group.

TFRS 3 (revised 2015), 'Business combinations' clarifies i) an obligation to pay contingent consideration which meets the definition of a financial instrument as a financial liability or equity, on the basis of the definitions in TAS 32, 'Financial instruments: Presentation' (when announced) or other applicable standards. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss, and ii) TFRS 3 does not apply to the accounting for the formation of any joint venture under TFRS 11. This standard has no impact to the Group.

TFRS 8 (revised 2015), 'Operating segments' requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported to chief operating decision maker. This standard has no impact to the Group.

TFRS10 (revised 2015) 'Consolidated' is amended to define an investment entity and introduce an exception from consolidation. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. This standard has no impact to the Group.

TFRS 12 (revised 2015) introduces disclosures that an investment entity needs to disclose. This standard has no impact to the Group.

TFRS 13 (revised 2015), 'Fair value measurement' is amended to clarify that the portfolio exception in TFRS 13 applies to all contracts (including non-financial contracts) within the scope of TAS 39 (when announced) or TFRS 9 (when announced). This standard has no impact to the Group.

TFRIC 21, 'Levies', the Interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of TAS 37. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain. This standard has no impact to the Group.

b) Financial reporting standards with minor changes

TAS 1 (revised 2015)	Presentation of financial statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of cash flows
TAS 8 (revised 2015)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2015)	Events after the reporting period
TAS 11 (revised 2015)	Construction contracts
TAS 12 (revised 2015)	Income taxes
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 21 (revised 2015)	The effects of changes in foreign exchange rates
TAS 23 (revised 2015)	Borrowing costs
TAS 26 (revised 2015)	Accounting and reporting by retirement benefit plans
TAS 28 (revised 2015)	Investments in associates and joint ventures
TAS 33 (revised 2015)	Earnings per share
TAS 34 (revised 2015)	Interim financial reporting
TAS 37 (revised 2015)	Provisions, contingent liabilities and contingent assets
TFRS 5 (revised 2015)	Non-current assets held for sale and discontinued operations
TSIC 15 (revised 2015)	Operating leases - Incentives
TSIC 27 (revised 2015)	Evaluating the substance of transactions involving the legal form of a lease
TSIC 32 (revised 2015)	Intangible assets - Web site costs
TFRIC 4 (revised 2015)	Determining whether an arrangement contains a lease
TFRIC 10 (revised 2015)	Interim financial reporting and impairment
TFRIC 13 (revised 2015)	Customer loyalty programmes
TFRIC 15 (revised 2015)	Agreements for the construction of real estate
TFRIC 17 (revised 2015)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2015)	Transfers of assets from customers

2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards.

a) Financial reporting standards, which have significant changes and are relevant to the Group:

TAS 1 (revised 2016)	Presentation of financial statements
TAS 16 (revised 2016)	Property, plant and equipment
TAS 19 (revised 2016)	Employee benefits
TAS 27 (revised 2016)	Separate financial statements
TAS 28 (revised 2016)	Investments in associates and joint ventures
TAS 34 (revised 2016)	Interim financial reporting
TAS 38 (revised 2016)	Intangible assets
TFRS 5 (revised 2016)	Non-current assets held for sale and discontinued operations

TAS 1 (revised 2016), the amendments provide clarifications on a number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals - line items specified in TAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes - confirmation that the notes do not need to be presented in a particular order.
- OCI arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

TAS 16 (revised 2016), key amendments are 1) The amendments clarify that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate and 2) The amendments include bearer plants in scope of TAS 16.

TAS 19 (revised 2016), the amendments clarify that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

TAS 27 (revised 2016), the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in TAS 28. While current TAS 27 allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value (when announced). The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

TAS 28 (revised 2016), the significant changes are 1) the amendments allow an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture and 2) the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method.

TAS 34 (revised 2016), the amendments clarify that what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'; entities taking advantage of the relief must provide a cross-reference

from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements.

TAS 38 (revised 2016), the amendments include a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either the intangible asset is expressed as a measure of revenue (i.e. where a measure of revenue is the limiting factor on the value that can be derived from the asset), or it can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

TFRS 5 (revised 2016), the amendments clarify that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such.

TFRS 10 (revised 2016), the amendments clarify that: 1) the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities and 2) an investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.

TFRS 12 (revised 2016), the amendments clarify the disclosure requirements of an entity which is an investment entity and exception from preparing consolidated financial statement and instead measured its subsidiaries at fair value is required to disclose information of its subsidiaries according to the requirement in TFRS 12.

Management has assessed and considered that the above revised standards will not have a material impact to the Group.

b) Revised financial reporting standards and interpretations with minor changes and do not have impact to the Group are as follows:

TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of cash flows
TAS 8 (revised 2016)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2016)	Events after the reporting period
TAS 11 (revised 2016)	Construction contracts
TAS 12 (revised 2016)	Income taxes
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 21 (revised 2016)	The effects of changes in foreign exchange rates
TAS 23 (revised 2016)	Borrowing costs
TAS 24 (revised 2016)	Related party disclosures
TAS 26 (revised 2016)	Accounting and reporting by retirement benefit plans
TAS 33 (revised 2016)	Earnings per share

TAS 36 (revised 2016)	Impairment of assets
TAS 37 (revised 2016)	Provisions, contingent liabilities and contingent assets
TAS 40 (revised 2016)	Investment property
TFRS 2 (revised 2016)	Share-based payment
TFRS 3 (revised 2016)	Business combinations
TFRS 8 (revised 2016)	Operating segments
TFRS 13 (revised 2016)	Fair value measurement
TSIC 15 (revised 2016)	Operating leases - Incentives
TSIC 25 (revised 2016)	Income taxes - Changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2016)	Evaluating the substance of transactions in the legal form of a lease
TSIC 31 (revised 2016)	Revenue - Barter transactions involving advertising services
TSIC 32 (revised 2016)	Intangible assets - Web site costs
TFRIC 1 (revised 2016)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2016)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2016)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 10 (revised 2016)	Interim financial reporting and impairment
TFRIC 12 (revised 2016)	Service concession arrangements
TFRIC 13 (revised 2016)	Customer loyalty programmes
TFRIC 14 (revised 2016)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 15 (revised 2016)	Agreements for the construction of real estate
TFRIC 17 (revised 2016)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2016)	Transfers of assets from customers
TFRIC 21 (revised 2016)	Levies
TAS 104 (revised 2016)	Accounting for Troubled Debt Restructurings
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation

2.3 Group Accounting - Investments in subsidiaries

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains or loss on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

A list of Group's principal subsidiaries is set out in Note 10.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Thai Baht, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in the profit and loss, any exchange component of that gain or loss is recognised in the profit or loss.

2.5 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.6 Trade accounts receivable

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in the profit or loss.

2.7 Real estate development costs

Real estate development cost are stated at the lower of cost and net realisable value. Cost is determined by the specific method. Costs include cost of land, development costs, construction cost, infrastructure and related borrowing cost (Note 2.14).

The Group recognises real estate development costs as cost of sales when there is the transfer of title ownership to the buyer.

2.8 Investments

Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

The investment is initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost, and is subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.9 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and an allowance for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred

Land is not depreciated. Depreciation on other assets is calculated using the straight line method, to allocate their cost to their residual values over their estimated useful lives as follows:

Buildings	30 years
Furniture and fixtures and office equipment	3 - 5 years
Sale office building and sample room	2 - 5 years
Vehicles	8 years
Yachts	20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, of the end of each reporting period.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.11).

Gains or losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in the profit or loss.

2.10 Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.11 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.12 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.13 Leases

Leases - where the Group is the lessee

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

Finance leases

Leases of property, plant or equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

Leases - where the Group is the lessor

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.14 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.15 Employee benefits

For defined contribution plans, the Group pays contributions to a separate trust fund which is managed by an external fund manager. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense in the statement of comprehensive income in the year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

For defined benefit plans, the Group provides for post employment benefits, payable to employees who have completed continuous service with the Group and who reach the specified retirement age. Under the plan, an employee is entitled to receive, upon retirement or early retirement, a sum computed by reference to length of service, age and average remuneration on retirement. The liability recognised in the statement of financial position in respect of post employment benefits is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

2.16 Provisions

Provision - general

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain.

Provision for guaranteed returns

The liability is related to the rental management program the Group provides to customers when the Group has sold residences/ villas with guaranteed returns option. The Group has recorded provision for guaranteed returns when the Group considers that expected rental income in the future guaranteed period will be lower than the guaranteed amounts.

Provision for delivery delay

The Group recognises the estimated liability to compensate for delivery delay at the statement of financial position date. The provision is calculated based on the contractual obligation arised from a work-completion delay and the probability of compensation payment.

2.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any companies within the Group purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.18 Revenue recognition

Revenue comprises the fair value for the consideration received or receivable for the sale and services in the ordinary course of the Group's activities net of output tax, rebates and discounts, and after eliminating sales and service with the Group for the consolidated financial statements.

Revenue from sales of land and real estate is recognised when significant risks and rewards of ownership of the property are transferred to the buyer. The Group does not recognise revenue when sale of the property is made with long-term guarantee of rental income or with buy-back condition until such condition ceases. Installments received under the contract but not yet recognised as revenues are recorded as "Deposits and advances received from cus-

tomers” or “Unearned revenue”.

Revenue from decoration services is recognised based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed. Percentage of completion is measured by comparing the relationship costs incurred for work performed to date with the total estimated costs for the contract. When it is probable that total costs will exceed total revenue, the expected loss is recognised as expense immediately. Service costs incurred during the year in connection with future activity are excluded in cost of services and shown as work in progress, under real estate costs in the statement of financial position. The aggregate of the costs incurred and the profit (loss) recognised on each contract is compared against the billings up to the year end. Where the total costs incurred and recognised profit (less recognised losses) exceed total billings, the balance is shown as asset, under “Accrued income”. Where total billings exceed total costs incurred plus recognised profits (less recognised losses), the balance is shown as liability, under “Advances received from customers”.

Management income is recognised as revenue when the service is rendered.

Rental income is recognised as income over the lease period.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate and contract rate over the period to maturity, when it is determined that such income will accrue to the Group.

Other income is recognised on an accrual basis when the right to receive payment is established.

2.19 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Chief Executive Officer that makes strategic decisions. Real estate development business is internally reported as one operating segment information.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Risk management is carried out by Group management. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1.1 Foreign exchange risk

The Group has no significant exposure to foreign exchange risk due to there are no significant financial assets and liabilities denominated in foreign currency. As a result, the Group considers that it is not necessary to use derivative financial instruments to hedge such risk since management believes that future movements in market foreign exchange will not materially affect the Group's operating results.

3.1.2 Interest rate risk

The Group has normal exposure to interest rate risk, which relates primarily to deposits at financial institutions and borrowings from financial institutions. The Group borrows at both fixed and floating rates of interest to finance its operations.

3.1.3 Credit risk

Concentrations of credit risk with respect to trade accounts receivable are limited due to the Group's large number of customers in a variety of businesses. Deposit transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution. Due to these factors, management believes that there is no significant credit risk.

3.1.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

3.2 Fair value estimation

The different levels of fair value measurements have been defined as follows:

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 : Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As at 31 December 2016 and 2015, the Group has financial assets that are measured at fair value as follows:

	Consolidated and Separate financial statements	
	2016 Baht	2015 Baht
Long-term investments		
Investment units	69,576	59,677

The fair value of the investments is within level 2 of fair value hierarchy. Level 2 debt investments of debt securities are fair valued based on yield curve of the Thai Bond Market Association under discounted cash flow model.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

There were no transfers between levels 1 and 2 during the years.

Since the majority of the financial assets are short-term and that the loans and borrowings carry interest at rates close to current market rates, the fair values of the Group's financial assets and financial liabilities is approximately to their carrying amounts.

4. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. The Group considers future taxable income and ongoing prudent and feasible tax planning strategies in assessing whether to recognise deferred tax assets. The Group's assumptions regarding the future profitability and the anticipated timing of utilisation of deductible temporary differences and significant changes in these assumptions from period to period may have a material impact on the Group's reported financial position and results of operations.

4.2 Provision for guaranteed returns

In determination of estimated provision amount of guaranteed returns the Group has provided to customers, the management has taken some principal assumptions into consideration such as occupancy rate of residences and rental price rate. Any changes in these principal assumptions will have an impact on the amount of the liability recorded in the statement of financial position.

Information of principal assumptions for provision for guaranteed returns is disclosed in Note 19.

4.3 Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net period cost for employee benefits include the discount rate and the future salary increase rate. Any changes in these assumptions will have an impact on the carrying amount of employee benefit obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related employee benefit liability.

Additional information of other key assumptions for employee benefit obligations is disclosed in Note 23.

5. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

6. Cash and cash equivalents

Cash and cash equivalents as at 31 December 2016 and 2015 comprise the following:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Cash on hand	107,369	140,779	95,000	128,010
Cheque on hand	-	33,319,090	-	33,319,090
Deposits held at call with banks				
- Current accounts	41,085	20,660	41,085	20,660
- Savings accounts	85,541,492	17,776,666	84,463,661	17,698,267
Total cash and cash equivalents	85,689,946	51,257,195	84,599,746	51,166,027

As at 31 December 2016, the interest rates of savings accounts were 0.375% to 0.500% per annum (2015 : 0.375% - 0.500% per annum).

7. Trade and other receivables

Trade and other receivables as at 31 December 2016 and 2015 comprise the following:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Deposits receivable within one year	11,113,988	17,998,660	11,113,988	17,998,660
Interest receivable				
- related parties (Note 15)	-	-	34,332,789	1,377,642
- other parties	1,314,979	596,272	1,314,979	548,423
Trade accounts receivable	3,165,955	4,065,331	3,165,955	4,065,331
Accrued service income	982,068	66,679	982,068	66,679
Prepaid expenses	11,272,637	9,005,647	10,266,435	4,300,125
Prepaid interests for short - term				
loans from other parties	6,458,523	-	6,458,523	-
Advance payments	1,310,554	4,984,570	1,310,554	4,984,570
Total trade and other receivables	35,618,704	36,717,159	68,945,291	33,341,430

8. Short-term loans to other parties

As at 31 December 2016 and 2015, loans to other parties are short-term loans to a company, bearing an interest rate at MLR per annum. The loans are due for repayment at call.

9. Land and real estate for sales

Land and real estate for sales as at 31 December 2016 and 2015 comprise the following:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Residence units	414,943,941	-	414,943,941	-
Villas	-	-	-	-
Total land and real estate for sales	414,943,941	-	414,943,941	-

In 2016, the cost of land and real estate recognised as cost of sales in the statement of comprehensive income is Baht 520.39 million (2015 : Baht 523.34 million).

As at 31 December 2016, the assets amounting to Baht 557.13 million that were pledged as collateral for loans from financial institutions are being redeemed.

10. Investments in subsidiaries

Investments in subsidiaries as at 31 December 2016 and 2015 comprise the following:

Subsidiaries	Nature of business	Country of incorporation	2016			
			%Ownership interest	%Voting power	Paid-up capital (Baht)	Cost method (Baht)
Grand Bay Hotel Co., Ltd.	Real estate	Thailand	100	100	20,000,000	19,999,700
Apex Asset Co., Ltd.	Real estate	Thailand	100	100	1,000,000	999,400
						<u>20,999,100</u>
Subsidiaries	Nature of business	Country of incorporation	2015			
			%Ownership interest	%Voting power	Paid-up capital (Baht)	Cost method (Baht)
Grand Bay Hotel Co., Ltd.	Real estate	Thailand	100	100	20,000,000	19,999,700
Apex Asset Co., Ltd.	Real estate	Thailand	100	100	1,000,000	999,400
						<u>20,999,100</u>

11. Advance payments for business investment

On 29 April 2016, the Company entered into a share purchase contract with a company and its major shareholder to acquire all shares of such company for 753,420 shares, totaling Baht 75.34 million with a management fee of Baht 50.36 million to its major shareholder. In addition, the Company undertakes to repay debt of such company under rehabilitation plan amounting to Baht 541.80 million. These are for investment in hotel project of such company.

On 29 April 2016, the Company has received the transfer of shares from the major shareholder of such company for

572,500 ordinary shares which represent 75% of total shares. However, at the present the Company does not control such company in regard to operational and financial managements as such company is being managed by the managers of rehabilitation plan, who have the authority in management of the entity under a rehabilitation plan and its assets according to the law of Bankruptcy Act. Accordingly, such company is not considered as the Company's subsidiary.

On 7 October 2016, the Company entered into an additional memorandum to the share purchase contract to preserve the right of asset purchase when the all share purchase is unattainable. The advances that the Company has paid to such company will be a part of the asset payment.

At as 31 December 2016, the Company has advanced to the major shareholder for share purchase for Baht 57.25 million and to such company for Baht 18.15 million for debt settlement and business development.

12 Land and real estate under development

Land and real estate under development as at 31 December 2016 and 2015 comprise the following:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Land	729,981,753	914,622,630	341,962,668	526,603,545
Construction and development costs	158,383,072	722,248,462	143,354,262	721,965,982
Borrowing cost and facility fee	2,113,286	34,059,476	2,113,286	34,059,476
Total land and real estate under development	890,478,111	1,670,930,568	487,430,216	1,282,629,003

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
At 1 January	1,670,930,568	1,246,327,116	1,282,629,003	1,246,327,116
Additions:				
Land	-	665,492,235	-	277,473,150
Construction and development costs	231,000,038	273,854,783	179,668,463	273,572,304
Borrowing cost and facility fee	627,760	7,140,364	627,760	7,140,364
Transfer to land and real estate for sales	(1,012,080,255)	(521,883,930)	(975,495,010)	(521,883,931)
At 31 December	890,478,111	1,670,930,568	487,430,216	1,282,629,003

As at 31 December 2016, the assets amounting to Baht 731.04 million that were pledged as collateral for loans from financial institutions are being redeemed.

13. Property, plant and equipment (net)

The movements of property, plant and equipment (net) for the years ended 31 December 2016 and 2015 comprise the following:

	Consolidated and separate financial statements (Baht)					
	Building	Furniture and fixtures, office equipment	Sale office building and sample room	Vehicles and yachts	Computer software	Total
As at 1 January 2015						
Cost	33,456,862	12,379,749	7,677,924	49,026,840	187,250	102,728,625
Less Accumulated depreciation	(13,417,318)	(11,377,912)	(3,783,952)	(32,872,855)	(187,249)	(61,639,286)
Allowance for impairment	-	-	(2,083,872)	-	-	(2,083,872)
Net book amount	20,039,544	1,001,837	1,810,100	16,153,985	1	39,005,467
Year ended 31 December 2015						
Opening net book amount	20,039,544	1,001,837	1,810,100	16,153,985	1	39,005,467
Additions	-	250,069	446,797	395,900	-	1,092,766
Transfers in (out)	-	-	(1,432,814)	-	-	(1,432,814)
Disposals - cost	-	(4,708)	-	-	-	(4,708)
- accumulated depreciation	-	4,524	-	-	-	4,524
Depreciation charge	(874,715)	(694,288)	(342,744)	(1,081,013)	-	(2,992,760)
Loss from impairment	-	-	(83,693)	-	-	(83,693)
Closing net book amount	19,164,829	557,434	397,646	15,468,872	1	35,588,782
As at 31 December 2015						
Cost	33,456,862	12,625,110	6,691,907	49,422,740	187,250	102,383,869
Less Accumulated depreciation	(14,292,033)	(12,067,676)	(4,126,696)	(33,953,868)	(187,249)	(62,627,522)
Allowance for impairment	-	-	(2,167,565)	-	-	(2,167,565)
Net book amount	19,164,829	557,434	397,646	15,468,872	1	35,588,782

13. Property, plant and equipment (net) (Cont'd)

The movements of property, plant and equipment (net) for the years ended 31 December 2016 and 2015 comprise the following: (Cont'd)

	Consolidated and separate financial statements (Baht)				
	Building	Furniture and fixtures, office equipment	Sale office building and sample room	Vehicles and yachts	Computer software
Year ended 31 December 2016					Total
Opening net book amount	19,164,829	557,434	397,646	15,468,872	1
Additions	-	1,557,758	24,104	3,394,000	-
Write-off - cost	(2,382,584)	(3,945,087)	(5,998,803)	(426,372)	-
- accumulated depreciation	2,382,582	3,876,024	3,831,188	426,367	-
Depreciation charge	(877,112)	(482,044)	(128,071)	(1,343,305)	-
Reversal of allowance for impairment	-	-	2,167,565	-	-
Closing net book amount	18,287,715	1,564,085	293,629	17,519,562	1
As at 31 December 2016					
Cost	31,074,278	10,237,781	717,208	52,390,368	187,250
Less Accumulated depreciation	(12,786,563)	(8,673,696)	(423,579)	(34,870,806)	(187,249)
Net book amount	18,287,715	1,564,085	293,629	17,519,562	1
					37,664,992

13. Property, plant and equipment (net) (Cont'd)

Additions in 2016 include assets leased under financial leases (where the Group is the lessee) for Baht 3.71 million (2015 : nil).

Leased assets included above, where the Group is a lessee under finance lease, comprise vehicles and equipment:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Cost-capitalised finance leases	14,893,000	11,178,000	14,893,000	11,178,000
<u>Less</u> Accumulated depreciation	<u>(6,653,709)</u>	<u>(6,339,485)</u>	<u>(6,653,709)</u>	<u>(6,339,485)</u>
Net book amount	<u>8,239,291</u>	<u>4,838,515</u>	<u>8,239,291</u>	<u>4,838,515</u>

14. Deferred tax assets (net)

As at 31 December 2016 and 2015, deferred tax assets are calculated in full on temporary differences under the liability method using principal tax rates that are expected to be applied when the related deferred tax assets is realised.

Deferred tax assets (net) as at 31 December 2016 and 2015 comprise the following:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	16,693,660	38,224,229	16,693,660	38,224,229
Deferred tax assets to be recovered after more than 12 months	<u>1,903,937</u>	<u>1,979,868</u>	<u>1,903,937</u>	<u>1,979,868</u>
Total deferred tax assets	<u>18,597,598</u>	<u>40,204,097</u>	<u>18,597,598</u>	<u>40,204,097</u>
Deferred tax liabilities:				
Deferred tax liabilities to be settled after more than 12 months	<u>(853,572)</u>	<u>(372,690)</u>	<u>(853,572)</u>	<u>(372,690)</u>
Total deferred tax liabilities	<u>(853,572)</u>	<u>(372,690)</u>	<u>(853,572)</u>	<u>(372,690)</u>
Deferred tax asset (net)	<u>17,744,026</u>	<u>39,831,407</u>	<u>17,744,026</u>	<u>39,831,407</u>

The movement of deferred tax assets (net) for the years ended 31 December 2016 and 2015 comprise the following:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
As at 1 January	39,831,407	55,324,159	39,831,407	55,324,159
Credited (charged) to the profit or loss (Note 26)	(21,782,346)	(15,747,556)	(21,782,346)	(15,747,556)
Credited (charged) to other comprehensive income	<u>(305,035)</u>	<u>254,804</u>	<u>(305,035)</u>	<u>254,804</u>
As at 31 December	<u>17,744,026</u>	<u>39,831,407</u>	<u>17,744,026</u>	<u>39,831,407</u>

14. Deferred tax assets (net) (Cont'd)

Deferred tax assets (liabilities) and deferred tax charged in the statement of comprehensive income are attributable to the following items:

	Consolidated and separate financial statements					
	Credited		Credited		Credited	
	Credited (charged) to the profit or loss	(charged) to the comprehensive income	Credited (charged) to the profit or loss	(charged) to the comprehensive income	Credited (charged) to the profit or loss	(charged) to the comprehensive income
1 January 2015	Baht	Baht	Baht	Baht	Baht	Baht
Deferred tax assets (liabilities)						
Gain (loss) on measurement of investments	(1,111)	-	1,780	669	(1,980)	(1,311)
Unearned revenue and advance received from customers (net with real estate development costs)	-	31,177,395	-	31,177,395	(15,469,661)	15,707,734
Provision for delivery delay	-	7,046,165	-	7,046,165	(6,058,927)	987,238
Finance lease liabilities	(172,799)	(199,891)	-	(372,690)	(480,882)	(853,572)
Employee benefit obligations	1,512,646	214,198	253,024	1,979,868	227,124	1,903,937
Taxable losses to be utilised in the future	53,985,423	(53,985,423)	-	-	-	-
Deferred tax assets (net)	55,324,159	(15,747,556)	254,804	39,831,407	(21,782,346)	17,744,026

14. Deferred income taxes (net) (Cont'd)

The Group has unrecognised deferred tax assets in the statement of financial position from some entries as follow:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Cumulative tax loss not yet utilised				
- Expire within one year	4,697,713	21,880,906	4,697,713	21,880,906
- Expire in next 2-5 years	7,460,026	12,157,740	7,460,026	12,157,740
Temporary differences	1,947,180	9,861,832	1,947,180	9,861,832
	<u>14,104,919</u>	<u>43,900,478</u>	<u>14,104,919</u>	<u>43,900,478</u>

Deferred tax assets are recognised for tax loss carried forward only to the extent that realisation of the related tax benefit through the future taxable profit is profitable. As at 31 December 2016, the Group did not recognise deferred tax assets in respect of losses amounting to Baht 60.78 million (2015 : Baht 170.19 million) that can be carried forward against future taxable income.

15. Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and follow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and offices of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

As at 31 December 2016, the majority of the Company's shares are widely held by public through the Stock Exchange of Thailand. The Sampawakoo family holds 32.70% (2015 : 36.40%) of the Company's authorised share capital. The significant investments in subsidiaries are set out in note 10.

During the years, the Group has business transactions with its subsidiaries and related parties. Such transactions, which have been concluded on the terms and basis as determined by the Company and those companies and are in the normal course of business, are summarised below:

15. Related party transactions (Cont'd)

15.1) Significant transactions

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Revenue from sales and services				
Other related parties (Directors)	<u>14,999,395</u>	<u>34,010,858</u>	<u>14,999,395</u>	<u>34,010,858</u>
Interest Income				
Subsidiaries	<u>-</u>	<u>-</u>	<u>32,955,146</u>	<u>1,377,642</u>
Consultant fee				
Other related parties (Shareholders)	<u>4,137,690</u>	<u>3,103,000</u>	<u>4,137,690</u>	<u>3,103,000</u>
Interest expenses				
Subsidiaries	<u>-</u>	<u>-</u>	<u>6,583</u>	<u>44,500</u>
Other related parties (Shareholders/directors)	<u>15,749,933</u>	<u>22,734,798</u>	<u>15,749,933</u>	<u>22,734,798</u>
	<u>15,749,933</u>	<u>22,734,798</u>	<u>15,756,516</u>	<u>22,779,298</u>

In 2016, interest income is charged to related parties at the rate of MLR+1.5% per annum (2015 : MLR+1.5% per annum).

In 2016, interest expense is paid to related parties at the rate of 5% - 12% per annum (2015: 5% - 12% per annum).

15. Related party transactions (Cont'd)

15.2) Outstanding balances

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Interest receivable				
Subsidiaries	-	-	34,332,789	1,377,642
Deposits and advances received from customers				
Other related parties (Directors)	10,030,254	19,059,957	10,030,254	19,059,957
Accrued interest expenses				
Subsidiaries	-	-	-	111,799
Other related parties (Shareholders/directors)	20,000,000	105,732,228	20,000,000	105,732,228
	20,000,000	105,732,228	20,000,000	105,844,027

15.3) Short-term loans to related parties

Short-term loans to related parties as at 31 December 2016 and 2015 comprise the following:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Short-term loans to				
Grand Bay Hotel Co., Ltd.	-	-	384,675,000	373,750,000

As at 31 December 2016, loans to related parties are short-term loans to a subsidiary, bearing an interest rate at 8.65% per annum (31 December 2015 : 8.75% per annum). The loans are due for repayment in December 2017.

The movement of short-term loans to related parties for the years ended 31 December 2016 and 2015 comprise the following:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
At 1 January	-	-	373,750,000	-
Add Additions	-	-	10,925,000	375,000,000
Less Repayment	-	-	-	(1,250,000)
At 31 December	-	-	384,675,000	373,750,000

15.4) Short-term loans from related parties

Short-term loans from related parties as at 31 December 2016 and 2015 comprise the following:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Short-term loans from				
Subsidiaries	-	-	-	890,000
Other related parties (Shareholders/ directors)	193,926,897	331,427,570	193,926,897	331,427,570
	<u>193,926,897</u>	<u>331,427,570</u>	<u>193,926,897</u>	<u>332,317,570</u>

As at 31 December 2016 and 2015, loans from related parties have the following conditions:

Short-term loans from	Terms of payment	Interest rate per annum		Collateral
		2016	2015	
Apex Asset Co., Ltd.	At call	-	5%	-
Thai Seri Property Co., Ltd.	At call	-	12%	-
Brooker Group Public Co., Ltd.	At call	-	7% - 12%	The Company' shares for 34,091,000 shares
Shareholders/ directors	At call	7%	7% - 12%	The Company' shares for 151,693,053 shares

The movement of short-term loans from related parties for years ended 31 December 2016 and 2015 comprise the following:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
At 1 January	331,427,570	290,529,950	332,317,570	291,419,950
Add Additions	271,052,950	85,790,000	271,052,950	85,790,000
Less Repayments	(408,553,623)	(44,892,380)	(409,443,623)	(44,892,380)
At 31 December	193,926,897	331,427,570	193,926,897	332,317,570

15.5) Key management compensation

Directors and managements' remuneration comprises salaries, other benefits, and other remuneration.

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Short-term employee benefits	14,382,800	13,054,681	14,382,800	13,054,681
Post-employee benefits	464,476	208,956	464,476	208,956
	14,847,276	13,263,637	14,847,276	13,263,637

16. Trade and other payables

Trade and other payables as at 31 December 2016 and 2015 comprise the following:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Trade accounts payable	57,212,612	75,850,420	52,929,287	75,726,671
Other accounts payable	17,088,015	28,492,367	17,088,015	28,492,367
Retentions payable	18,726,369	16,138,060	18,726,369	16,138,060
Accrued interest expenses				
- related parties (Note 15)	20,000,000	105,732,228	20,000,000	105,844,027
- other parties	2,063,518	2,408,454	2,063,518	2,408,454
Accrued expenses	20,081,534	22,564,156	19,931,534	22,551,866
Accrued franchise fee and commission	8,504,773	12,153,959	8,504,773	12,153,959
Total trade and other payables	143,676,821	263,339,644	139,243,496	263,315,404

17. Long-term loans from financial institutions

Loans from financial institutions as at 31 December 2016 and 2015 comprise the following:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
<u>Current</u>				
Current portion of long-term loans from financial institutions	9,000,000	46,325,347	9,000,000	46,325,347
<u>Non-current</u>				
Long-term loans from financial institutions	41,000,000	390,253,052	41,000,000	390,253,052
Total	50,000,000	436,578,399	50,000,000	436,578,399

The movement of the long-term loans for the years ended 31 December 2016 and 2015 is as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Opening balance	436,578,399	146,893,470	436,578,399	146,893,470
<u>Add</u> Additions during the year	104,061,284	707,615,290	104,061,284	707,615,290
<u>Less</u> Repayments of during the year	(490,639,683)	(417,930,361)	(490,639,683)	(417,930,361)
Closing balance	50,000,000	436,578,399	50,000,000	436,578,399

The long-term loans as at 31 December 2016 and 2015 comprise the following:

Outstanding Loans (Million Baht)	Interest rate per annum (%)	Maturity date	Collateral
50.00 (31 December 2015: 40.00)	MLR + 0.50	June 2018	- Land and building of the Company - The Company's director - Assets of the Company's related parties
- (31 December 2015: 305.00)	8.75%	December 2017	- Land, building and assets of real estate development projects of the Company - The Company's director
- (31 December 2015: 91.58)	MLR + 1.50	December 2017	- Land, building and assets of real estate development projects of the Company - The Company's directors

The carrying amount of long-term loans is approximate to their fair value.

The fair value of long-term loans is based on discounted cash flows using a discount rate based upon the borrowing rate which the management expects it would be available to the Group and the Company at the statement of financial position date, and is within level 2 of the fair value hierarchy (Note 3.2)

Maturity of long-term loans from financial institutions is as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Not later than 1 year	9,000,000	46,325,347	9,000,000	46,325,347
Between 1 and 5 years	41,000,000	390,253,052	41,000,000	390,253,052
Total long-term loans from financial institutions	50,000,000	436,578,399	50,000,000	436,578,399

18. Short-term loans from other parties

As at 31 December 2016, short-term loans from other parties represent bills of exchange, bearing interest rates of 5.00% - 7.25% per annum. The loans are due for repayment in 2017.

As at 31 December 2015, loans from other parties are short-term loans from a company, bearing an interest rate at 15% per annum. The loans are due for repayment in June 2016.

On 27 June 2016, the Company has entered into a loan agreement with a financial institution to refinance this outstanding loan (Note 17).

19. Provision for guaranteed returns

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
At 1 January	7,412,578	-	7,412,578	-
<u>Add</u> Additions	9,612,117	7,589,172	9,612,117	7,589,172
<u>Less</u> Actual payment	(9,385,856)	(176,594)	(9,385,856)	(176,594)
At 31 December	7,638,839	7,412,578	7,638,839	7,412,578

The basis of principal assumptions the Group's management uses to determine the provision is as follows:

Occupancy rate : current actual occupancy rate and estimated occupancy rate in the future during guaranteed period by reference to market information in same class of nearby hotels.

Rental price rate : current actual rental price rate and estimated rental price rate in the future during guaranteed period.

20. Finance lease liabilities

Finance lease liabilities - minimum lease payments are as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Not later than 1 year	1,387,910	1,885,188	1,387,910	1,885,188
Later than 1 year but not later than 5 years	3,015,043	1,526,075	3,015,043	1,526,075
<u>Less</u> Future finance charges on finance leases	<u>(439,323)</u>	<u>(307,740)</u>	<u>(439,323)</u>	<u>(307,740)</u>
Present value of finance lease liabilities	<u>3,963,630</u>	<u>3,103,523</u>	<u>3,963,630</u>	<u>3,103,523</u>

The present value of finance lease liabilities is as follows:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Not later than 1 year	1,191,355	1,666,023	1,191,355	1,666,023
Later than 1 year but not later than 5 years	2,772,275	1,437,500	2,772,275	1,437,500
Present value of finance lease liabilities	<u>3,963,630</u>	<u>3,103,523</u>	<u>3,963,630</u>	<u>3,103,523</u>

21. Deposits and advances received from customers

Deposits and advances received from customers as at 31 December 2016 and 2015 comprise the following:

	Consolidated financial statements		Separate financial statements	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Deposits and advances received from				
- sales of land and real estate	96,500,582	331,390,735	96,500,582	331,390,735
- decoration service	6,936,898	22,426,379	6,936,898	22,426,379
- sales of land and real estate under development	<u>7,071,300</u>	<u>-</u>	<u>7,071,300</u>	<u>-</u>
	<u>110,508,780</u>	<u>353,817,114</u>	<u>110,508,780</u>	<u>353,817,114</u>

Additional information for deposits and advanced received from decoration service as at 31 December 2016 and 2015:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Decoration costs incurred plus recognised profit (loss) to date	43,634,119	6,735,766	43,634,119	6,735,766
<u>Less</u> Total billings to date	<u>(50,571,017)</u>	<u>(29,162,145)</u>	<u>(50,571,017)</u>	<u>(29,162,145)</u>
Advances received from customers	<u>(6,936,898)</u>	<u>(22,426,379)</u>	<u>(6,936,898)</u>	<u>(22,426,379)</u>

22. Provision for delivery delay

The movement in provision for delivery delay during the years ended 31 December 2016 and 2015 is as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
At 1 January	35,270,068	47,653,504	35,270,068	47,653,504
<u>Add</u> Addition (reverse)	<u>(28,691,042)</u>	<u>(1,180,954)</u>	<u>(30,288,892)</u>	<u>(1,180,954)</u>
<u>Less</u> Actual payment	<u>(1,597,850)</u>	<u>(11,202,482)</u>	<u>(1,597,850)</u>	<u>(11,202,482)</u>
At 31 December	<u>4,981,176</u>	<u>35,270,068</u>	<u>4,981,176</u>	<u>35,270,068</u>

23. Employee benefit obligations

The amount recognised in the statement of financial position is determined as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Present value of obligations	9,519,685	9,899,339	9,519,685	9,899,339
Liability in the statement of financial position	<u>9,519,685</u>	<u>9,899,339</u>	<u>9,519,685</u>	<u>9,899,339</u>

The movement of employee benefit obligations for the years ended 31 December 2016 and 2015 comprise the following:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
At 1 January	9,899,339	7,563,230	9,899,339	7,563,230
Current service cost	789,144	768,460	789,144	768,460
Interest cost	346,477	302,529	346,477	302,529
(Gain)/loss on remeasurement	(1,515,275)	1,265,120	(1,515,275)	1,265,120
Benefits paid	-	-	-	-
At 31 December	<u>9,519,685</u>	<u>9,899,339</u>	<u>9,519,685</u>	<u>9,899,339</u>

The amounts recognised in other comprehensive income are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Current service cost	789,144	768,460	789,144	768,460
Interest cost	346,477	302,529	346,477	302,529
Total	1,135,621	1,070,989	1,135,621	1,070,989

The amounts recognised in other comprehensive income are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Gain/(loss) on remeasurement in the year	1,515,275	(1,265,120)	1,515,275	(1,265,120)
Cumulative gain on remeasurement	2,112,072	596,797	2,112,072	596,797

The principal actuarial assumptions used are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Discount rate	3.50%	4.00%	3.50%	4.00%
Salary increase rate	5.35%	5.00%	5.35%	5.00%

Sensitivity analysis for each principal actuarial assumptions are as follows:

		Impact on defined benefit obligation - Increase (decrease)			
		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Change in assumption		Baht	Baht	Baht	Baht
Discount rate	Increase by 1%	(329,256)	(343,364)	(329,256)	(343,364)
Discount rate	Decrease by 1%	378,826	390,428	378,826	390,428
Salary increase rate	Increase by 1%	381,902	397,623	381,902	397,623
Salary increase rate	Decrease by 1%	(338,912)	(356,421)	(338,912)	(356,421)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the employee benefit obligations to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability recognised in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

As at 31 December 2016, the weighted average duration of the defined benefit obligation is 19 years (2015 : 19 years).

Expected maturity analysis of undiscounted retirement benefit as at 31 December:

	Consolidated financial statements		Separate financial statements Company	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Less than 1 year	4,692,000	4,694,125	4,692,000	4,694,125
Between 1 - 2 years	1,934,094	1,322,104	1,934,094	1,322,104
Between 2 - 5 years	1,111,460	2,582,454	1,111,460	2,582,454
Over 5 years	36,537,442	30,554,495	36,537,442	30,554,495
Total	44,274,996	39,153,178	44,274,996	39,153,178

24. Share capital

	Number of shares Shares		Ordinary shares Baht	
Registered share capital				
As at 1 January 2015	2,143,589,744		2,143,589,744	
Increase in registered share capital	713,410,256		713,410,256	
As at 31 December 2015	2,857,000,000		2,857,000,000	
Increase in registered share capital	142,850,000		142,850,000	
As at 31 December 2016	2,999,850,000		2,999,850,000	
	Number of shares Shares	Ordinary shares Baht	Share discount Baht	Total Baht
Issued and paid-up share capital				
As at 1 January 2015	2,143,589,744	2,143,589,744	(871,369,232)	1,272,220,512
Issues of shares	356,705,128	356,765,128	(135,547,949)	221,157,179
Expenses in issuing of shares	-	-	(5,679,316)	(5,679,316)
As at 31 December 2015	2,500,294,872	2,500,294,872	(1,012,596,497)	1,487,698,375
Issues of shares	499,555,128	499,555,128	(135,547,949)	364,007,179
Expenses in issuing of shares	-	-	(5,679,316)	(5,679,316)
As at 31 December 2016	2,999,850,000	2,999,850,000	(1,153,823,762)	1,846,026,238

On 5 February 2015, the Shareholders at the extraordinary general meeting passed a resolution to approve the increase the authorised share capital from 2,143,589,744 ordinary shares with a par value of Baht 1 per share to 2,857,000,000 ordinary shares with a par value of Baht 1 per share. In February and November 2015, the Company received subscription of 356,705,128 additional shares at Baht 1 par value which were priced at Baht 0.62 per share. The paid-up share capital and discount on share capital is Baht 356,705,128 and Baht 135,547,949, respectively. On 23 February and 3 December 2015, the Company registered with the Ministry of Commerce for additions of paid-up share capital from Baht 2,143,589,744 to be Baht 2,500,294,872 (2,500,294,872 ordinary shares at par Baht 1 each).

24. Share capital (Cont'd)

In January and February 2016, the Company received subscription of 356,705,128 additional shares at Baht 1 par value which were priced at Baht 0.62 per share. The paid-up share capital and discount on share capital is Baht 356,705,128 and Baht 135,547,949, respectively. On 4 February 2016, the Company registered with the Ministry of Commerce for additions of paid-up share capital from Baht 2,500,294,872 to be Baht 2,857,000,000 (2,857,000,000 ordinary shares at par Baht 1 each).

At the Annual General Shareholders' Meeting held on 28 April 2016, the shareholders approved to increase the Company's authorised share capital from Baht 2,857,000,000 to Baht 2,999,850,000 by issuing 142,850,000 new ordinary shares at par value of Baht 1 totaling Baht 142,850,000, and offer such share capital increase to the Company's existing shareholders at the ratio 20:1 at the price not less than Baht 1. This is to invest in the new project and reduce debt of the Company. In June 2016, the Company received subscription of 142,850,000 additional shares at Baht 1 per share, total paid-up share capital of Baht 142,850,000. On 24 June 2016, the Company has registered with the Ministry of Commerce for additions of paid-up share capital from Baht 2,857,000,000 to be Baht 2,999,850,000 (2,999,850,000 ordinary shares at par Baht 1 each).

As at 31 December 2016, the total authorised number of ordinary shares is 2,999,850,000 ordinary shares (2015 : 2,857,000,000 shares) with a par value of Baht 1 per share (2015 : Baht 1 per share). All issued shares are fully paid-up.

25. Expenses by nature

The following significant expenditures, classified by nature for the years ended 31 December 2016 and 2015, have been charged in arriving at profit before finance costs and income tax:

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Cost of land and real estate sold and decoration service	558,696,368	528,732,857	558,696,368	528,732,857
Staff costs	40,321,958	34,760,337	40,321,958	34,760,337
Specific business tax	24,568,502	28,831,574	24,568,502	28,831,574
Sales promotion and advertising expense	23,383,200	18,223,192	23,383,200	18,223,192
Professional and consultant fees	18,721,522	8,513,501	18,721,522	8,513,501
Guaranteed returns	11,585,395	7,412,578	11,585,395	7,412,578

26. Income tax

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Current tax	1,419,829	1,419,829	1,419,829	1,419,829
Deferred tax (Note 14)	21,782,346	15,747,556	21,782,346	15,747,556
Total income tax	23,202,175	17,167,385	23,202,175	17,167,385

The tax on the Group's and the Company's profit before income tax differs from the amount that would arise using the basic tax rate of the income country of the Company as follows:

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Profit before income tax	85,088,540	82,791,373	122,300,337	84,978,541
Tax rate:	20%	20%	20%	20%
The result of accounting profit multiplied by income tax rate	17,017,708	16,558,275	24,460,067	16,995,708
Tax effect of:				
Expenses not deducted for tax purpose	1,715,989	2,067,186	1,634,968	1,629,753
Expenses additionally deductible for tax purpose	(1,168,063)	(1,422,778)	(1,168,063)	(1,422,778)
Temporary differences for which no deferred tax assets was recognised	1,947,180	228,247	1,947,180	228,247
Temporary differences for which no deferred tax assets was previously recognised	(1,877,171)	4,937,082	(1,877,171)	4,937,082
Tax losses for which no deferred tax asset was recognised	7,361,338	(5,200,627)	-	(5,200,627)
Tax losses for which no deferred tax asset was previously recognised	(1,794,806)	-	(1,794,806)	-
Tax charge	23,202,175	17,167,385	23,202,175	17,167,385

The income tax directly recognised in equity for the years ended 31 December 2016 and 2015 is as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Current tax:				
Expense in issuing of shares	1,419,829	1,419,829	1,419,829	1,419,829
	<u>1,419,829</u>	<u>1,419,829</u>	<u>1,419,829</u>	<u>1,419,829</u>

27. Basic earnings per share

Basic earnings per share are calculated by dividing the net year for the period attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	For the years ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Net profit attributable to shareholders (Baht)	61,886,365	65,623,988	99,098,162	67,811,156
Weight average number of ordinary shares in issue (shares)	<u>2,903,266,111</u>	<u>2,326,340,042</u>	<u>2,903,266,111</u>	<u>2,326,340,042</u>
Basic earnings per share (Baht)	<u>0.021</u>	<u>0.028</u>	<u>0.034</u>	<u>0.029</u>

There are no potential dilutive ordinary shares in issue during the years ended 31 December 2016 and 2015.

28. Commitments and contingent liabilities

As at 31 December 2016 and 2015, the Group and the Company have commitments and contingent liabilities as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	Million Baht	Million Baht	Million Baht	Million Baht
Capital commitments				
- under contracts to invest in development projects until completion	105.80	184.62	70.94	184.62
- under share purchase contract (Note 11)	600.59	-	600.59	-
	<u>706.39</u>	<u>184.62</u>	<u>671.53</u>	<u>184.62</u>
Commitments from operating lease and service agreements				
- under marketing and sale management service agreement	<u>9.70</u>	<u>0.39</u>	<u>9.70</u>	<u>0.39</u>
Contingent liabilities				
- from bank guarantees	<u>4.26</u>	<u>5.26</u>	<u>4.26</u>	<u>5.26</u>

29. Subsequent event after the date of statement of financial position

On 24 January 2017, the Board of Directors' meeting passed a resolution to reduce the discount on share capital of Baht 1,153.82 million and the deficits by reducing the registered share capital from Baht 2,999.85 million to Baht 749.96 million (by reducing par value of Baht 1 each to Baht 0.25 each with the same number of shares of 2,999,850,000) and then combining number of shares with the ratio of old to new at 2:1 (total registered number of shares will be reduced from 2,999,850,000 shares to 1,499,925,000 shares) with a new par value of Baht 0.50 each. The board of directors has a resolution to propose this matter to the shareholders for approval in the Annual General Meeting held in April 2017.

On 26 January 2017, the Group has entered into a buy and sale agreement to buy land that was sold by auction. The Group has paid a deposit of Baht 10 million on the agreement date. The remaining amount of land purchase price for Baht 325 million will be paid in May 2017.

On 14 February 2017, the shareholders at the extraordinary meeting passed a resolution to approve increase the authorised share capital of Grand Bay Hotel Co., Ltd., the Company's subsidiary, from 200,000 ordinary shares with a par value of Baht 100 per share to 2,500,000 shares with a par value of Baht 100 per share. On 14 February 2017, the subsidiary received a partial subscription of 2,300,000 additional shares at Baht 25 per share, totalling Baht 57.50 million from the Company. The subsidiary registered the increase in authorised share capital of Baht 230 million and increased paid-up share capital of Baht 57.50 million with the Ministry of Commerce on 20 February 2017.

Management Discussion & Analysis: MD&A

(1) The analysis of operating results

The core business of the Company is the development of real estate for sales, for example, condominium, resort, hotel, and such. Revenue from such sales of real estate will be fully recognized when the Company has transferred the significant risks and rewards of the real estate to the buyer. In this case, the Company will be fully recognized after the ownership is transferred to the buyer and the payment under the contract is fully received. In addition, the Company will have management fee from being Operator of Rental Pool Program expecting start in the second quarter of 2017 onwards.

In addition to unit selling, for the units which owners get into rental pool program, there will be different condition for recognizing sale revenues of such units. The revenue recognitions can be summarized as follows:

Term	Agreement	Sale revenue recognition
3 years	With specific rate of return	When ownership transferred
3 years	With no specific rate of return	When ownership transferred
3 years	With no specific rate of return	When ownership transferred
3 years	With specific rate of return	When the agreement expired

Moreover, the Company will recognize revenues from management fee and rental of Rental Pool Program operation. The management fee, will occur when the residences or villas are rented, equal to 6% of rental revenue and maintenance fee of 4% of net rental revenue which will be deducted before net rental for unit owners. The rental revenue is the excess rental over the guaranteed rate.

Details of revenue structure

Unit : million baht	2014	2015	2016
<i>Revenue from sales</i>			
Developing hotel	827.80	-	-
Residences and no rental pool program	-	329.32	481.17
Residences and rental pool program	-	176.55	135.56
Villas and no rental pool program	-	201.18	32.50
Villas and rental pool program	-	64.59	35.00
Selling land	-	-	70.67
Revenue from meter installation	-	0.52	-
Total revenue from sales	827.80	772.16	754.90
Revenue from rendering services	-	6.74	43.63
<i>Other revenues</i>	38.16	6.80	16.14
<i>Total Revenue</i>	865.96	785.69	814.67

According to the Accounting Standard, the revenue from sales of land and houses, and the units of condominium can be recognized upon the transfer of ownership to the buyer. However, in practice, the Company will receive some payment from the customers before the ownership is transferred, which includes the reservation fee (received at the date which the reservation agreement was signed), initial down payment (received at the date which the sale and purchase agreement is signed) and subsequent down payment as stipulated in the sale and purchase agreement, collectively called

as “Income received in advance”. When received such income, the Company cannot recognize as revenue, but has to record as liabilities under “Deposits and advances received from customers”. After the payment stipulated under sale and purchase agreement is fully paid and the ownership is transferred to the customer, the whole amounts of such income received in advance are then recognized as revenue from sales. Consequently, “Deposits and advances received from customers” under the liabilities must be taken into account to analyze the operating results.

In 2014, the Company has total revenue of 865.96 million baht, which consists of revenue from sales of real estate of 827.80 million baht comprising of sales of the building of Mövenpick Siam Hotel Pattaya under Mövenpick White Sand Beach Pattaya Project, and other income of 38.16 million baht comprising of income from the cancellation of agreement of 36.19 million baht.

In 2015, the Company has total revenue of 785.69 million baht, which consists of revenue from sales of real estate of 772.16 million baht, revenue from rendering furnishing services of 6.74 million baht, and other income of 6.80 million baht. Revenue from sales is comprised of revenue from sales of condominium units of 505.86 million baht, revenue from sales of villa of 265.77 million baht, and revenue from installation of water and electricity meter of 0.52 million baht. The revenue from sale of residences could be divided into 2 main types are 1) the sale of transferred units with no rental pool program joining, was 329.32 million baht and 2) the sale of transferred units and entering into rental pool program (not including the 15-year rental term with specific return) was 176.55 million baht. For villas, the revenue from sale of villas also could be divided into 2 main types are 1) the sale of transferred units with no rental pool program joining, was 201.18 million baht and 2) the sale of transferred units and entering into rental pool program (not including the 15-year rental term with specific return) was 64.59 million baht. The sold and transferred units are recognized as revenue from sale even the units that their purchasers let them in the Rental Pool program (3 year-period and/or no guaranteed returns). The revenue from sales of such units is approximately 31% of total revenue from sale.

In 2016, the Company has total revenue of 814.67 million baht, which consists of revenue from sales of real estate of 754.90 million baht, revenue from rendering furnishing services of 43.63 million baht, and other income of 16.14 million baht. Revenue from sales is comprised of revenue from sales of condominium units of 616.73 million baht, and revenue from sales of villa of 67.50 million baht. The revenue from sale of residences could be divided into 2 main types are 1) the sale of transferred units with no rental pool program joining, was 481.17 million baht and 2) the sale of transferred units and entering into rental pool program (not including the 15-year rental term with specific return) was 135.56 million baht. For villas, the revenue from sales of transferred units with no rental pool program joining was 32.50 million baht and sale of villas for this period were entered into rental pool program (3-year rental term) was 35.00 million baht. The sold and transferred units are recognized as revenue from sale even the units that their purchasers let them in the Rental Pool program (3 year-period and/or no guaranteed returns). The revenue from sales of such units is approximately 23% of total revenue from sale. In 2016, there is no revenue from rental management services since condominium units and villas participating in the program are under furnishing process and awaiting the transfer to Mövenpick Hotel and Spa, which is expected to be transferred and opened by the second quarter of 2017.

With regards to the cost of sales of real estate, the Company can recognize such cost upon the transfer of the ownership to the buyers. For operating Rental Pool Program, the Company may have additional expenses from specific and/or guaranteed return types of agreements which the Company has to pay the agreed return to purchasers every 3 or 4

months (as agreed). The Company will deduct maintenance fee at 4% from paid return. For the minimum guaranteed return agreements, the rental revenue will be deducted management and marketing fee of 40% of revenue to Movenpick, then operating fee of 6% of revenue to the Company and then maintenance fee of 4% of revenue. The remaining is net rental revenue paid to purchasers. The Company will compare the net rental revenue and the guaranteed return, then pay the purchasers of the difference of net revenue and guaranteed return. Therefore, the paid portion will be recorded as selling expenses of the Company in each accounting period. For 2014 and 2015, the Company has cost of sales of real estate of 713.81 million baht and 523.34 million baht, representing 86.23% and 67.78% of revenue from sales, respectively. The ratio of cost of sales to revenue from sales in 2015 reflects the cost of sales of company-owned projects more than that in 2014 because the Company solely recognizes the revenue from sales of hotel under Mövenpick Pattaya Project in 2014 and does not recognize any revenue from sales of company-owned project developed for sales. For 2016, the Company has the cost of sales of real estate of 520.39 million baht. Such amount represents 68.94% of revenue from sales, close to the ratio of 2015.

In 2015 and 2016, apart from the cost of sales of real estate, the Company has cost of rendering services, which is the cost associated with the furnishing services provided to the customers. The cost of the services represents 83.21% and 89.29% of revenue from rendering services, respectively.

In 2014 – 2015, the Company has selling and servicing expenses of 25.43 million baht, and 68.76 million baht, respectively. In 2014, the selling and servicing expenses are mostly marketing expenses and advertising expenses for Mövenpick Pattaya Project, but contain no servicing expenses. However, in 2015 and 2016, the selling and servicing expenses additionally include not only ownership transferring fee, operating fees, and fees related to legal transactions and agreement regarding the ownership transferring to customer, but also expenses relating to Rental Pool Program. As a result, the servicing expenses increase from such items. In 2015 and 2016, the selling and servicing expenses are 8.83% and 8.28% of revenue from sales and rendering of services, respectively. In 2016, ratio of the selling and servicing expenses to revenue from sales and rendering of services is higher than the ratio of 2015 because the Company starts the marketing campaign for Sheraton Phuket Project, for example, project launching event, multichannel advertising, and such, which cause the increase in selling expenses. Administrative expenses consist of salaries, benefits, employee expenses, office rental expenses, etc. In 2014, 2015, and 2016, the administrative expenses are 75.86 million baht, 73.50 million baht, and 90.11 million baht, respectively. In 2014, the Company has higher administrative expenses than other years due to the accrual of delay of delivery penalty of 27.54 million baht because there was delay in construction work of Pattaya project that could not deliver to customers in time as agreed. As a result, the delay of delivery penalty paid to customer is accrued under administrative expenses. The delay delivery penalty is not accrued in 2013 because it is still ahead of the due date. The penalty, calculated from the date of the agreement to the completion date of Pattaya project which the ownership is ready to be transferred to customers, will be paid to the customer when the ownership is transferred. In 2015, delay of delivery penalty of 22.51 million baht is also accrued. The actual payment of such penalty paid to the customer when ownership transferred in 2015 is, however, less than what the Company accrued in the previous year. Consequently, the administrative expenses in 2015 are less than that in 2014 due to the partial reversal of delay of delivery penalty. For 2016, the administrative expenses are 11.28% of revenue from sales and rendering of services, which is higher than of 2015 (9.44%) due to during the year there were expenses of trade resuming of the Company and advisory fee relating to Phuket Project (such as legal advisory fee etc.).

The Company's net profit from the sales of real estate project starts in 2015 when the transfer of ownership and the revenue recognition has occurred since the late second quarter. The Company's net profit is 65.62 million baht, represent-

ing 8.35% of total revenue. For 2016, the Company's net profit is 61.89 million baht, representing 7.60% of total revenue.

(2) The analysis of financial position

Assets

At the end of 2014 - 2016, the Company's total assets are 1,587.49 million baht, 1,974.88 million baht, and 1,656.09 million baht, respectively. The main asset is real estate development costs, consisting of cost of land, project development cost, financial cost from the borrowing for construction project development (interest expenses and front-end fees), which will be transferred to cost of sales when the revenue from sales of real estate is recognized.

At the end of 2015 - 2016, real estate development costs are 1,670.93 million baht and 890.48 million baht representing 84.61% and 53.77% of total assets, respectively. In 2016, real estate development costs decreases due to the completion of Mövenpick Residences construction work so the full construction cost of residences was transferred to real estate for sale and the remaining is in portion of real estate under development (including Pool villas of Movenpick White Sand Beach Pattaya and the Sheraton Grand Bay Resort & Grand Bay Residences).

At the end of 2016, real estate for sale is 414.94 million baht equal to 25.06% of total assets. This item is consisting of Movenpick residences (construction completed). This item first showed in 2016 due to during 2015, the sold units of residences of Movenpick White Sand Beach Pattaya were transferred so no outstanding of this item at the end of 2015.

At the end of 2014, the Company and its subsidiaries did not have land and real estate under development and land and real estate for sale due to accounting adjustment. Moreover, at the end of 2014, real estate development costs was 1,257.08 million baht comprising of land costs of 380.10 million baht, developing costs of 834.96 million baht and interest and banking fee of 42.02 million baht

Liabilities

The Company has total liabilities at the end of 2014 –2016 of 1,469.44 million baht, 1,576.74 million baht, and 836.52 million baht, respectively. At the of 2016, main liability was short-tem loan from other parties, short-term loan from related parties and deposits and advances received from customers. In 2016, the Company issued bill of exchange of 215.00 million baht. The proceed from issuance used for other debt. The deposits and advances received from customers are consisting of deposit and advances received from sales of residences, villas and decorating services. When the sold units were transferred ownership to customers, the deposit and advance received would be transferred to revenue from sale and services. Therefore, the deposit and advance received will decrease when transfer occurred and will increase when more reservation and down payment. The deposit and advances received from 2014 to 2016, continuously decreased. As at the end of 2014, 2015 and 2016, the deposit and advances received from customers current portion were 648.34, 353.82 and 103.44 million baht respectively. In 2016, the Company started receiving deposit and advances received from customers of Sheraton Phuket Residences (South Residences) of 7.07 million baht which launch sale opening event in late of the second quarter of 2016, recorded as non-current portion (expecting construction completed in more than 1 year). Moreover, the Company cannot recognize the income received from the sales portion under rental pool program with 15 years period as Revenue, but records as unearned revenue, of which the Company recorded 105.10 million baht,

and 94.13 million baht at the end of 2015 and 2016, respectively.

At 2016 year end, the Company has trade and other payables of 17.18% of total liabilities closed to of 2015, equal to 16.70%. However, the net trade and other payables of the Company decrease due to the repayment of accrued interest in the period.

Long-term loans from financial institutions are used for the various project developments including real estate project development. At the end of 2014, 2015, and 2016, the Company has long-term loans from financial institutions of 146.89 million baht, 436.58 million baht, and 50.00 million baht, representing 10.00%, 27.69%, and 5.98% of total liabilities, respectively. The source of repayment is from the revenue from sales with ownership transferring. Long-term loans from financial institutions of the Company are in normal status.

During 2014 – 2016, apart from long-term loans from financial institutions, the Company also uses short-term loans from related parties as alternative source of fund to develop its projects for flexibility purpose. At the end of 2014, 2015, and 2016, the Company has short-term loans from related parties of 290.53 million baht, 331.43 million baht, and 193.93 million baht, respectively. For 2016, the short-term loans decrease significantly because the Company settles the loans with higher interest rate to decrease the interest burden of the Company by using the Company's internal cash flow, and also settle some loan from directors by using proceeds from newly issued shares to existing shareholders in June 2016.

The Company has set the provision for the liabilities related to the guaranteed return for the sales of condominium/ villa participating in Rental Pool Program by recorded in “Payable for guaranteed return” item under Trade and other payables. Such provision was obtained from comparing between the projected rental income after the deduction of management fee and other expenses, and minimum guaranteed return to be paid to the buyer. In the case that the projected rental income is less than the specific return or minimum guaranteed return, the difference of those items will be recorded as selling expenses and payable for guaranteed return. The calculation of projected return and provision starts from the date of agreement to the expiration date of agreements. At the end of 2015, and 2016, the Company has payable for guaranteed return of 7.41 million baht and 7.64 million baht, respectively. The Company's auditor already has reviewed all relevant assumptions used in the projected return and provision setup calculation. The Company reviews such items quarterly to ensure that it reflects the most current situation.

Shareholders' equity

At the end of 2014 –2016, shareholders' equities of the Company are 118.05 million baht, 398.14 million baht, and 819.57 million baht, respectively. As of 31 December 2016, the Company has deficits of 1,026.46 million baht. Shareholders' equity as of 31 December 2016 increases from that as of 31 December 2014 at amount of 701.52 million baht. The increase of equities are from 1) the Company's offering the newly new shares through private placement during 2015 and the first quarter of 2016 of 430.96 million baht; 2) and offering the newly issued shares of 142.85 million baht through rights offering in the 2nd quarter of 2016 and 3) accumulated net profit of 127.71 million baht from 2015 to 2016.

Items	Audited financial statements		
	2014	2015	2016
Net cash generated from (used in) operating activities	301.44	(466.73)	227.20
Net cash used in investing activities	0.52	(12.95)	(72.49)
Net cash received from (used in) financing activities	(253.15)	475.08	(120.28)
Net decrease in cash and cash equivalents	48.81	(4.59)	34.43
Cash and cash equivalents - beginning balance	7.04	55.85	51.26
Cash and cash equivalents - ending balance	55.85	51.26	85.69

(3) The analysis of liquidity from statement of cash flows

Net cash flow from operating activities

In 2014, the Company has net cash flow generating from operating activities of 301.44 million baht resulting from the sales of Hotel section in Mövenpick White Sand Beach Pattaya project, which causes the real estate development costs of 713.81 million baht to be taken out and recognized as revenue from sales. Moreover, the real estate development costs of Mövenpick Residences project and Pool Villa increased by 387.70 million baht in that year. In 2015, the Company has net cash flow used in operating activities of 466.74 million baht mainly from the increase of real estate development costs due to the completion of construction work of Mövenpick Residences project in late 2nd quarter of 2015 and the start of operation of The Grand Bay project. In 2015, the real estate development costs had an increase of 476.31 million baht from 2014. Meanwhile, there is a great deal of ownership transfer occurring in the second half of the year, causing the decrease in advances received from customers of 322.58 million baht.

In 2016, the Company has net cash flow generating from operating activities of 227.20 million baht as a result of the increase in revenue from sales, whereas the real estate development costs decrease. In other words, the cost of Pattaya project does not increase as it is completed since 2015. Meanwhile, the Phuket project recently starts its construction work; therefore, there is small amount of real estate development costs.

Net cash used in investing activities

In 2014, the Company has net cash from investing activities of 0.52 million baht mainly from decrease in guaranteed deposits of 1.38 million baht and equipment purchases of 1.26 million baht.

In 2015, the Company has net cash used in investing activities of 12.95 million baht mainly from loans to other parties of 12.52 million baht, of which the beginning is that the Company lends the loan to the company providing construction work using as its working capital for the construction work of the Company's condominium. The loan bears an interest rate at MLR of a commercial bank and the counterparty will repay by offsetting with the amount that the Company will have to pay to such party at the delivery date.

For 2016, the Company pays for the acquisition of the shares of LP Land and Housing Development Company Limited ("LP Land") to renovate the aforementioned Sigma Resort Pattaya project. The Company paid for the share acquisition of 57.25 million baht in the period, and paid for the obligation under rehabilitation plan of LP Land of 18.15 million baht, totaling of 75.40 million baht.

Net cash received from (used in) financing activities

In 2014, the Company has net used in financing activities of 253.15 million baht mainly from loan repayment to financial institution of 224.57 million baht, repaid short-term loan from related parties of 46.18 million baht and received deposit of capital increase of 44.23 million baht.

In 2015, the Company has net cash received from financing activities of 475.08 million baht as a result of the offering of newly issued shares through private placement of 169.83 million baht, long-term loans from financial institutions of 707.62 million baht, the repayment of long-term loans of 417.93 million baht, and such.

For 2016, the Company has net cash used in financing activities of 120.28 million baht mainly from the offering of newly issued shares through private placement and rights offering totaling of 358.33 million baht, the repayment and received of long-term loans of 386.58 million baht, the net repayment of short-term loans of 167.50 million baht, interest payment of 136.80 million baht. Moreover, in 2016 the Company issued bills of exchange value of 215.00 million baht.

(4) The analysis of financial ratios

In 2015, the liquidity ratio was at 0.09 times less than that of 1.09 times in 2014 resulting from the increase of current assets was more than the increase of current liabilities because there was an decrease in real estate development costs in 2015 along with change of accounting recording. The land and real estate for sale is divided into 2 portions: current asset and non-current asset. In 2016, the liquidity ratio was at 0.80 times which was more than the ratio of 2015 due to the Residences of Pattaya project completion added into current assets portion.

In 2015 and 2016, the Company has the long average inventory days of 977 days. However, it is relatively normal for real estate development business, which will recognize the revenue when the construction work is completed and the ownership is transferred. The project of the Company requires long construction period until the revenue is recognized causing the long cash cycle. In the past, the construction works of each project are delayed, while the construction work of high-rise buildings usually takes longer times than low-rise buildings.

In 2015 and 2016, the Company has gross profit margin of 32.09% and 29.95% respectively, and operating profit margin of 13.83% and 10.39% respectively. For 2016, the Company's operating profit margin decreases because of the increase in marketing expenses of Phuket project during the second and the third quarter. The said ratio cannot be compared with the previous years because the Company's revenues from sales are solely from the sales of hotel, which was sold as work under construction.

In 2015 and 2016, the Company has return on equity of 25.43% and 10.16%, respectively. The said ratio at the end of 2016 is lower than that in 2015 due to the increase in shareholders' equity of 420 million baht mainly from the payment of newly issued shares offered through private placement during early 2015 and the payment of newly issued shares offered through rights offering, totaling of 358 million baht. In 2014, the Company incurred net loss causing the negative return on equity; thereby, they are excluded from our analysis.

At the end of 2014, 2015, and 2016, debt-to-equity ratio has continuously decreased from 12.45 times, 3.96 times, and 1.02 times, respectively. The debt-to-equity ratio significantly decreases since 2015 resulting from the net increase in share capital (paid-up capital deducted discount on share capital) of 573.81 million baht. In addition, during 2015 and 2016, the Company has accumulated net income of 127.71 million baht. Therefore, the shareholders' equity of the Company as of 31 December 2016 has an increase of 701.52 million baht comparing to 2014.

Event after December 31, 2016, the commitments and contingent liabilities in the future

Because on January 26, 2017, the Company entered into a purchase agreement to buy land that was sold at auction and paid a deposit for the purchase on the contract date in the amount of 10 million baht, the remaining land cost is 325 million baht will pay in May 2017, the source of funds for the payment of the remaining land will come from applying for loans from financial institutions and/or raising funds by issuing debt, including some of the cash flow from operations and on February 28, 2017 the Board of Directors meeting No. 2/2560 has resolved to propose to the shareholders meeting to approve the issuance and offering of debentures in an amount not exceeding 2,000 million baht for conduct the business.

Audit Committee Report

The Audit Committee of Apex Development Company Limited consists of 4 members:

Mr. Padungphan Juntaro

Mr. Chalit Sathitthong

Mr. Siripong Silpakul

Mr. Chatchawan Triamvicharnkul

During the year, the Committee carried out its duties as assigned by the Board of Directors in accordance with the audit committee charter. In the fiscal year 2016, the Committee held 5 meetings with the Management and Internal Audit department in relevant issues as summarized below :

- 1.) Review of quarterly and annually financial statements with the Management and the Auditor to ensure that the Company's financial reports were both accuracy and adequacy under generally accepted accounting principles and the relevant regulations for the benefit of investors or financial statement users.
- 2.) Review of all concerned matters to ensure that the Company has risk management and internal control adequate for effective internal control of its businesses.
- 3.) Review the performance of the Company to ensure compliance with the securities and exchange law, regulations of the Exchange or laws relating to business of the Company.
- 4.) Review the disclosure of information of the Company in case that there is a connected transaction or transaction that may lead to conflict of interest so as to ensure the accuracy and completeness.
- 5.) Review of annual audit plan, audit report and internal control assessment to ensure that the internal control system is efficient to cope with the Company's risk appetite in changing in environment.

The Committee had continually reported every meetings to the Board of Directors for considerations of all opinions and recommendations.

In conclusion, for the year 2016 the Committee ensured that all financial statements and information disclosure were reliable and adequate in accordance with accounting standard. The Company's risk management and internal control system to be sound and efficiency, internal auditing is independent and good supervision of all aspects of business operations in line with rules and regulations. These practices could help to cultivate the truth worthiness from customers, shareholders and employees according Company's objectives.

In capacity of Audit Committee



(Mr. Padungphan Juntaro)

Chairman, Audit Committee

February 27, 2017

Subsidiary

Company Name	Apex Asset Co., Ltd.
Registration Number	0105551024040
Address	10/55, 2nd Floor The Trendy Building, Soi Sukhumvit 13 (SangChan), Sukhumvit Road, Klongtoey Nue Sub-district, Wattana district, Bangkok 10110
Telephone	02-168-7200
Facsimile	02-168-7191
Nature of Business	Property Development
Home Page	www.apexpcl.com
Registered Capital	1,000,000 Baht divided to ordinary shares 1,000,000 shares, par value 100 Baht per share
Paid-up Capital	1,000,000 Baht divided to ordinary shares 1,000,000 shares, par value 100 Baht per share

Company Name	Grand Bay Hotel Co., Ltd.
Registration Number	0105558048211
Address	10/53, 2nd Floor The Trendy Building, Soi Sukhumvit 13 (SangChan), Sukhumvit Road, Klongtoey Nue Sub-district, Wattana district, Bangkok 10110
Telephone	02-168-7200
Facsimile	02-168-7191
Nature of Business	Property Development
Home Page	www.apexpcl.com
Registered Capital	20,000,000 Baht divided to ordinary shares 20,000,000 shares, par value 100 Baht per share
Paid-up Capital	20,000,000 Baht divided to ordinary shares 20,000,000 shares, par value 100 Baht per share



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