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ANNUAL REPORT 2016 / AQ ESTATE PUBLIC COMPANY LIMITED

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บนคอนโดใจกลางเมือง
สะดวกทุกการเดินทางให้คุณ และ
คนที่คนรักได้ใช้ชีวิตอย่างมีคุณภาพ

AQ SHADI



ชลบรี - บายพาส

บ้านสไตล์โมเดิร์นบนทำเลศักยภาพ
รายล้อมไปด้วยต้นไม้ใหญ่
เพียบพร้อมด้วยสิ่งอำนวยความสะดวก
เพื่อมอบความรู้สึกผ่อนคลายได้ร่ำเริง
ให้กับผู้อยู่อาศัยอย่างแท้จริง

AQ ARBOR



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บ้านเดี่ยว 3 ชั้น สดหรู สไตล์โมเดิร์น
บนทำเลศักยภาพ ภายในมีสวนกว้างขวาง
ด้วยฟังก์ชัน 4 ห้องนอน 4 ห้องน้ำ
และห้องเอนกประสงค์ รวมเนื้อที่กว่า
280 ตร.ม. กับค่าต่อการใช้ชีวิต

AQ SHADI



พหลโยธิน - รังสิต

บ้านใหม่สโตนโบว์ตัน บนทำเลศักยภาพ
ออกแบบสำหรับการใช้ชีวิตของคนยุคใหม่
พร้อมด้วยสิ่งอำนวยความสะดวก
เพื่อบอกความรู้สึกผ่อนคลายได้เป็นอย่างดี
เพื่อย้ายอาศัยอย่างแท้จริง

GRAND PARK



พหลโยธิน - รังสิต

บ้านในสังคมคุณภาพ ท่ามกลางธรรมชาติ
แห่งเดียวบนถนน พหลโยธิน-รังสิต
ตัวบ้านออกใหม่สไตล์
Classic Contemporary Living
สร้างงาน ตอบรับความสำเร็จของชีวิต

AQ VIRAR



ສວນສຍາມ 24

ทาวนโฮม 3 ชั้น ที่มากกว่าทาวนโฮมทั่วไป
โดยคิดและออกแบบในทุกรายละเอียด
ทั้งยังเลือกใช้วัสดุเกรดพรีเมียม
พร้อมให้คุณมีความสุขเป็นส่วนตัวที่มากกว่า
ด้วยจำนวนเพียง 54 ยูนิต

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AQ ESTATE



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โรงแรมหรู ระดับ 5 ดาว คอนเซ็ปต์ Coloured by Seasons เป็นสถานที่พักผ่อน ที่นำความงดงามของเขตสีตามฤดูกาลจากสวนดอกไม้มาบรรณาธิใช้เป็นแนวคิดหลักในการสร้างสรรค์บรรยากาศ โดยที่ทุกองค์ประกอบจะเปลี่ยนไปตามฤดูกาล เพื่อให้แขกของเราได้สัมผัสประสบการณ์ที่แปลกใหม่ในสไตล์ร่วมสมัยแบบยุโรปประกอบด้วยห้องพักแบบ Superior Garden View , Deluxe Plantation , Deluxe Horizon และ Pool Villa รวม 70 ห้อง ด้วยการออกแบบสไตล์ Modern Rustic แทรกอยู่ในงานออกแบบทุกรายละเอียด ทำให้รู้สึกอบอุ่น ใสแบบดึกเกินบรรยาย โทร.052 001 400 / www.floracreekchiangmai.com

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Message from the Board of Directors

Dear Shareholders

The year 2016 was considered a crisis period of the Company again. All directors are dedicated to solving the problem of damages approximately Baht 10,004 million that the Company must pay to Krung Thai Bank Public Company Limited According to the judgment of the Supreme Court, criminal of political tenure department on August 26, 2015 details as you all know. Although the negotiations can not be clearly achieved. But with the cooperation of all parties make we can sustained status up until now without the support from the financial institution as a result of such judgment.

The main solution is to increase the capital of the Company. Both from the existing shareholders and potential investors to get money from this funding to pay damages including used to develop projects that are delayed as well as investing in new projects to build company growth and return to shareholders in the future. Therefore, the Board of Directors hopes to gain the support from all of you well and thank you all for sharing the solution in order for the Company to overcome all obstacles.

(Mr. Somchai Kuvijitsuwan)

Chairman of the Board of Directors

AQ Estate Public Company Limited

1. Policy and Overview of the Business

1.1 Background

AQ Estate Public Company Limited founded on November 9, 1982 first establish name is "Kritsada Investment Co., Ltd." The company has a registered capital of 1 million baht was established with the aim to engage the housing. Trading land houses, townhouses, commercial buildings and property as real estate. Under trade name "Krisda Nakorn".

In January 1984 the company was changed its name to "Krisda Mahanakorn Company Limited".

The company was registered as a listed company in group of Industrial and real estate commercial with securities symbol "KMC" start trading on the Stock Exchange on May 10, 1991.

On June 14, 1993 the company operated as a public company incorporated under the Companies Act 2535 and the company was renamed Krisda Mahanakorn Public Company Limited and execute the capital increase from 1,050 million baht to 5,000 million baht.

On the April 30, 2014, the Company changed its name from the original "AQ Estate Company Limited (Public)" and the Company's symbol is the "AQ".

At present AQ Estate Public Company Limited operates real estate commercial and development business. Both horizontal and vertical include Rental Property with the registered capital of Baht 11,659,181,574.00, Fully paid Baht 6,337,341,767.50 divided into 12,674,683,535 shares at par value of Baht 0.50.

1.2 Overview of the Business

AQ Estate Public Company Limited and its subsidiaries operates business of real estate commercial and development by focusing on real estate development, primarily for housing. Either in the form of single detached houses, townhouses, commercial buildings and residential high-rise condominium with the amenities. different And home construction to its clients, which bought Land Company, the subsidiary of the Company. Also operates another Related to real estate development. The summary nature of business of the Group is as follows.

- 1) Buying - Land acquisition is characterized by large land then divided into plots allocated. Then, the management and development of projects to be completed before the roads and utilities. Then sell to retail buyers.
- 2) The land and buildings This includes the allocation of land area. Designing buildings Contractors To servicedifferent To add value to the land, such as the allocation of land, which is a house divided. Semi-detached houses, commercial buildings and condominiums.

- 3) Construction of houses for customers who buy land of the company by hiring a small contractor under the supervision of the company's officer.
- 4) Sales management for other real estate development projects, with revenue from sales management based on sales proportion.
- 5) Hotels and Resorts Business.
- 6) Operation of storage space rental business

Status of the Company

- a) On August 26, 2015, the Supreme Court's Criminal Division for Persons Holding Political Positions ("the Supreme Court") sentenced a case which the Attorney General as the plaintiff accused persons and juristic persons totaling 27 persons whereby the Company was accused as the 20th defendant, for jointly coordinating with and supporting the officers of a government enterprise (a government bank) to abuse their government official duties and embezzled the fund by misappropriating the approval of credit facilities. The 18th to 27th defendants were claimed that they jointly coordinated and supported the 1st to 17th defendants by asking credit facilities to purchase land, to settle debt of a bank and to offer the purchase of preferred shares of the 20th defendant held by such government bank. The Supreme Court sentenced the Company jointly with the 25th and the 26th defendants to repay Baht 10,004.47 million to such government bank. In this regard, the Borrower, Golden Technology Industrial Park Co., Ltd., ("Golden") (the 19th defendant) and K & V SRS Garden Home Company Limited ("Garden Home") the subsidiary of the 19th defendant have mortgaged their land. In May 2016, the Company engaged an independent appraiser to appraise such collateral using market approach for investment reference purposes. The appraisal value was approximately Baht 12,749 million. The management expects that the forced sale value of such land net of commission fee on sales would be Baht 8,924.30 million and in year 2016 the management expects that the forced sale value of such land would be Bath 5,800 million. On September 9, 2015, the Company received the order of enforceable action from the Supreme Court. Up to the present, no action has been taken on this matter.
- b) On September 25, 2015, the Company filed the repetition for suspension of the order of enforceable action to the general meeting of the Supreme Court to appeal in determination of that damage. The Company requested the general meeting of the Supreme Court to reconsider the damage by deducting (1) the amount obtained from warrants, since such government bank did not declare when additional common shares of the Company of 13.17 million shares and warrants of the Company of 118.57 million units were subsequently sold and how much cash received from such sale were, and (2) the amount of deposit for purchase of additional common shares of the Company

of Baht 197.62 million which Grand Computer and Communication Co., Ltd. (the 22nd defendant) paid on behalf of such government bank. On July 5, 2016, the general meeting of the Supreme Court denied such appeal.

- c) On October 16, 2015, the Company, “Golden” and Progress Property Management Co., Ltd. (“Progress”) a major shareholder (68% shareholding) of Golden have entered into a contract for the asset management and profit-sharing, whereby, the Company is assigned to be the authorized party for comprehensive composition including management for selling land only with no cancellation and irrevocable within 3 years from the date of the contract signed. In this regard, the Company will make advance payments for necessary expenses for selling land such as withdrawal of seized land, settlement debt with the Revenue Department on behalf of Golden in order that the land was not confiscated, partial repayment of debts of “Garden Home” and the expenses of land appraisal cost, etc. without any compensation except in case that the Company needs to borrow a loan to be used for this matter and Golden agreed to return to the Company for the amount of finance costs to be paid by the Company. The profit from sale of land after deducting expenses and settlement to such government bank will be shared to Golden at 70% and the Company at 30%. However, if the profit from sale is less than Baht 300 million, the Company shall get an approval from Progress before disposal of such land. Once the Company and Golden are free from any liabilities with such government bank, both parties agree not to claim for any debts from each other anymore. To guarantee the fulfillment of the contract and flexibility in operations, Progress agrees to transfer shares and authorities of the directors of Golden to the Company. When the contract is ended, the Company will transfer shares and return the authorities of directors to Progress as the original status. The Company agrees to let its subsidiary to provide loan to a relative of a director of Golden at Baht 30 million within October 31, 2015 which due within 3 years. This loan shall be secured by land. On November 12, 2015, the subsidiary has already provided such loan. On October 16, 2015, Progress has already transferred the shares of Golden to the Company and has authorized one director of the Company to be director of Golden. However, the Company and Golden have not obtained a letter from Garden Home to confirm that it will not claim for any liabilities for selling land to compensate the damage because Garden Home Trail in bankruptcy case. In addition the board of directors meeting No12/2016 dated October 13, 2016 acknowledged that the case was settled by the plaintiff than there is no plaintiff of this bankruptcy case. Therefore the officer will report to the court to lift this bankruptcy case according.

- d) According to the sentence of the Supreme Court, loans from financial institutions of the Company and subsidiaries are met the condition of default loans as specified in the loan agreements. On October 9, 2015, the Chief Executive Officer and Executive Director resigned, which made the Company and subsidiary breached the conditions of the loans from 3 local financial institutions that required the Company to maintain the positions of the executive directors. As at December 31, 2016 and 2015, such default loans amounting to Baht 26.72 million and Baht 30 million, respectively was presented as loans considered as default under current liability in the consolidated and separate statements of financial position. From the date sentenced by the Supreme Court up to the present, all the financial institutions that previously provided credit facilities to the Company and the subsidiaries have temporarily suspended all credit facilities.

The board of direction meeting No. 12/2016, dated October 13, 2016 acknowledged that the company submitted the regent of debt restructure to one bank. The Company will was non-performing land additional pledge value Baht 1,000 million, and will complete the debt restructure within one year. The Company request the right to sell the pledged land to repay bank loan. However the company in waiting bank approved. In addition the meeting acknowledged that the surveyor reported that there are one hundred and seventy-seven land intruders the company recorded additional production of Baht 51.93 million for selling this land.

And then, according to minute of board of director's meeting No.15/2016, dated on November 24, 2016 acknowledged that on November 22, 2016, the Company has met and acknowledged bank requirement to changes the conditions of debt restructure. The bank would like Golden to enter into debt restructure at civil case in whole amount (approximately by Baht 20,000 million) and pay for Baht of 1,000 million, and then allow the Company ask for a party in civil case in order to manage sell the pledged land. Also, the meeting acknowledged if Gloden could not enter into debt restructure above within November 2016, the bank will send the case into office of the Attorney, Office of the National Anti - Corruption Commission, Office of the Auditor General of Thailand, and night being legal execution of assets of the Company. At present, Gloden has not yet entered the debt restructure and the Company has not been informed about legal execution of assets of the Company.

On January 5, 2017, the bank informed the Company and Golden that the bank cannot accept the proposals of the Company regarding debt restructuring. And on April 5, 2017, the bank informed (1) Golden has to enter the debt restructuring as civil black case number Tor.268/2549 in whole amount, under the condition of Por-Kor-Sor .007/2560 dated on January 5, 2017 within April 2017.

(2) the Company has to follow the judgment of the Supreme Court's Criminal Division for Persons Holding Political Positions as case red number. Or-Mor. 55/2558, and repayment for damage fee amount of Baht 10,004,467,480 to the bank within June 2017.

If there have no any proceeding, the bank might proceed the legal execution for every case.

The Company arranged and met with the management of the Bank on May 9, 2017 to clarify that the Company has prepared for the capital increase. Should there has no further issues or comments, the Company believes it can process for initial capital increase which should be sufficient for payment of damages to the bank and/or mutually discuss the terms and conditions for the payment. At this stage, the Bank was informed and supported for the capital increase plan of the Company and scheduled for the next meeting with the Company on July 6, 2017.

Thus, the civil case which Krungthai Bank Public Company Limited as a plaintiff accused Golden Technology Industrial Park Co., Ltd. (the 1st defendant) and others, totaling 4 persons (according to Black Case No. Tor. 268/2459, Red Case No. Tor. 2687/2550) is still valid and enforces the defendants to repay the debt of Baht 10,234,752,863.31 together with interest of principal amount of Baht 8,368,732,100.00 at the rate of 15% per annum, since the date after filling date until completion of debt repayment. Also, there will be appointments for additional plaintiff's testimony and defendants' testimony on July 27, 2017.

As discussed on note to financial statement no.33, the Company Board of Directors propose the capital increase to the shareholders consideration by amount of Baht 12,000 million. The Board of Directors considered that the Company must raise fund from capital increase and use the proceed to pay for damages of THB 10,004 million according to the Supreme Court's judicial order. Although the debt as mentioned is the same debt the Bank filed to the civil court against Golden Technology Industrial Park Co., Ltd. (The total debts approximates THB 20,000 million and the capital is THB 10,274 million with interest of 15% per year on principal of THB 8,369 million which has 4,300 rai and owned by the Golden Company as collateral). In this case, the courts have yet judged and pending trial of the Court of First Instance and this land makes up as collateral in a civil case. For enforcement, only bank is eligible to enforce the collateral mortgage first or forced by the defendant following the judgment of the Supreme Court. In case of the company does not agree to pay the debt. The bank has a chance to choose to pay debt from the company according to court judgment before enforcing the collateral with the bank. Currently, the civil case has not yet settled by law; the bank has the right to enforce the company's assets from the date that the Supreme Court has the verdict. However, it will have the broad impact to related parties. The Bank has considered and

has not yet enforced any assets of the Company. Nevertheless, should the Company has not had any concrete actions or plans for the debt payment to the Bank prior to June 2017, according to the letter dated April 5, 2017 from the Bank, the Bank will proceed for legal enforcement. The Company may have its assets seized which will have the material impact to the assets under current development such as the suspension of sale, the lost of confident of the customers, the liquidity shortage, and also the occurrence of many problems to be followed. Furthermore, the proceed from asset seizure for public auction is not sufficient to pay for damages according to the Court's judicial order because the total assets as at December 31, 2016 is THB 5,337.13 million which will not be sufficient to pay for damages. If such situation happens, the Company must be forced into the rehabilitation or the bankruptcy process which will cause damages to all shareholders. In contrast, should the Company is success for its capital increase to pay off debts; the Bank may consider the Company for its payment plan and may allow for sale of the collateralized land. The remaining proceed from capital increase, if any, shall be used for continuing business which shall continue to add value to the shareholders equity.

The management of the Company estimated the damage from this court case and recorded in the consolidated and separate statements of comprehensive income for the year ended December 31, 2016 as follows:

	In Million Baht
Compensation as per Court sentence	10,004.47
<u>Add</u> Necessary expenses for selling land as per a contract for the asset management and profit-sharing	122.22
Specific Business Tax (At forced sale value)	191.40
Withholding income tax (At forced sale value)	58.00
Transferring fee (At Land Department price)	110.61
<u>Less</u> Forced sale value	(5,800)
Estimated the damage - net	4,686.70

* The Company appraise the valuation of collateral land by appraisal report of SL. Standard appraisal dated on May 5, 2017, comparative market price method amount of appraised price Baht 11,600 million and amount of forced sale value by Baht of 5,800 million. In year 2015 the appraised value and the forced sale value of such collateral land as appraisal report dated on May 25, 2016, amount by Baht of 12,749 million and 8,924 million, respectively.

The actual damage will substantially depend on the Company's ability to sell such collateral land at the estimated price and Garden Home will not make a claim against the Company.

The Company's ability to continue its operation as a going concern will significantly depend on the ability to repay the damage as sentenced by the Supreme Court and the Company's ability to increase share capital, and the solution of negotiation with the bank. These factors indicated the existence of material uncertainties about the Company's ability to continue its operation as a going concern. The financial statements for the year ended December 31, 2016 have been prepared assuming that the Company will continue its operations as a going concern. Accordingly, they do not include any adjustments relating to the recoverability of the carrying value and classification of the assets or the amount and classification of liabilities that might be necessary should the Company be unable to continue its operation as a going concern.

1.3 Goals and Strategies for Implementation

Vision

AQ Estate aim not only develop projects or build buildings, we plan your future. We believe in a philosophy of timeless yet functional design since, our goal is to create things that will stand the test of time, to provide our clients, their great investment returns. Moreover, all goals will be achieved rightfully while our stakeholders will be treated with nothing but honesty.

Mission

- ☐ To develop finest real estate projects to serve the current needs of market and those of the future.
- ☐ To be amongst Thailand's leading real estate public listed companies.
- ☐ To provide exceptional management services to clients as in a service provider and also as in a business partner.

1.4 Changes and key developments.

1.4.1 Change in share capital and the issuance of securities

Year 2014

According to the resolution of General Meeting of shareholders for year 2014 of the Company on April 24, 2014 approved a decreased in capital by reducing the par value of Baht 20 per share to Baht 0.50 per share to reduce the discount of share capital and the accumulated deficit and approve

the amendment of the Memorandum of Association to comply with the decreasing of resisted capital and register with the Department of Business Development, Ministry of Commerce of March 3, 2015.

Year 2015

The Annual General Meeting of Shareholders for the year 2015 held on April 20, 2015, the meeting resolved the resolution to

- a) Decreased the authorized capital from Baht 8,160.22 million (16,320.44 million shares, at Baht 0.50 per share) to be Baht 8,109.55 million (16,219.10 million shares, at Baht 0.50 per share).
- b) Increased the authorized capital amount of Baht 3,549.63 million from Baht 8,109.55 million (16,219.10 million shares, at Baht 0.50 per share) to be Baht 11,659.18 million (23,318.36 million shares, at Baht 0.50 per share) by issuing new ordinary shares totaling 7,099.26 million shares, at Baht 0.50 per share.
- c) To allocate newly issued ordinary shares as following:
 - ☐ General Mandate amount not exceed 3,000 million shares, Baht 0.50 par value for offering to the existing shareholders in the proportion.
 - ☐ Total amount not exceed 99.26 million shares, Baht 0.50 par value for reserve to adjust the additional right as warrant that will purchase (AQ-W2 total 25.77 million shares and AQ-W3 total 73.48 million shares)
 - ☐ Total amount not exceed 4,000 million shares, Baht 0.50 par value both full amount or any part in the same time or different time to private placement investors and/or institutional investors of private placement in the offering price not less than 90 % of market price but the offering price not less than Baht 0.50 per share In addition, the Board of Directors or the people who is assigned by the Board of Directors are able to consider the allocation of newly issues common shares as mentioned above.

On July 15, 2015 the Company registered the change in paid-up capital to increase from the original amount of 8,614 shares, which made paid-up capital to be Baht 6,336,985,976.50, (divided into ordinary shares 12,673,971,953 shares at Baht 0.50 par value).

On June 6, 2016 the Company registered the change in paid-up capital to increase from the original amount of 711,582 shares, which made paid-up capital to be Baht

6,337,341,767.50, (divided into ordinary shares 12,674,683,535 shares, at the par value of Baht 0.50).

Year 2017

The Company has been required for the funding to pay damages in accordance with the verdict of the Supreme Court's Criminal Division for Persons Holding Political Positions in the amount of THB 10,004.47 million to Krungthai Bank Plc. and also required the funding of approximately THB 2,000 million for the development of existing projects and future projects for expansion and continuing business. In the past, the Company has limited access for credits from the financial institutions as a result of the verdict mentioned above. The Company has not had sufficient funds to develop and complete the existing projects or to expand for the future projects. Therefore, the Company is required for both funds in the total amount of THB 12,004.47 million. The Board of Directors has considered for the alternatives to successfully secure the large amount of funds and at present, the alternative is limited to the capital increase.

However, the capital increase of THB 12,004.47 million will have the significant impact to the existing shareholders of the Company and therefore, the Board of Directors had opinions for the capital increase into two tranches; right offering and private placement. Nevertheless, the sequence of the capital increase of both tranches has pros and cons and has different impact to the shareholders.

May 26, 2017 The Board of Directors Meeting No. 7/2017 approved to schedule for the Extraordinary General Meeting of Shareholders no.1/2017 on Friday, 30 June 2017, 10 a.m. , Golden Tulip Hotel Jaturatid Room, 3rd Fl., 92 Soi Sang Cham, Rim Klong Bangkapi Rd. , Bangkapi, Huay Kwang, Bangkok 10320 and determined the meeting agendas as following:

Agenda 1 To consider and certify the minute of the Annual General Meeting of Shareholders of 2017.

Agenda 2 To consider and approve the decrease of registered capital of the Company.

Agenda 3 To consider and approve the additional amendment of the memorandum of association in accordance with the decrease of the registered capital.

Agenda 4 To consider and approve the alternative of capital increase of the Company.

4.1 To consider and approve the capital increase - Option 1 which is the capital increase for right offering prior to the capital increase for private placement.

4.2 To consider and approve the capital increase - Option 2 which is the capital increase for private placement prior to the capital increase for right offering.

Agenda 5 To consider and approve the capital increase - Option 1 which is the capital increase for right offering prior to the capital increase for private placement. The detail of related agenda is:

5.1 To consider and approve the increase of registered capital of the Company.

5.2 To consider and approve the additional amendment of the memorandum of association in accordance with the increase of the registered capital.

5.3 To consider and approve the issuance and offering of warrants to subscribe the ordinary shares of AQ Estate Plc. no. 4 (AQ-W4) of not exceeding 68,837,341,768 unit.

5.4 To consider and approve the allotment of the newly issued ordinary shares of the Company of 293,837,341,768 shares

☐ Allotment of newly issued ordinary shares of not exceeding 125,000,000,000 shares at par value of THB 0.5 per share for right offering in proportion to the existing shareholding.

☐ Allotment of newly issued ordinary shares of not exceeding 68,837,341,768 shares at par value of THB 0.50 per share to reserve for the exercise of warrants to subscribe the ordinary shares of AQ Estate Plc. no. 4 (AQ-W4).

☐ Allotment of newly issued ordinary shares for 100,000,000,000 shares at par value of THB 0.50 per share to reserve for the issuance of newly issued ordinary shares for private placement.

Agenda 6 To consider and approve the capital increase - Option 2 which is the capital increase for private placement prior to the capital increase for right offering. The detail of related agenda is:

- 6.1 To consider and approve the increase of registered capital of the Company.
- 6.2 To consider and approve the additional amendment of the memorandum of association in accordance with the increase of the registered capital.
- 6.3 To consider and approve the issuance and offering of warrants to subscribe the ordinary shares of AQ Estate Plc. no. 4 (AQ-W4) of not exceeding 56,337,341,768 unit.
- 6.4 To consider and approve the allotment of the newly issued ordinary shares of the Company of 281,337,341,768 shares.
 - ☐ Allotment of newly issued ordinary shares for 100,000,000,000 shares at par value of THB 0.50 per share to reserve for the issuance of newly issued ordinary shares for private placement.
 - ☐ Allotment of newly issued ordinary shares of not exceeding 56,337,341,768 shares at par value of THB 0.50 per share to reserve for the exercise of warrants to subscribe the ordinary shares of AQ Estate Plc. no. 4 (AQ-W4).
 - ☐ Allotment of newly issued ordinary shares of not exceeding 125,000,000,000 shares at par value of THB 0.5 per share for right offering in proportion to the existing shareholding.

Agenda 7 Others (if any)

Please be noted that Agenda 4.1 and Agenda 4.2 are the agendas proposed by the Board of Directors to shareholders to consider and approve for the alternative of capital increase. Should any of these agendas receives the votes for "Approve" more the 50% of shareholders who attend and cast the votes, it is considered that such Agenda is approved from shareholders' meeting. Should each of Agenda 4.1 and Agenda 4.2 receives the vote for "Approve" more than 50% of shareholders who attend and cast the votes, the number of votes from both agendas shall be compared. Any of these agendas with the highest number of votes for "Approve", is considered as approval by the shareholders' meeting for capital increase in accordance with that agenda. Should the number of votes for "Approve" in each of the Agenda is equal, the Chairman shall cast one vote for the casting vote. However, if both Agenda 4.1 and Agenda 4.2 receive the votes for "Approve" not more than 50% of shareholders who attend and cast the votes, it is considered that the capital increase in Agenda 5 and Agenda 6 is not approved by the shareholders' meeting.

In case that the shareholders' meeting votes to approve the capital increase according to Agenda 4.1, the shareholders' meeting shall continue to consider and approve the capital increase in Agenda 5 and shall exclude to consider the Agenda 6.

In case that the shareholders' meeting votes to approve the capital increase according to Agenda 4.2, the shareholders' meeting shall continue to consider and approve the capital increase in Agenda 6 and shall exclude to consider the Agenda 5.

1.4.2 Change in Shareholding Structure

Year 2015

Nov 23 - Dec 8, 2015 Pol.Gen. Somyot Poopanmoung, the Company's major shareholders has sold shares in the amount of 1,500 million shares or 11.85 % of total shares with voting rights for the following individual.

Date	Number of Shares (Millions Shares)	List of Shareholder	Percentage
23/11/2015	500	Mr.Kampon Veeratepsuporn	3.95
8/12/2015	500	Miss Chomkamon Poopanmoung	3.95
8/12/2015	500	Mr. Rchta Poopanmoung	3.95
Total	1,500	-	11.85

Therefore, Pol.Gen. Somyot Poopanmoung will hold 500 million shares or 3.95 % of total shares with voting rights after distribution shares as stated. This distribution shares of Pol.Gen. Somyot Poopanmoung is not impact in any control of company.

1.4.3 The Key Development

Year 2014

April 24, 2014 The Annual General Meeting of Shareholders for the year 2014 approved the change of the Company's name and cancellation of the Company's seal from *"Krisdamahanakorn Public Company Limited"* to *"AQ Estate Public Company Limited"*. The Company was registered with the Ministry of Commerce on April 30, 2014.

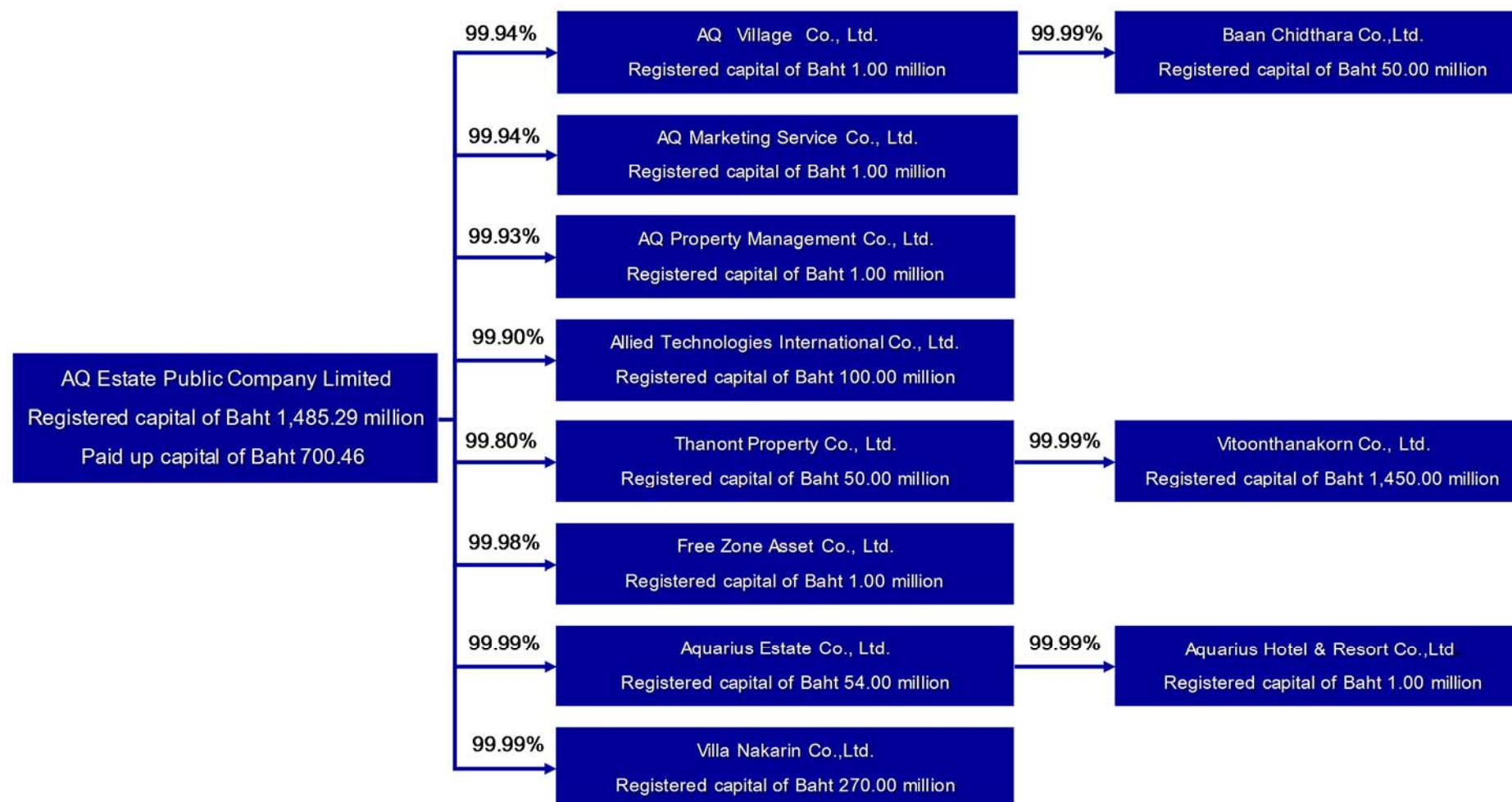
September 26, 2014 The Board of Directors' Meeting No. 9/2014 on September 26, 2014 approved the investment in Villa Nakarin Co.,Ltd. of 2.70 million shares approximately Baht 170 million at an approximate price of Baht 62.96 per share from the existing shareholders of 99.99% of paid up capital, consisted of the initial payment

amount Baht 124.06 million and the value of operating return that the company agreed to distribute to the seller at 80% of net income after deduction of cost of goods sold and selling and administrative expenses and other expenses as specified in the contract. In this calculation, the actual costs and expenses are calculated at the completion date of the project, not more than 30 months from the contract date. The Company's management estimates the liabilities to be paid to the existing shareholders of Baht 46.17 million. On October 1, 2014, the Company paid for shares of Baht 119.79 million and record total liabilities of Baht 50.45 million. The company registered the transfer of shares with the Ministry of Commerce on October 6, 2014.

1.5 Shareholding Structure of the Group

AQ Estate Public Company Limited undertakes business in property development and sales including real estate rental. There are 11 subsidiaries in the Group by the Company directly holds 8 subsidiaries and indirectly through 3 subsidiaries. The nature of business operations of the parent company and subsidiaries and the proportion of the Company's shareholding in the Subsidiaries can be summarized as diagrams and tables as follows.

Shareholding Structure of AQ Estate Group
as at December 31, 2016



List of subsidiaries as at 31 December 2016

Subsidiaries	Type of Business	Proportionate of Share (%)	Paid up capital (Million baht)	Type of Holding
AQ Village Co., Ltd.	Recreational services and provides hotel and resort	99.94	1.00	Direct Subsidiary
AQ Marketing Service Co., Ltd.	Sale management services	99.94	1.00	Direct Subsidiary
AQ Property Management Co., Ltd.	Management of commercial space	99.93	1.00	Direct Subsidiary
Allied Technologies International Co., Ltd.	Real estate trading	99.90	100.00	Direct Subsidiary
Thanont Property Co., Ltd.	Real estate trading	99.80	50.00	Direct Subsidiary
Free Zone Asset Co., Ltd.	Real estate for rent and service	99.98	1.00	Direct Subsidiary
Aquarius Estate Co., Ltd.	To sell, acquire, provide service and operate in real estate	99.99	54.00	Direct Subsidiary
Villa Nakarin Co.,Ltd.	Real estate trading	99.99	270.00	Direct Subsidiary
Vitoonthanakorn Co., Ltd.	Real estate trading	99.99	1,450.00	Indirect Subsidiary
Baan Chidthara Co.,Ltd.	Recreational services and provides hotel and resort	99.99	50.00	Indirect Subsidiary
Aquarius Hotel & Resort Co.,Ltd.	To sell, acquire, provide service and operate in real estate	99.99	1.00	Indirect Subsidiary

The Divisions in the group of Company

1. Trade, real estate development and real estate management. The company operates its business by develop projects, real estate and land for sale or land with a House (in case of sale) to the customer, sales, project management, real estate and condominium project under the trademark " AQ estate " Constructions service client may sourcing their own contractor to build home project and use AQ Marketing Services Co., Ltd. (" AQ marketing ") service for Sales and management for project. The Company charged 3 percent service from value of the contract.
2. Commercial and real estate development business " AQ" , "Allied Technology International Co., Ltd., "Thanon Property Co., Ltd.", "Aquarius Estate Co., Ltd.", "Vitoon Thanakorn Co., Ltd.", and "Villa Nakorn-in Co., Ltd.", operate in business development projects, real estate and land for sale or land with a House (in case of sale) to a customer , The Project build and construction by Group of Company and AQ Marketing provide sales management and sales administration service fee 3-5 percent from the value of the contract.
3. Other business The Company's other business. Performed by the subsidiaries are follows:
 - 3.1 Business management service, Sales service to condominium and housing project under name of "AQ Marketing Service Co., Ltd.", and "Aquarius Estate Co., Ltd."
 - 3.2 Hotel and Resort business operated by "AQ Village Co., Ltd.", "Aquarius Hotel and Resort Co., Ltd.", and "Ban ChidTara Co., Ltd." (Ban ChidTara now not yet performed).
 - 3.3 Commercial Space Management and Infra Structure Management operated by "AQ Property Management Co., Ltd."
 - 3.4 Warehouse Space Rental business operate by "Free zone Access Co., Ltd."
 - 3.5 Commercial Trade Space Rental business operate by "Vitoon Thanakorn Co., Ltd."
 - 3.6 Business Consulting business operated by "Aquarius Estate Co., Ltd."

1.6 Relationship with the major shareholder's business

-None-

2. Type of Business

2.1 Products and Services

AQ Estate Public Company Limited and its subsidiaries operate business of real estate commercial and development by focusing on real estate development, primarily for housing. Either in the form of single detached houses, townhouses, commercial buildings and residential high-rise condominium with the amenities. And home construction to its clients, which bought Land Company, the subsidiary of the Company. Also operates another Related to real estate development. The summary nature of business of the Group is as follows.

- 1) Buying - Land acquisition is characterized by large land then divided into plots allocated. Then, the management and development of projects to be completed before the roads and utilities. Then sell to retail buyers.
- 2) The land and buildings This includes the allocation of land area. Designing buildings Contractors To servicedifferent To add value to the land, such as the allocation of land, which is a house divided. Semi-detached houses, commercial buildings and condominiums.
- 3) Construction of houses for customers who buy land of the company by hiring a small contractor under the supervision of the company's officer.
- 4) Sales management for other real estate development projects, with revenue from sales management based on sales proportion.
- 5) Hotels and Resorts Business.
- 6) Operation of storage space rental business

The company and the Group's subsidiary companies include: Thanon Property Co., Ltd., Allied Technology Co., Ltd., Vitoon Thanakorn Co., Ltd., Aquarius Estate Co., Ltd., Villa Nakarin Co., Ltd. (The real estate development business group) conducts business with an emphasis on Commercial and Real Estate Development, focus on Real Estate development and residential. Both in the form of detached houses semi-detached townhouse and condominiums with amenities. Companies and a subsidiary of the company provide service cover Land management from large land. The building's design thru the other services to increase the value added of land both in term of behavior pattern of home projects and will be given the appropriate location and the target groups.

Real estate development group. Continue to develop the land by providing and gathering land, a large and divided the developed as well as road and land parcel utilities before sale to the purchaser which public utilities development projects at the preliminary land reclamation work include land conversion and street. Dirt and stone compaction task knead road. Stones and concrete road pavement installation, Electricity pole/headlines. Landscaping, Arch, Club and swimming pool, etc.

Infrastructure and public services. Operate by Real Estate Development Group of Companies in each company, as administrator, such aspects of the project, unless the Executive Club and swimming pool will be open to other companies to hire and manage tasks, to provide services to clients in the project. However, as of June 6, 2002 the Ministry of the Interior has issued act to registration of the establishment of administration, Merge and to withdraw Housing Estate Juristic Person 2002 (Act 2545/46A/17/17 June- 2002) where such regulations has resulted in land allocation Act 2000 this act more complete. Such act shall specify whether the allocation is free from the duty of maintenance utilities, once established, "Housing Estate Juristic Person " or other legal entities to transfer such property to maintain. Within the time allocated land designated or authorized by the Board of Directors allocates land for Bangkok and provincial land allocation Committee, any operation to maintenance, utilities or transfer assets such as public interest, therefore, the establishment of housing estate juristic person act, it will help to reduce the burden of a group of real estate development in infrastructure and public service care.

2.2 Market and Competition

Kasikorn Research Center reported that the real estate environment in 2016 has both supporting factors and risks. The housing market has improved due to the stimulus measures launched by the government in October 2015. Measures that continue to come to 2016 include measures to reduce transaction fees. Residential purchase consists of a reduction of ownership transfer fees and registration fees for residential mortgages to 0.01 percent each. On April 30, 2016, tax incentives for people who buy first homes for living for up to 3 million baht will be required to purchase and transfer residential property by 31 December 2016.

During the first 4 months of 2016, the last phase of the real estate transaction fee reduction. The real estate market is recovering from the fact that real estate developers are poised to accelerate the decision-making process of those who want to buy housing.

For the investment climate to develop residential real estate projects in 2016, it can be said that the residential real estate market is currently in a phase of balance. By looking at investment early in the year is still very cautious. Entrepreneurs also give weight to the market drainage housing waiting for sale. This is likely to be positive for the number of homes waiting to be sold in the market. And if the market recovery gradually new investment projects are expected to gradually improve.

Due to the slowdown of the housing market in 2016, many real estate developers have brought their new residential projects back to market. Meanwhile it's slowing down the launch of new housing sales. The situation it should result in a balance between the number and the demand for housing.

However, real estate developers still need to maintain the growth rate of revenue in the future. Therefore, real estate developers continue to planning to launch a new housing project to generate continued revenue recognition in the next phase.

Year 2017 is the year that real estate developers face the challenge of selling residential projects. The interest rate in 2017 is expected to increase. It also reflects the limitations on access to housing loans. Including the increased interest paid by home buyers who are already repaying the mortgage. And real estate developers must consider the form of new promotions. Originally popular with financial institutions, offers low interest rate promotions or 0% interest rate for a limited time. The situation as a result, the number of residential dwellings at the end of 2016 is projected to expand by 4-8% from the end of 2016.

By the year 2017, the trend in the housing market is more severe. In a situation where there is a challenge from buyers' purchasing power, the housing market may not be able to recover much. As a result, major real estate developers and major capital groups take advantage of the existing advantages to other businesses. For example Residential Project Management Development of Mixed-use Project to diversify revenue streams such as project management fee Space rental, etc. for medium-sized property developers to increase their competitiveness by partnering with foreign entrepreneurs.

Real estate indicators

Real estate indicators	2016	Increase %	2015	Increase %	2014	Increase %	2013
Rights & legal registration fee (million baht) 1/	N/A	-	16,154.49	(16.65)	19,381.67	(4.15)	20,221.81
<input type="checkbox"/> Rights & legal registration fee per cent 2 2/	N/A	-	16,139.08	(16.73)	19,381.67	(4.15)	20,221.81
<input type="checkbox"/> Rights & legal registration fee per cent 0.01 3/	N/A	-	15.42	-	-	-	-
The value of trading land and buildings in both countries (million baht) 4/	N/A	-	961,149.24	(0.82)	969,083.68	(4.15)	1,011,090.53
<input type="checkbox"/> Central region	N/A	-	N/A	-	612,343.39	(2.54)	628,321.81
<input type="checkbox"/> East region	N/A	-	N/A	-	116,813.32	(9.00)	128,359.36
<input type="checkbox"/> North-Eastern scene	N/A	-	N/A	-	87,010.12	(3.95)	90,584.52
<input type="checkbox"/> Northern region.	N/A	-	N/A	-	81,191.76	(11.20)	91,434.18
<input type="checkbox"/> The South.	N/A	-	N/A	-	71,725.10	(0.92)	72,390.66
Land allotment permit issuance in both countries (unit) 5/	87,570.00	(6.89)	94,052.00	(12.60)	107,615.00	8.46	99,217.00
<input type="checkbox"/> To housing	79,194.00	(7.86)	85,953.00	(8.65)	94,091.00	11.98	84,023.00
<input type="checkbox"/> To Commerce.	5,726.00	30.20	4,398.00	(37.46)	7,032.00	(12.81)	8,065.00
<input type="checkbox"/> Empty land.	2,450.00	(32.84)	3,648.00	(43.55)	6,462.00	8.75	5,942.00
<input type="checkbox"/> Other	200.00	277.36	53.00	76.67	30.00	(97.47)	1,187.00
Land allotment permit issuance in both countries (unit)	87,570.00	(6.89)	94,052.00	(12.60)	107,615.00	8.46	99,217.00
<input type="checkbox"/> Bangkok	14,796.00	(29.12)	20,875.00	27.43	16,381.00	(19.09)	20,247.00
<input type="checkbox"/> The other provinces.	72,774.00	(0.55)	73,177.00	(19.79)	91,234.00	15.53	78,970.00
Construction area are permitted in the municipal area (thousand square meters), 6/	19,605.22	(5.43)	20,731.47	(11.39)	23,395.58	(2.77)	24,063.28
<input type="checkbox"/> Bangkok	12,089.29	(2.32)	12,376.11	(10.45)	13,820.65	(2.70)	14,204.70
- Office in Bangkok	8,124.40	(3.87)	8,451.67	(13.26)	9,743.76	3.77	9,389.93
- Model Tue 1	732.36	133.97	313.02	6.58	293.70	(75.04)	1,176.71
- Model 39 bis	3,232.53	(10.49)	3,611.41	(4.54)	3,783.19	3.99	3,638.06

Real estate indicators	2016	Increase %	2015	Increase %	2014	Increase %	2013
<input type="checkbox"/> The other provinces.	7,515.92	(10.05)	8,355.37	(12.74)	9,574.93	(2.88)	9,858.57
Registration of condominium units in both countries.	113,395.00	(3.58)	117,600.00	8.71	108,175.00	5.85	102,200.00
<input type="checkbox"/> Bangkok	41,859.00	1.63	41,186.00	(6.84)	44,208.00	(12.64)	50,602.00
<input type="checkbox"/> The other provinces.	71,536.00	(6.38)	76,414.00	19.46	63,967.00	23.97	51,598.00
Registration of housing increased in Bangkok and vicinity (unit)	124,586.00	0.61	123,830.00	(7.20)	133,439.00	0.86	132,302.00
<input type="checkbox"/> Housing	31,768.00	(6.09)	33,827.00	(0.32)	33,935.00	(9.69)	37,577.00
<input type="checkbox"/> Blocks of flats and building sets, 7/	70,914.00	4.86	67,628.00	(9.90)	75,058.00	5.06	71,440.00
<input type="checkbox"/> The building itself.	21,904.00	(2.11)	22,375.00	(8.47)	24,446.00	4.99	23,285.00
Real estate credit of commercial banks (million baht) 8/	2,568,871.35	4.29	2,463,182.78	9.15	2,256,703.21	9.88	2,053,857.34
<input type="checkbox"/> Entrepreneur loan	594,850.42	(3.62)	617,167.02	8.61	568,259.43	3.65	548,270.49
<input type="checkbox"/> Credit for personal housing	1,974,020.93	6.93	1,846,015.76	9.33	1,688,443.78	12.15	1,505,586.85

Source: 1. Land Department, Ministry of Interior.
2. District office in Bangkok and Municipalities in the provinces
3. Real Estate Information Center
4. Bank of Thailand

Note: 1 / The fee for registration of rights and juristic acts related to real estate data collected by the Land Department. In this case, the Bank of Thailand only deals with sales and resale transactions, excluding exchange, inheritance, mortgage, transfer, lease, lease and so on, which does not reflect the actual transaction of real estate.

2 / Fee About real estate According to the Land Code, the Ministerial Regulation No. 47 (BE 2541) issued under the Act To use the Land Code BE 2497, Clause 2 (7) to charge a fee. At the rate of 2 percent

3 / Fee About real estate This is a special case. At the rate of 0.01 percent for debt restructuring and the case under the Bankruptcy Act in accordance with the guidelines prescribed by the Cabinet. (For more details on the fee reduction criteria. other than that said please contact the Land Department or www.dol.go.th) for further information. The reduction of the fee from 2% to 0.01% is effective from 28 November 1998 onwards. But due to the limitations of the data collection of the Department of Lands. The historical data from 1999 to 2002 is the only annual data. Monthly data is estimated using the distribution of fees. Included in each month Department of Land has collected the fee information. The rates are split between 2 and 0.01 per month since January 2003 (as the Cabinet has extended). "

4 / Land trading value nationwide The BOT estimates using the backward calculation of the fee. storeable Classified as 2% and 0.01% based on 2/3 /

5 / Department of Land is in the process of modifying regional storage methods. The report on the issuance of land-use permits nationwide is categorized by type of allocation. Since 2000 - 2009, due to lack of information from the data owner.

6 / From January 2011 onwards, the authorized building area data in the municipality area will include a 39 bis permit under the Building Control Act 1979.

7 / Since January 2006, GHB uses data (flats and condominiums) from the Land Department instead of asking for house numbers from various district offices in Bangkok.

8 / From December 2003 onwards, include Thai commercial banks. (Excluding Thai Commercial Bank in foreign countries), Foreign Commercial Bank Branch and international banking facilities of foreign banks including interbank, out-of-banking and out-out banking transactions as a result of the change in business classification. By type of industry According to economic activity (ISIC) (no data from October 2003 to December 2004)

2.3 Jobs has not delivered

-None-

3. Risk Factors

3.1 Risks to business operations

3.1.1 The risk of land acquisition

Acquiring land plots to develop single detached houses, twin house, townhouses townhomes and condominiums. Companies chose to acquire land with high potential for development projects at the most reasonable price. The choices with least risks are land plots within city center or the ones along BTS or MRT stations both active stations and future stations including other established residential areas. The company is focusing mainly in Bangkok and Greater Bangkok to develop single detached houses, twin house, townhouses and condominiums with decent accessibility to mass transportation and community center. So, the risk comes from land acquisition at a reasonable price for generating future profit. The company's solution is to select good relationships with trustworthy land brokers and market analysis and comparative survey of land prices with factors and context are similar to minimize risk.

3.1.2 The risk from starting construction in advance of selling

The Company operates property development business with idea of building a house before the sale. As a result, the company needed more capital to build more houses because the company did not receive a down payment for working capital. Therefore, the Company is exposed to the following risk factors: future housing prices have increased due to higher construction costs and land prices, resulting in higher risk. currently analyzed selling value with actual prices in the future may be inaccurate. Moreover, due to the high competition from competitors, there is the risk of the completed houses being sold in the market and the higher maintenance cost over time. It also has a negative impact on financial liquidity, interest rates and profitability of companies. However, the company has taken a risk reduction approach by analyzing the market in the future, current property valuation and future changes. Also managed by real estate professionals in strategy.

3.1.3 The risk associates with production cost

Construction Materials Price Index has risen since 2014 due to significant growth in neighboring countries therefore, materials like cement, steel, construction machines are in great demands from Thailand's neighboring countries to serve their governments attempt to expand infrastructure ; mass rapid transit system, flood protection system which require massive amount of construction materials therefore material prices have increased, hence materials are essential to the development of real estate projects therefore, an increase in material prices and price volatility affect directly to the cost of project

development. The company is aware of such risks and measures to strictly control and reduce the risks arising from fluctuations in the prices of construction materials. Due to the procurement of construction materials, company will purchase directly from the manufacturers to compare prices, quality of materials and logistic cost in advance to reduce the risk from increasing material price. Including seeking more business partners to support company's expansion. The company will organize construction materials into categories to obtain bargaining power with traders. Moreover, the company puts product quality in top priority, the company establish the criteria to trade mainly with trustworthy major manufacturers and suppliers evaluated by comparing the capacity and potential to supply raw materials at reasonable prices to ensure that traders are able to supply materials that meet the standards in both quality and quantity aspects. The company will set up a team to control quality and to pursue company's high standard.

3.1.4 The risk from contractor's inability to timely and properly deliver

The Company is to pay the contractor in terms of construction periods, basing on success criteria of the work delivered specified in construction contract. After being accepted and approved for product quality control from company's inspectors, the company will pay the installment by deducting retentions in each period at 5% of the value of work delivered. The preferred contractors would be experienced medium or large construction firms unless the case of shortages in labors due to growing demands for labors in the other parts of the region. The company is trying to replace the original construction system by an alternative such as precast construction to replace skilled workers. The company will start constructing by precast system from compact houses.

3.1.5 The risk from financial factors

Under the economic slowdown, Financial Institutions have more careful in approving loans both property developers and consumers. In addition, there are also other factors such as unbalanced between supply and demand in many areas, slowdown of demand for housing and household debt sector is still high. However, it still has the supportive factors with expansionary monetary policy of Monetary Policy Committee for Bank of Thailand, causing the interest rates remained low together with the property developer delay investment to reduce the risk of oversupply. By the way, the company is able to manage financial risk. From researching and development of products with supporting information, it makes the product to meet the requirement of purchaser. The company has been supported by both financial institutions and investors as well.

3.1.6 The risk of construction permits

The risk of applying for a construction permit due to the inability to accurately determine the length of time. This resulted in a delay in construction and the liquidity in income recognition is slowing. The Company manages this risk by establishing a coordinating and continuous contact department. Setting a prepaid budget And the allocation of staff with specialized expertise in obtaining permits.

3.1.7 Liquidity Risk

Liquidity risk arises from the problem in raising funds adequately and in time to meet commitments as indicated in the consolidated financial statements. From the current situation, as described in Note 1 indicates that the AQ Estate Group may suffer from liquidity problems.

3.1.8 Foreign Currency Risk

The AQ Estate Group do not have commercial transactions in foreign currency, giving rise to exposure risk from changes in foreign exchange rates.

3.1.9 Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter party to settle their financial and contractual obligations to the AQ Estate Group as and when they fall due. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. Management does not anticipate material losses from its debt collection.

3.1.10 Interest Rate Risk

Interest rate risk arises from the fluctuation of market interest rates, which may have an impact to current and future operations of the AQ Estate Group. The AQ Estate Group's exposure to interest rate risk relates primarily to their cash and cash equivalents, restricted deposits with banks, loans to subsidiaries and interest receivable, loan to other, long - term liabilities under debt restructuring agreements, loans considered as default, loans from financial institutions, and liabilities under finance lease contracts, which bear interest. However, since most of the AQ Estate Group's financial assets and liabilities bear floating interest rates which are close to the market rates. The management considers that the interest rate risk is minimal, hence, the AQ Estate Group has no hedging agreement to protect against such risk.

3.2 Investment risk of securities holders

3.2.1 Risk that the company's operating results will be loss which may not be able to pay dividends in the near future.

In the year 2016, the Company reported a net loss of Baht (3,744.5) 1 million , which is the net loss for the third consecutive year of the company. As a result, the Company has a deficit of Baht (6,250.92) million at the end of 2016. In the past 3 years, the company has had a lot of losses because estimation of damages from litigation based on allegations for jointly coordinating with and supporting the officers of a government enterprise (a government bank) to abuse their government official duties and embezzled the fund by misappropriating the approval of credit facilities. This makes the company has to compensate for damages according to the judgment of Supreme Court's Criminal Division for Persons Holding Political Positions of Baht 10,004.47 million to Krung Thai Bank Public Company Limited.

However, at this time, the company plans to raising funds of Baht 12,004.47 million by the capital increase to pay damages in accordance with the verdict of the Supreme Court's Criminal Division for Persons Holding Political Positions to Krungthai Bank Plc. and for the development of existing projects and future projects for expansion and continuing business. The company expects the implementation of the plan, will result the company can start to profit and will allow the Company to pay dividends to its shareholders.

3.2.2 Risks from the offering of new ordinary shares

As AQ Estate Public Company Limited (AQ) has disclosed the Board of Directors (BOD)' resolution on May 26, 2017 and has proposed the agenda to the Extraordinary General Meeting of the shareholders, which will be held on June 30, 2017, to consider for approval of capital increase from THB 6,337 million to not exceeding THB 153,256 million. There are 2 options of capital increase which are Option no.1 - offering to the existing shareholders (RO) prior to private placement (PP) and Option no. 2 - offering to PP prior to RO. For both options, the shareholders will have the right to receive the warrant (AQ-W4). The details are as the following.

Option no. 1 (Par 0.50 baht)			Option no. 2 (Par 0.50 baht)		
Allocation sequence	THB million	No. of Share	Allocation sequence	THB million	No. of Share
1. RO	125,000	62,500	1. PP	100,000	50,000
2. AQ-W4	68,837	34,419	2. AQ-W4	56,337	28,169
3. PP	100,000	50,000	3. RO	125,000	62,500
Total capital increase	293,837	146,919	Total capital increase	281,337	140,669
Existing shares	12,675	6,338	Existing shares	12,675	6,338

In case there is no market price, the offering price will be THB 0.05 which is a fair value appraised by S14 Advisory Company Limited (FA). The objective of the capital increase is to repay for the debt according to the Supreme Court's judgment for the amount of THB 10,004 million and the remaining amount will be used to purchase the land, to invest in real estate projects, and to use as working capital.

Currently, the company has not been approved by the shareholders and has not offered such shares yet. However, if the Company offering new ordinary shares in full amount, it will have control dilution effect as follows; Option no. 1 representing 95.86% and Option no. 2 representing 95.69%

4. General information and other important information

4.1 General information

1) General Information of the Company

Name	: AQ Estate Public Company Limited
Security Symbol	: AQ
Head office	: 102 Rimklong Bangkapi Road, Bangkapi, Huai Khwang Bangkok 10310
Nature of Business	: The Company undertakes business in property development and sales. The Company has both horizontal property projects and vertical projects and rent property.
Business Registration	: 0107536000471
Contact numbers	: Telephone 0-2033-5555 Fax -
Website	: www.aqestate.com
Registered Capital	: 11,659,181,574.00 Baht
Paid up Capital	: 6,337,341,767.50 Baht
Number of paid up shares	: 12,674,683,535 shares
Par value	: 0.50 Baht
Accounting period	: 1 January - 31 December

2) General information of Subsidiaries

(1) Name	: AQ Village Co., Ltd.
----------	------------------------

Head office : 90 Moo 4, Ban Pong Sub-district, Hang Dong District, Chiang
Mai Province 50230

Nature of Business : Recreational services and provides hotel and resort

Contact numbers : Telephone 053-365-233 / 053-365-231-4
Fax 053-365-235

Registered Capital : 1,000,000 Baht

Paid up Capital : 1,000,000 Baht

Shareholding : 99.94%

Related status : Direct Subsidiary

(2) Name : AQ Marketing Service Co., Ltd.

Head office : 102 Rimklong Bangkapi Road, Bangkapi, Huai Khwang
Bangkok 10310

Nature of Business : Sale management services

Contact numbers : Telephone 0-2033-5555
Fax -

Registered Capital : 1,000,000 Baht

Paid up Capital : 1,000,000 Baht

Shareholding : 99.94%

Related status : Direct Subsidiary

(3) Name : AQ Property Management Co., Ltd.

Head office : 102 Rimklong Bangkapi Road, Bangkapi, Huai Khwang
Bangkok 10310

Nature of Business : Management of commercial space

Contact numbers : Telephone 0-2033-5555
Fax -

Registered Capital : 1,000,000 Baht

Paid up Capital : 1,000,000 Baht

Shareholding : 99.93%

Related status : Direct Subsidiary

(4) Name : Allied Technologies International Co., Ltd.

- Head office : 102 Rimklong Bangkapi Road, Bangkapi, Huai Khwang
Bangkok 10310
- Nature of Business : Real estate trading
- Contact numbers : Telephone 0-2033-5555
Fax -
- Registered Capital : 100,000,000 Baht
- Paid up Capital : 100,000,000 Baht
- Shareholding : 99.90%
- Related status : Direct Subsidiary
- (5) **Name** : **Thanont Property Co., Ltd.**
- Head office : 102 Rimklong Bangkapi Road, Bangkapi, Huai Khwang
Bangkok 10310
- Nature of Business : Real estate trading
- Contact numbers : Telephone 0-2033-5555
Fax -
- Registered Capital : 50,000,000 Baht
- Paid up Capital : 50,000,000 Baht
- Shareholding : 99.80%
- Related status : Direct Subsidiary
- (6) **Name** : **Free Zone Asset Co., Ltd.**
- Head office : 102 Rimklong Bangkapi Road, Bangkapi, Huai Khwang
Bangkok 10310
- Nature of Business : Real estate for rent and service
- Contact numbers : Telephone 0-2033-5555
Fax -
- Registered Capital : 1,000,000 Baht
- Paid up Capital : 1,000,000 Baht
- Shareholding : 99.98%
- Related status : Direct Subsidiary
- (7) **Name** : **Aquarius Estate Co., Ltd.**
- Head office : 102 Rimklong Bangkapi Road, Bangkapi, Huai Khwang
Bangkok 10310

Fax -

Related status : Direct Subsidiary

Bangkok 10310

Fax -

Related status : Direct Subsidiary

Bangkok 10310

Fax -

Related status : Indirect Subsidiary (held through Thanont Property Co., Ltd.)

Bangkok 10310

Contact numbers : Telephone 0-2033-5555

	Fax -
Registered Capital	: 50,000,000 Baht
Paid up Capital	: 50,000,000 Baht
Shareholding	: 99.99%
Related status	: Indirect Subsidiary (held through AQ Village Co., Ltd.)
(11) Name	: Aquarius Hotel & Resort Co.,Ltd.
Head office	: 102 Rimklong Bangkapi Road, Bangkapi, Huai Khwang Bangkok 10310
Nature of Business	: To sell, acquire, provide service and operate in real estate
Contact numbers	: Telephone 0-2033-5555
	Fax -
Registered Capital	: 1,000,000 Baht
Paid up Capital	: 1,000,000 Baht
Shareholding	: 99.99%
Related status	: Indirect Subsidiary (held through Aquarius Estate Co., Ltd.)

3) Other References

Share Registrar	: Thailand Securities Depository Company Limited 93 Ratchadaphisek Road, Din Daeng, Bangkok 10400 Telephone : 0-2009-9000 Fax : 0-2009-9991 SET Contact center: 0-2009-9999 Website: http://www.set.or.th/tsd E-mail: SETContactCenter@set.or.th
Auditor	: Mr. Jadesada Hungsapruet C.P.A. Registration No. 3759 Mr. Jirote Sirirrote C.P.A. Registration No. 5113 Miss Kannika Wipanurat C.P.A. Registration No. 7305 Karin Audit Company Limited 138 Boonmitr Building 6th Fl. Room B1 Silom Rd. Kwang Suriyawong Khet Bangrak Bangkok 10500 Telephone: 0-2634-2484-6

Fax : 0-2634-2668

Website : <http://www.karinaudit.co.th/>

4.2 Other important information

-None-

5. Securities and Shareholders information

5.1 Registered capital and paid-up capital

Registered capital and paid-up capital as at June 30, 2017 as follows.

- ☐ Registered capital 11,659,181,574.00 Baht divided into
Ordinary shares of 23,318,363,148 shares
Par value of Baht 0.50 per share
- ☐ Paid-up capital 6,337,341,767.50 Baht divided into
Ordinary shares of 12,674,683,535 shares
Par value of Baht 0.50 per share

5.2 Shareholders

1) List of major shareholders

As at June 30, 2017 the Company has the list of top 10 major shareholders as follows.

No.	List of Shareholders	Number of shares	
		Shares	%
1.	Mrs. Sumalee Ongcharit	600,000,000	4.73
2	Mrs. Nonthita Promsorn	500,000,000	3.94
3.	UOB KAY HIAN PRIVATE LIMITED	500,000,000	3.94
4.	Mr. Thanapol Weerathepsuporn	250,000,000	1.97
5.	Mrs.Mondhira Padungrat	215,000,000	1.70
6.	VDC Lt.Col. Suwit Pipatwilaikul	200,000,000	1.58
7.	Mr. Chong Ransibrahmanakul	199,000,000	1.57
8.	Thai NVDR Company Limited	187,711,323	1.48
9.	Mr.Thaweeep Reuangraai	165,000,000	1.30
10.	Miss Chawanlak Aiewsiwikul	144,000,000	1.14
	Total	2,960,711,323	23.36

2) Shareholders' agreement

-None-

5.3 Issuance of other securities

1) Warrant AQ-W2

The Company issued warrants (AQ-W2) of 1,030,899,500 units on June 20, 2012. The warrants were registered as listed securities in the stock exchange of Thailand ("SET") on July 16, 2012. The warrants are in registered form and transferable. The terms of the warrants is not exceed to three years from the date of issuing the warrants No.2 (June 20, 2012) and warrants can be exercised in every three-month which will be on last working day of March, June, September and December of each year, the first exercise date will be September 28, 2012 and the last exercise date will be June 19, 2015.

On September 16, 2014, the Company amended of the exercise price of warrant (AQ-W2). Because of the change in par value of common share Baht 10 to Baht 20.

- ☐ Old ratio: The warrant No. 2 (AQ-W2) 1 Unit has the right to purchase 1 common share (1:1:1) exercise price 1 Baht per 1 common share.
- ☐ New Ratio: The warrant No. 2 (AQ-W2) 1 Unit has the right to purchase 0.918 common share (1:0.918:1) exercise price Baht 1.090 per 1 common share.

Warrants (AQ-W2) have number of warrant holder's application 1 person, number of exercised warrants 9,384 units, the remaining warrants have not been exercised were 1,030,890,116 units, number of share derived from this exercise 8,614 shares, number of remaining share reserved for warrants 946,286,216 shares. The warrants (AQ-W2) that have not exercised in full amount as above will be terminated on June 20, 2015 from the registered securities.

2) Warrant AQ-W3

The Company issued warrants (AQ-W3) of 2,624,546,758 units on May 20, 2013. The warrants were registered as listed securities in SET on June 24, 2013. The warrants are in registered form and transferable. The term of the warrants is equal to three years and warrants have no exercise price. The warrants can be exercised in every one year which will be on last working day of December of each year, the first exercise date will be December 30, 2013 and the last exercise date will be May 19, 2016.

Warrants of the Company 2,624,626,283 units, warrants shall be offered to the existing shareholders and existing shareholders who subscribe for as follows:

- ☐ The rights of existing shareholders in the ratio of 10 shares per 1 unit of warrant (AQ-W3) total 211,176,828 units, with free of charge. The one unit of warrant is exercisable to purchase one share of common stock at a par value of Baht 0.60.
- ☐ The right of existing shareholders who subscribe to newly issued shares in the ratio of 7 new shares to 4 warrants total of 2,413,449,455 units, with free of charge. The one unit of warrant is exercisable to purchase one share of common stock at a par value of Baht 0.60.
- ☐ New Ratio: 1 Unit has the right to purchase 1.028 common share (1:1.028:1) exercise price Baht 0.584 per 1 common share.

Warrants (AQ-W3) have number of warrant holder's application 27 persons, number of exercised warrants 692,209 units, the remaining warrants not yet been exercised were 2,697,322,486 units, number of share derived from this exercise 711,582 shares, number of remaining share reserved for warrants 2,697,393,397 shares. The warrants (AQ-W3) that have not exercised in full amount as above will be terminated on May 20, 2016 from the registered securities.

6. Dividend Policy

The Company has a dividend payment policy of approximately 50% of net profit. However, the Company has a policy to reserve capital for working capital and the remaining from such fund will be considered to pay dividends to shareholders by articles of association specify as follows:

Article 41. Dividends shall not be divided from money other than profit. In case the Company still has deficit, dividends may not be distributed.

The information of dividend payment in the previous year as follows.

Unit: Baht	2016	2015	2014	2013
Earnings per share	(0.30)	(0.17)	(0.04)	0.03
Dividend per share	-	-	-	-
Dividend to earnings ratio (%)	-	-	-	-

Dividend payment policy of subsidiaries

Subsidiaries have a policy to pay dividends in the same way as the Company. From 1996 to the present, the Company and its subsidiaries do not pay dividends to their shareholders.

7. Management Structure

7.1 Board of Directors

As at June 30, 2017 Board of Directors of AQ Estate Public Company Limited consist of

1) Board of Directors

- | | | |
|----|-----------------------------|---|
| 1. | Mr. Somchai Kuvijitsuwan | Chairman of the Board of Directors |
| 2. | Mr. Apivut Thongkam | Vice Chairman of the Board of Directors |
| 3. | Mr. Somchai Meesen | Director |
| 4. | Dr. Suthad Chankingthong | Director |
| 5. | Dr. Ranchana Rajatanavin | Director |
| 6. | Mr. Vuttiiphong Issaramalai | Independent Director |
| 7. | Miss Papasorn Mongkholmafai | Independent Director |
| 8. | Dr. Saranya Sanghiran | Independent Director |

2) Audit Committee

- | | | |
|----|-----------------------------|---------------------------------|
| 1. | Mr. Vuttiiphong Issaramalai | Chairman of the Audit Committee |
| 2. | Miss Papasorn Mongkholmafai | Audit Committee |
| 3. | Dr. Saranya Sanghiran | Audit Committee |

Board of Directors as a representative of shareholders who is responsible for supervise the management of Company to comply with law, objectives and articles of association by determining vision, mission, strategies to create value for business including a return on investment under the expertise and ethics in business for maximize benefits of all stakeholders.

As at June 30, 2017, the Company had total of 8 directors which consists of 3 Executives Directors, 2 outside director who are not employee of the Company and 3 independent Directors which is 37.50% of the total Directors. Therefore, it is enough to create the balance of power within Board of Directors of the Company in accordance with Notification of Capital Market Supervisory Board.

Limits on Authority of the Board of Directors

The Board of Directors has the authority to approve budget according to the laws of the Securities and Exchange, and regulations, announcement, the order or the terms of the Stock Exchange of Thailand.

Authorized signatory

Name and number of directors who are authorized to sign on behalf of the Company are Mr. Suthad Chankingthong or Miss Ranchana Rajatanavin or Mr. Apivut Thongkam or Mr. Somchai Meesen, 2 of these 4 directors sign together

Attending of meetings

In 2016, the Company provided the Board of Directors meeting of 16 times, and the Audit Committee meeting of 5 times with the directors attendance details as follows.

Name of Directors	Position	Meeting		Remarks
		Number of meeting	Number of attending	
1. Mr. Somchai Kuvijitsuwan	Chairman of the Board of Directors	13	13	Appointed Mar 8, 2016
2. Mr. Apivut Thongkam	Vice Chairman of the Board of Directors	6	5	Appointed 14 Sep 2016
3. Mr. Somchai Meesen	Director	-	-	Appointed 13 Jan 2017
4. Dr. Suthad Chankithong	Director	16	15	-
5. Dr. Ranchana Rajatanavin	Director	16	15	-
6. Mr. Vuttiaphong Issaramalai	Independent Director	-	-	Appointed 15 Feb 2017
	Chairman of the Audit Committee	-	-	Appointed 15 Feb 2017
7. Miss Papasorn Mongkholmafai	Independent Director	16	14	-
	Audit Committee			-
8. Dr. Saranya Sanghiran	Independent Director	-	-	Appointed 27 Dec 2016
	Audit Committee	-	-	Appointed 27 Dec 2016
9. Mr. Jaturaphon Phummiwasana	Independent Director			Resigned 7 Mar 2016
	Audit Committee			Resigned 7 Mar 2016
10. Mr. Pop Petsuwan	Director			Resigned 12 Sep 2016
11. Prof. Dr. Pakdee Manaves	Independent Director			Appointed 8 Mar 2016 Resigned 9 Dec 2016
	Audit Committee			Appointed 8 Mar 2016 Resigned 9 Dec 2016
12. Mr. Suthisak Vageepiyanantanon	Director			Resigned 30 Dec 2016
13. Mr. Chaiwat Atsawintarakun	Independent Director			Resigned 1 Feb 2017
	Chairman of the Audit Committee			Resigned 1 Feb 2017

7.2 Executives

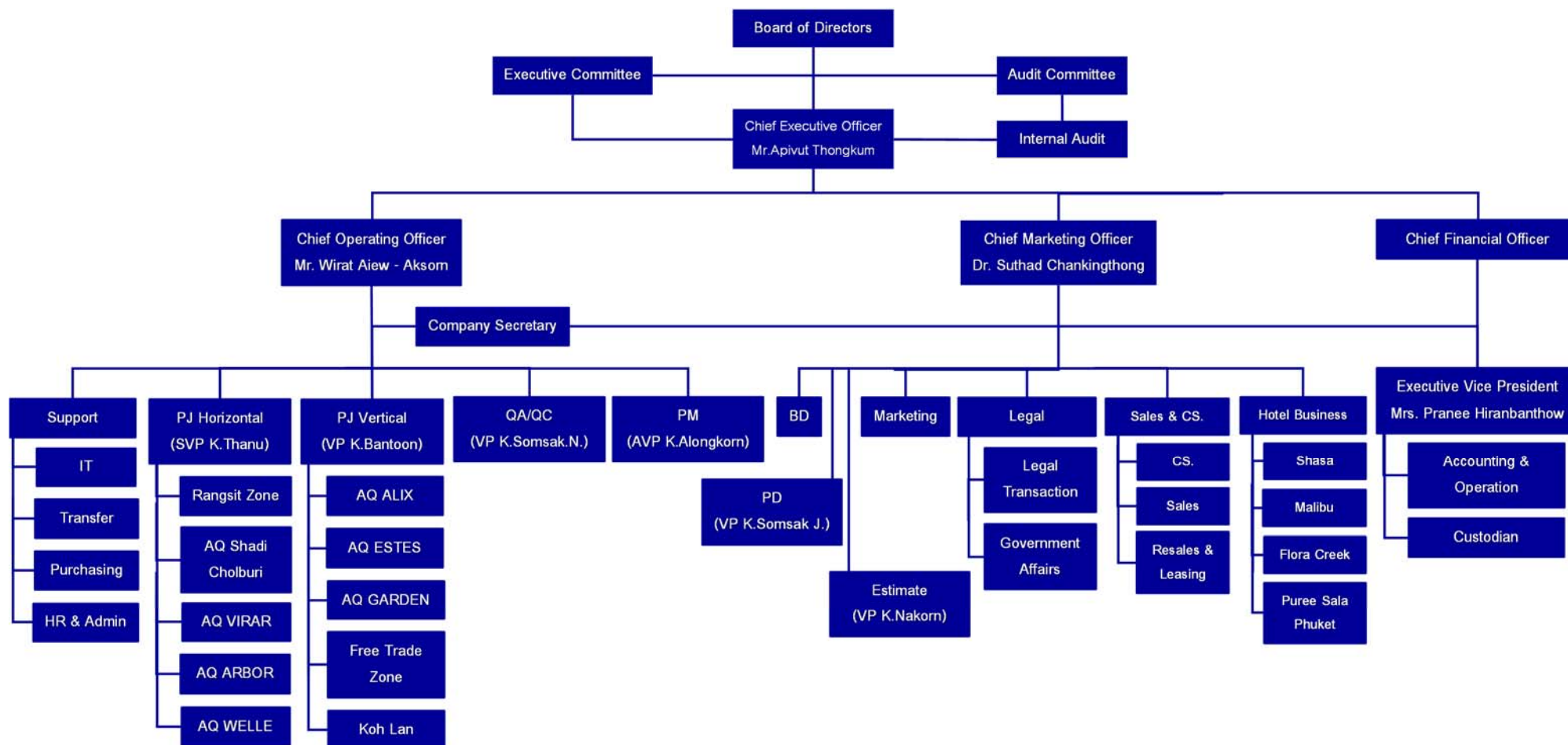
As at June 30, 2017 management team of AQ Estate Public Company Limited has 5 Executives as follows.

List of Executives	Position
1. Mr. Apivut Thongkam	Chief Executive Officer
2. Mr. Somchai Meesen	Executive Committee
3. Mr. Wirat Aiew – Aksorn	Chief Operating Officer
4. Dr. Suthad Chankingthong	Chief Marketing Officer
5. Mrs. Pranee Hirunbanthow	Assistant Managing Director of Operations / Chief Financial Controller

Information about the management team is in the article 9, the detailed information about Directors, Executives, Control authority and Company Secretary.

Management structure

AQ Estate Public Company Limited and its subsidiaries as at June 30, 2017



7.3 Company Secretary

The Board of Directors Meeting in the year 2013 appointed Mr. Apirath Intrachoo to the position of Company Secretary with responsible according to the Securities and Exchange Act (No. 4) BE 2551 which is responsible for the preparation and storage of Director registration, notice of the Board meeting, minutes of the Board meeting and annual report of the Company, Notice of the Shareholders meeting and minutes of the Shareholders meeting, storage the stakeholders report that report by Directors or Executives as well as other actions as notification of the Capital Market Commission defined, on behalf of the Company or the Board of Directors. The qualifications of incumbent as Company Secretary are shown in the article 9, the detailed information about Directors, Executives, Control authority and Company Secretary.

7.4 Remuneration of Directors and Executives

The Annual General Meeting of Shareholders for the year 2016 on April 28, 2016 approved the remuneration of directors in accordance with the resolution of the Nominating and Remuneration Committee for the year 2016 of Baht 3,200,000.

1) Monetary remuneration

(a) Directors remuneration

Monetary remuneration for the Board of Directors consists of monthly remuneration and attendance fee paid by number of attending as follows.

List of Directors	Position	Directors remuneration	Remarks
1. Mr. Somchai Kuvijitsuan	Chairman of the Board of Directors		Appointed Mar 8, 2016
2. Mr. Apivut Thongkam	Vice Chairman of the Board of Directors * / Chief Executive Officer / Authorized Director / Nomination and Remuneration Committee		Appointed 14 Sep 2016 Appointed 15 Feb 2017*
3. Mr. Somchai Meesen	Director / Executive Committee / Authorized Director		Appointed 13 Jan 2017
4. Dr. Suthad Chankingthong	Authorized Director		-
5. Dr. Ranchana Rajatanavin	Authorized Director		-
6. Mr. Vutti Phong Issaramalai	Independent Director / Chairman of the Audit Committee / Nomination and Remuneration Committee		Appointed 15 Feb 2017
7. Miss Papasorn Mongkholmafai	Independent Director / Audit Committee		Appointed 9 Oct 2015
8. Dr. Saranya Sanghiran	Independent Director / Audit Committee		Appointed 27 Dec 2016

List of Directors	Position	Directors remuneration	Remarks
9. Mr.Jaturaphon Phummiwasana	Independent Director / Audit Committee		Resigned 7 Mar 2016
10. Mr. Pop Petsuwan	Authorized Director / Acting Chief Executive Officer / Senior Assistant Managing Director of Special Affairs Division		Resigned 12 Sep 2016
11. Prof. Dr. Pakdee Manaves	Independent Director / Audit Committee		Appointed 8 Mar 2016 Resigned 9 Dec 2016
12. Mr. Suthisak Vageepiyanantanon	Authorized Director /Executive Committee		Resigned 30 Dec 2016
13. Mr. Chaiwat Atsawintarangkun	Independent Director / Chairman of the Audit Committee		Resigned 1 Feb 2017
Total		3,200,000	

(b) Executive remuneration

In 2016, the Company paid remuneration consisted of salary and bonus to 5 executives totaling Baht 10.91 million.

2) **Other remuneration**

(a) Other remuneration of Directors

In 2016, the Company did not pay other remuneration to Directors.

(b) Other remuneration of Executives

☐ **Provident Fund and Social Insurance Fund**

The Company has provided a provident fund for the Executives by paid contributions at 5% of salary. In 2016, the Company paid contributions for provident fund and social insurance fund for the Executives of Baht 247,000 and Baht 21,750 respectively.

7.5 personnel

1) **Number of employees**

As at June 30, 2017 the Company and its subsidiaries had total staff of 168 people. The Company paid remuneration to employees that consists of salary, bonus, contribution to provident fund and group life insurance total amount of Baht 35,406,140.20 million. These include the portion that the subsidiaries has paid employees in the same way with the company totaling Baht 11,757,925.94.

Primary line	Number of employees (person)	
	The Company	11 Subsidiaries
Operations / Services staff (people)	4	-
Executive staff (people)	95	73
Total	99	73
Employees remuneration (million baht)	23,648,214.26	11,757,925.94

The Company has no significant labor disputes in the last 3 years.

2) Personnel development policy

The Company has the policy on recruitment, development and preservation of its personnel, as it has realized that the personnel are an important thing enabling the company to achieve the goal and success. So the Company has developed the personnel continuously by providing training/seminars internally and externally by qualified trainers, especially in the building conscience and training on teamwork, good service, love of organization, and development of the job system.

The Company has given priority to creation of morale and spirit and pride in working to the employees by setting the remuneration and progress in the organization based on knowledge, capability and equity, including providing suitable fringe benefit, as well as developing the livelihood of the personnel better.

8. Corporate Governance

8.1 Corporate Governance Policies

AQ Estate Public Company Limited determined a corporate governance of company's Board of Directors, the Audit committee and Executive are responsible for the good corporate governance which is the fundamental of sustainable growth and as important key leading to success including building confidence to our shareholders, investor and all parties concerned. The company has a good corporate governance system, international standard, meet the requirement of law and relevant regulations, business ethics as well as adequate disclosure to all parties concerned. The company established the structure of audit committee comprising professional individuals which is independent from company management. The audit committee will hold a meeting every quarter in order to monitoring the business operations constantly. However, this is based on the principle of transparency, honesty, independence, accountability, fairness and social responsibility. Regarding the progress in implementation of good corporate governance principles, the company has closely followed to perform duties in accordance with the policy strictly and covering 3 principles as the guidelines prescribed by the Stock Exchange of Thailand as follow.

1) Shareholder Rights

The company encourages the shareholders to fully exercise their rights, especially basic rights of shareholders both as investors in the securities and as owners of the company, the adequate access to information through the means that are universally acceptable and reliable such as buy and sell or transfer shares, profit shares of the company, open opportunity for shareholders to express opinions freely in meetings, shareholders' participation in consideration and decision making in significant matters for example; election commission or remove members of the Board, appointment auditor, allocate the dividend, modification of regulation and memorandum of association including approval significant transaction and affecting the directions of our business, hence, votes of shareholders will be calculated by numbers of shares held. Each share is entitled to one vote and no share shall benefit extra privilege differently from others. The rights are inclusive of followings;

- ☐ Profit Sharing Rights. The company has a policy to pay the dividend to shareholders not less than 50 % of net profit and no deficit at company.
- ☐ The right in receiving news of the company completely, accurately, adequately and reliable, abstain from any action to limit the shareholders in study of information of technology. In 2016, the company had provided the information regarding shareholders' meeting by sending the notice of meeting, related information and opinion of the Board and Audit Committee before meeting not less than 14 days and not less than 7 days for special resolution. In case of consideration and approval general resolution as General Meeting Agenda of shareholder, the shareholders have to study the detail completely before decision to vote in company meeting day and the company published the information of meeting in newspaper and attached supporting documents to shareholders in advance adequately and timely as well as the online accessibility for information on company's website and also informed the Stock Exchange of Thailand for the of publicized information by website. The information that found on this website is the same as distributing to shareholders in other channel both individual shareholder and institutional investors including such notice of meeting which will provide the adequate details comprising date, time, venue and agendas as well as important information for consideration and decision alongside with the board opinions on each agenda, include a proxy of shareholders, etc.
- ☐ In 2016, the company held its annual meeting of shareholders on 28 April, 2016 which 7 directors attended in the meeting. The company deemed appropriate to hold shareholder meeting at Golden Tulip Hotel. However, the company has facilitated the shareholders to

attend and ask questions as well as giving opinions at the same meeting causing the meeting proceeded smoothly and efficiently. Furthermore, the company also had given the information about business to shareholder acknowledge.

- ☐ The day of shareholder meeting, the company had given other company held meeting by using bar code system especially for the preparation of these forms for voting. Such forms are shown the name of shareholders and this way will be able to help shareholders at their convenience in the meeting as well as making rapidly in the registration process. For exercise their voting rights for each agenda, the company will collect a ballot of all shareholders as for abstention and disagree. After the end of meeting, the shareholders are able to verify the details and the company also has requested the cooperation from shareholders as a witness in counting of vote at each agenda.
- ☐ The Chairman has allocated sufficient and suitable time and conducted the meeting according to the agendas setting. During the meeting, the chairman encouraged shareholders to openly express their opinions and ask any questions relating to the meeting with the company.
- ☐ The Chairman and the Chairman of Audit Committee including all directors (unless the case of unavoidable necessity) attended and answered questions raised by shareholders.

2) Stakeholder Rights

The company has always realized that success and sustainable of company depending on stakeholder parties. Therefore, the company has determined the policy to encourage the promotion process for involvement with stakeholders by protection and preserve the rights of stakeholders groups fairly that entitled by the relevant law or agreement with the company. However, the company will not take any action the infringement of stakeholders and give the importance on the rights of every shareholders group such as employees, executives of the company including its subsidiaries as well as third parties; such as suppliers, governments, society, communities and the environment to ensure basic rights of these stakeholders are protected and taken care within the requirements of law including the framework for ethical conducts and professional ethics in the business; to prevent any violations of stakeholder rights, which is considered a key cornerstone in establishing the long-term success of the company. Details are as follows:

☐ Human Rights

The company respects human rights and the policy that treat employees fairly. Moreover, the company realizes that human resources are a key factor to create value-added products including improve the environment, working conditions for employees to have a good quality and the opportunity to show their potential as well as get a chance in training their skills on their job. In addition, the company encourages the employees to understand the principle of the international human right to perform properly. In the past, the company does not have any action the infringement of human rights.

☐ Employees

The company believe that employees are an important component and the company committees to make employees pride and confidence towards company. In the previous year, the company included employees from a subsidiary that company holds 99.99% share, move to a new headquarter, renovation and modernization of building and modern facilitated such as a swimming pool, greatly equipped fitness center to create a great working environment, as the company sees relaxation within workplace would lead to increasing productivity as well as reasonable rewards and benefits; welfare for the medical insurance, annual health check activities, monthly icebreaking activity, annual company outing trip. Moreover, the company supports the development of skills and the ability to work consistently with various training courses as well as the activity for working with concentration by mindfulness in organization to optimize and enjoyable working.

☐ Customers

The company is keen to develop quality products and services under the quality that serve the requirement of customers in a professional manner as well as establish a unit to contact and receive their suggestions or comments from customers. Furthermore, the company established online media like company website for customers to complain, thus, improvement that complaint, making the customers to have the confidence and satisfaction as well as consumer must be protected individual rights, personal information and others which must not be used without consent.

☐ Business partners

The company operates within the framework of competition with honesty by adhering to the compliance agreements, codes of conduct and strictly committed to company's partners and avoid dishonest methods to destroy competitors.

☐ **Executives**

The company realizes the importance of management, which is an important factor in successful business; the benefit structure is properly managed as well as the welfare of their families.

☐ **Competitors**

The company competes fairly and ethically with great professionalism and transparency. To obey law and not to violate or attempt to access competitors' confidential information and to measure disciplinary policies and practices to competitors as stated in the Code of Ethics.

☐ **Creditors**

the Company is keen to conduct business with creditors and suppliers of all types in a fair and ethical manner by following the terms and conditions under the agreement and the law.

3) **Social and environmental responsibility**

The policies at company are managed business with socially responsibility through various businesses. The details are as follow.

- ☐ The company will consider a comfort design house with the correction wind direction to reduce pollution to use less air conditioning unit, global warming.
- ☐ The company must be constructed housing project with a green environment and provide customers with a fitness facility and fresh air that is the Garden Asoke condominium project, 8th floors, surrounding with big trees to be cool and pleasant. Therefore, the residence are able to exercise within the project as well as single project which has a planting trees approximately 30 % of sales areas to make a green project resulting in a neighboring community as a whole good weather.
- ☐ The company has opened a convenience store within the project to meet their requirement of residents and neighboring communities.

8.2 **Committees**

The management structure of the Company consisted of the Board of Directors and 5 committees such as (1) Audit Committee (2) Executive Committee (3) Nomination and Remuneration Committee (4) Risk Management Committee and (5) Purchasing Committees to study and scrutinize the work of the Board of Directors with details as follows.

1) Board of Directors

As at June 30, 2017 the Board of Directors consisted of 8 directors as follows.

No.	List of Directors	Position	Remarks
1.	Mr. Somchai Kuvijitsuwan	Chairman of the Board of Directors	Appointed Mar 8, 2016
2.	Mr. Apivut Thongkam	Vice Chairman of the Board of Directors	Appointed 14 Sep 2016
3.	Mr. Somchai Meesen	Director	Appointed 13 Jan 2017
4.	Dr. Suthad Chankingthong	Director	Appointed 9 Oct 2015
5.	Dr. Ranchana Rajatanavin	Director	Appointed 9 Oct 2015
6.	Mr. Vutti Phong Issaramalai	Independent Director	Appointed 15 Feb 2017
7.	Miss Papasorn Mongkholmafai	Independent Director	Appointed 9 Oct 2015
8.	Dr. Saranya Sanghiran	Independent Director	Appointed 27 Dec 2016
9.	Mr. Wirat Aiew – Aksorn	Director	Resigned 9 Oct 2015
10.	Mr. Chavivat Peechaphol	Director	Resigned 9 Oct 2015
11.	Mr. Jaturaphon Phummiwasana	Independent Director	Resigned 7 Mar 2016
12.	Mr. Pop Petsuwan	Director	Resigned 12 Sep 2016
13.	Prof. Dr. Pakdee Manaves	Independent Director	Appointed 8 Mar 2016 Resigned 9 Dec 2016
14.	Mr. Suthisak Vageepiyanantanon	Director	Resigned 30 Dec 2016
15.	Mr. Chaiwat Atsawintarangkun	Independent Director	Resigned 1 Feb 2017

As at June 30, 2017, the Company had total of 8 directors which consists of 3 Executives Directors, 2 outside director who are not employee of the Company and 3 independent Directors which is 37.50% of the total Directors. Therefore, it is enough to create the balance of power within Board of Directors of the Company in accordance with Notification of Capital Market Supervisory Board.

Mr. Apirath Intrachoo, Company Secretary oversees the activities of the Board of Directors, minutes of meeting and documenting about the meeting.

The Structure of Appointment the Board of Directors

Appointment of Directors Directors are elected by shareholders. One share is entitled to one vote.

Termination of Positions For the annual general meeting, the director who take the longest position have to resign after completing his one-third term which may be elected to take a new position or shareholders at meeting may pass the resolution to any director that resigned before reaching his term by voting not less than three fourths of attendance shareholders and the number of shares not less than a half of shareholders voting at the meeting.

Number of Directors The company have at least 5 but not more than 11 directors and not less than half of directors have a hometown in the Kingdom

Authority and function of the Board of Directors

The Board of Director has the authority on operation management in accordance with laws, objectives and regulations as well as the resolution of shareholders' meeting. In addition, the Board of Directors is responsible for monitoring the administration of executive in order to achieve goals and objectives continuously. The Board of Directors shall be function of strategic planning, goal and policy including evaluate the operating results both assets and financial management to be ensured for efficiently. However, the Board of Director must have meeting at least every 3 months.

2) **Audit Committee**

As at June 30, 2017 the Audit Committee consisted of 3 members as follows.

No.	List of Audit Committee	Position	Remarks
1.	Mr. Vuttiphong Issaramalai	Chairman of the Audit Committee	Appointed 15 Feb 2017
2.	Miss Papasorn Mongkholmafai	Audit Committee	Appointed 9 Oct 2015
3.	Dr. Saranya Sanghiran	Audit Committee	Appointed 27 Dec 2016
4.	Mr.Jaturaphon Phummiwasana	Audit Committee	Resigned 7 Mar 2016
5.	Prof. Dr. Pakdee Manaves	Audit Committee	Appointed 8 Mar 2016 Resigned 9 Dec 2016
6.	Mr. Chaiwat Atsawintarakun	Chairman of the Audit Committee	Resigned 1 Feb 2017

Miss Papasorn Mongkholmafai is a member of the Audit Committee who have sufficiently knowledgeable and experienced in the field of accounting able to conduct a review to assess financial statement credibility in accordance with the Security Act (No. 4) B. E. 2551 and Mrs. Pranee Hiranbanthow, Assistant Managing Director of Operation and Executive Vice President of Accounting and Financial served as Secretary of Audit Committee who oversee the activities of Audit Committee, minutes of meeting and documenting about the meeting.

Organization and qualification of Audit Committees

1. At least three directors (one director should be knowledgeable in accounting and finance).
 2. Selection by Nomination Committee and proposed to the shareholders' meeting for approval.
 3. Non-executive directors, employee or consultant or receive a regular salary from the company.
 4. No benefit or interest either financial or management company.
 5. Holding shares not excess 5% and including shares held by related persons
- (These criteria concentrated more than the Stock Exchange and SEC).

Scope of the Audit Committee Authority

1. To monitor and review the financial reports to ensure that the Company's accounting system complies with general standard of accountancy as provided by the governing laws and reflects the transparency and accuracy based on the principles of good governance.
2. To monitor and review to ensure that the company has the internal control and audit.
3. To review the system of corporate risk management.
4. To review the company's compliance with the law that is the security, Stock Exchange of Thailand and other legislation related to company business.
5. To review a probable case of corruption and hence specify internal protective measures.
6. To consider the disclosure of the company's information in case of any related transaction or transactions that may have a conflict of interest to be correct and complete.
7. To monitor, review and comment on the performance of Internal Audit Office and coordination with auditors.
8. To prepare the corporate governance reports of Audit Committee by disclosed in the annual report of company which report must be signed by the Audit Committee Chairman.
9. To select consideration and propose the audit appointment as well as their remuneration.
10. To monitor the evaluation of the performance audit in accordance with the international standards office.
11. To perform any duties as required by law or the Board of Directors assigned the director to perform as a scope of authority and the audit committees will have the power to invite, command the management, supervisor or employee concerned to comment in conference or send the documents as may be related and necessary.

Remuneration of Audit Committee

The company does not pay the remuneration as audit committee anyway.

3) Executive Committee

As at June 30, 2017 the Executive Committee consisted of 4 members as follows.

No.	List of Executive Committee	Position	Remarks
1.	Mr. Apivut Thongkam	Chief Executive Officer	Appointed 14 Sep 2016
2.	Mr. Somchai Meesen	Executive Committee	Appointed 13 Jan 2017
3.	Dr. Suthad Chankingthong	Executive Committee	Appointed 9 Oct 2015
4.	Dr. Ranchana Rajatanavin	Executive Committee	Appointed 9 Oct 2015

Scope of Authority and Duty of Executive Committee

1. Control and Management the Company business and provide the following duties.
 - ☐ The Executive Board approved to get permission, registration and other requisitions need to operate general business, and then report to the Board of Directors every quarterly.
 - ☐ Consideration for approval an annual plan and propose to the Board of Directors for Consideration.
 - ☐ Consider for approval other investments, loans, guarantee and propose to the Board of Directors except loans between the company and its subsidiaries. After the Executive Board had already approved them, the Executive Board was able to approve then, report to the Board of Directors.
 - ☐ Lay down the personal management regulation including defined regulations concerning work of employee accordance with the Law of Labor Protection.
 - ☐ Lay down the financial and accounting regulations.
 - ☐ Lay down the material and purchasing regulations.
 - ☐ Resolve the problem or Conflicts that affects the organization and maintain efficient communication to concerned persons.
 - ☐ Operate any tasks assigned by the Board of Directors.
2. In business operation, the Chief Executive Officer is responsible for the following.
 - ☐ Manage company business to be legitimate as policy including plan of resolution of the Board of Director and shareholders meeting.
 - ☐ Control Staffs, personnel management, budget management, and material management, financial and accounting management according to Executive Board Regulation Determination.
 - ☐ Consideration the annual plan preparation to propose the Executive Director and Board of Directors. After receiving the approval from the Board of Directors, they are able to be Enforceable.
 - ☐ Other duties as the Board of Directors or the Executive Boards assigned including control expenses and investment budget according to the scope that the Board of Directors approved the annual plan. After receiving the approval from the Board of Directors, they are able to be enforceable.

4) Nomination and Remuneration Consideration Committee

As at June 30, 2017 the Nomination and Remuneration Consideration Committee which was appointed by resolution of the Board of Directors Meeting No. 4/2014 on 5 March 2014, consisted of 3 members as follows.

No.	List of Nomination and Remuneration Consideration Committee	Position	Remarks
1.	Mr. Vuttiiphong Issaramalai	Nomination and Remuneration Consideration Committee	Appointed 15 Feb 2017
2.	Dr. Saranya Sanghiran	Nomination and Remuneration Consideration Committee	Appointed 27 Dec 2016
3.	Mr. Apivut Thongkam	Nomination and Remuneration Consideration Committee	Appointed 14 Sep 2016

5) Risk Management Committee

As at June 30, 2017 the Risk Management Committee which was appointed by resolution of the Board of Directors Meeting No. 4/2014 on 5 March 2014, consisted of 3 members as follows

No.	Risk Management Committee	Position	Remarks
1.	Dr. Saranya Sanghiran	Risk Management Committee	Appointed 27 Dec 2016
2.	Mr. Vuttiiphong Issaramalai	Risk Management Committee	Appointed 15 Feb 2017
3.	Mr. Somchai Meesen	Risk Management Committee	Appointed 13 Jan 2017

6) Purchasing Committee

Purchasing Committees have the authority to approve the purchasing. The Purchasing Committee classified as below.

- ☐ The approval of financial amount less than or equal to 10 million consist of the Purchasing Committee as below.

Chairman Chief Operating Officer
 Committee Executive Vice President – Project Development
 Executive Vice President – Business Development
 Purchasing

The approval must be reported to Chief Executive Officer acknowledge

- ☐ The approval of financial amount more than 10 million consists of the Purchasing Committee as below.

Chairman Chief Executive Officer
 Committee Executive Vice President - Project Development
 Executive Vice President - Business Development Project

Purchasing

The approval must be reported to Executive Board acknowledge.

- ☐ The approval of financial amount more than 20 million consists of the Purchasing Committee as below.

Chairman	Chief Executive Officer
Committee	Executive Boards
	Chief Operating Officer
	Senior Executive Vice President - Special Business
	Executive Vice President - Project Development
	Executive Vice President - Business Development Project
	Purchasing

The approval must be reported to Board of Director acknowledge

In case of off-budget purchasing, there are the workflows as the business operating regulations of AQ Estate Public Company Limited B.E. 2013 item. 5 as follow:

- 1) The Chief Operating Officer is able to authorize the financial amount not more than 10 million Baht
- 2) The Chief Executive Officer is able to authorize the financial amount more than 10 million Baht but not more than 20 million Baht.
- 3) The Executive Boards is able to authorize the financial amount more than 20 million but not more than 50 million Baht.
- 4) The Board of Directors is able to authorize more than 50 million Baht. The approval must be reported to Board of Director acknowledge.
- 5) The Managing Director authorizes sale of land or property and other operations including regular business of the company.

The Executive Boards or Managing Director authorizes the business operation which is not defined and proposes to the Board of Directors for consideration and approval in individual cases.

8.3 Nomination and appointment of Directors and Executives

The company has established a Nomination and Remuneration Consideration Committee in 2014 according to SEC rules and based on historical performance and features to be able to develop the company's business. Growth and prosperity It requires good governance principles as well. The Audit Committee shall have the following basic features.

Independent director, the company has stipulated stricter than the minimum requirements of SEC and the SET.

Director means a director who is independent to comment. The qualifying session to maintain the position.

1. This may be the shareholders of the company, but for no more than one percent of shares with voting rights. (Comply with SEC criteria, but concentrations than the SET criteria)
2. Director who is not a management in Company or a Subsidiary Company.
3. The directors who are independent of management and shareholders have a controlling interest.
4. Must not be a close relative or a person who has been or interests with management. Its major shareholders Or a control.
5. This is no business relationship with the company essences. Which can influence the opinion of an independent and must not be an employee or employees who receive regular salary during one year prior to maintain the position.

At present, the Nomination and Remuneration Consideration Committee have to consider the qualification of directors as required by law which will select from knowledge, capacity and experiences including the possibility to participate in a meeting with the Company's Board on a regular basis. However, the directors are appointed by the majority of the shareholders in an annual general meeting. One share is equal to one vote. It is possible to select the directors one by one or many directors at one time or as a group of directors which the shareholders may deem appropriate. A person or a group of persons who receive the highest scores respectively will be elected as Director equal to the number of those Directors. In case of a person who has been elected in descending order and there is an equality of votes exceeded those numbers of directors, the chairman of the meeting is the additional one vote be able to final judge.

8.4 Supervision of Subsidiary and Affiliated Companies

The Company set up mechanism to supervise and oversee the operations of its subsidiary and affiliated companies as follows:

- (1) The Company sends representatives of the Company to serve as directors, executives, or authorized persons in such companies according to the ratio of shareholding by the directors of the parent company is director who is authorized to sign and decide on the business of the subsidiaries.

- (2) The Company has a policy to appoint the audits of the Company to serve as the audits of subsidiary and affiliated companies to regulate and ensure accuracy and completeness in the disclosure of financial status information and operation results, transactions between subsidiary companies and related persons, acquisition and disposal of assets or other important transactions, using the same criteria for disclosure of information and preparation of transaction used by the Company.

8.5 Control on the use of inside information

Directors must perform their duties in accordance with the law, objectives and regulations of the company as well as the resolution of the shareholders meeting. Disclosure of important information that effects on the Company. If it is an operational information, it to be approved by the Managing Director at the meeting of the Management Committee of the Company. However, if any information that affects the investor must be approved by the Board of Directors. Policies and procedures for monitoring the use of inside information for personal gain. The Company assigned to the Board of Directors to oversee and determine the offense in the case of Directors and / or Executives used inside information for personal gain. And assigned the Managing Director to consider the offense in cases where Employees use inside information for personal gain.

8.6 Audit fee

The Extraordinary General Meeting of Shareholders No. 1/2016 on 28 October, 2016 approved the appointment of Karin Audit Co., Ltd as an auditor with 3 auditors as follow.

1. Mr. Jadesada Hungsapruet CPA No. 3759 or
2. Mr. Jirote Sirirorote CPA No. 5113 or
3. Ms. Kannika Wipanurat CPA No. 7305

By determined audit fee for AQ Estate PCL and 11 subsidiaries in amounting to Baht 5.13 million as follows.

(1) Audit fee

Companies	Audit fee (Baht)			
	Quarterly	Total	Yearly	Total
Consolidated financial statements	225,000	675,000	275,000	950,000
AQ Estate PLC	210,000	630,000	700,000	1,330,000
AQ Village Co., Ltd.	30,000	90,000	200,000	290,000
AQ Marketing Service Co., Ltd.	25,000	75,000	120,000	195,000

Companies	Audit fee (Baht)			
	Quarterly	Total	Yearly	Total
AQ Property Management Co., Ltd.	25,000	75,000	120,000	195,000
Allied Technologies International Co., Ltd.	30,000	90,000	200,000	290,000
Thanont Property Co., Ltd.	30,000	90,000	200,000	290,000
Free Zone Asset Co., Ltd.	25,000	75,000	100,000	175,000
Vitoonthanakorn Co., Ltd.	35,000	105,000	150,000	255,000
Baan Chidthara Co.,Ltd.	10,000	30,000	60,000	90,000
Aquarius Hotel & Resort Co.,Ltd.	50,000	150,000	200,000	350,000
Aquarius Estate Co., Ltd.	60,000	180,000	320,000	500,000
Villa Nakarin Co.,Ltd.	30,000	90,000	130,000	220,000
Total		2,355,000	2,775,000	5,130,000

(2) Non-audit fee

In 2016 the Company paid non-audit fee which includes transportation cost and office supplies for the auditor total of Baht 183,992.

9. Information about Directors, Executives, Control authority and Company Secretary

Qualification List of Directors, Executives, Control authority and Company Secretary as at June 30, 2017.

Name - Last Name / Position / Appointed date	Age (Years)	Educational background	Share holding (%)	Family relationship between Directors and Executives	Work experience		
					Period	Position	Company / Corporate
1. Mr. Somchai Kuvijitsuan Chairman of the Board of Directors Appointed on 8 Mar 2016	66	<input type="checkbox"/> Bachelor of Laws, Ramkhamhaeng University	None	None	14 Mar 16 – Present	Chairman of the Board of Directors	AQ Estate PLC
		<input type="checkbox"/> The Thai Bar (Class 27) at Institute of Legal Education, The Thai Bar Associate			2008 –Present	Honorary Director	The Securities and Exchange Commission
		<input type="checkbox"/> Provincial Chief Public Prosecutor (Class 9/2530)			2008 –Present	Chairman of the Audit Committee Honorary	The Securities and Exchange Commission
		<input type="checkbox"/> Master Degree of Public Administration, National Institute of Development Administration			1980 –Present	Director	Trial Appeal Committee Customs Department
		<input type="checkbox"/> Director Certification Program (DCP) (Class 76)			2011 - Present	Director / Chairman of the Audit Committee	PTT Global Chemical PLC
		<input type="checkbox"/> Course of Senior Executive at Capital Market Academy (Class 9)			2015 - Present	Director	Thonburi Hospital Co.,Ltd.
		<input type="checkbox"/> Training for the Role of the Chairman Program			Jan 16 – Present	Director	Primamarin Co.,Ltd.
		<input type="checkbox"/> Training for the Role of the Nomination and Governance Committee			2013- Sep 2015	Director General of the Prosecutor	Department of Economic Crime Litigation
		<input type="checkbox"/> Course for Senior Executive at Thailand Energy Academy			2011-2013	Director General of the Prosecutor	Department of Public Prosecutor Commission
2. Mr. Apivut Thongkam Vice Chairman / Chief Executive Officer / Authorized Director Appointed on Sep 14, 2016	55	<input type="checkbox"/> Master of Laws, American University, USA	None	None	Sep 2016 – present	Executive Director / Chief Executive Officer	AQ Estate PLC
		<input type="checkbox"/> Master of Comparative Law, Howard University, USA			Feb 2017 - present	Vice Chairman	AQ Estate PLC
					present	Vice Chairman	News Network Corporation PLC
					present	Executive Director	Glory Acme Co., Ltd.

Name - Last Name / Position / Appointed date	Age (Years)	Educational background	Share holding (%)	Family relationship between Directors and Executives	Work experience		
					Period	Position	Company / Corporate
		<input type="checkbox"/> Thai Bar Association <input type="checkbox"/> Bachelor of Laws, Ramkhamhaeng University <input type="checkbox"/> Diploma in Intellectual Property, World Intellectual Property Organization, Switzerland <input type="checkbox"/> Diploma in Computer Crime Trends and Crime, School of Criminal Justice, University of Michigan <input type="checkbox"/> Executive Diploma Program "Thammasat for Society" 2nd class <input type="checkbox"/> Diploma in Executive Course "Senior Executives of Thammasat Golf Course for Society" 2nd class <input type="checkbox"/> Diploma of Advanced Security Management Program, Class 6, National Defense College National Defense Institute <input type="checkbox"/> National Defense College, National Institute of Defense (WorPorOr class 54) <input type="checkbox"/> (PorRorOr Class 24), National Defense College - Class 24, National Defense College, 2011-2012 <input type="checkbox"/> Diploma in Modern Technology and Copyright Law Enforcement in Denpasar, Indonesia			present present present present present present 2014 2011-2013	Executive Director Director Director Director Director Director Audit Committee Honorary Advisor to the Energy Commission	FBLP legal consulting services Co., Ltd. Allessey Capital Co., Ltd. Head Quarters Co., Ltd. Darby Private Equity Co., Ltd. A.L.C. (Thailand) Co., Ltd. Environ Mental Solutions Integrator Co., Ltd. Dawson Media Direct Co., Ltd. AQ Estate PLC House of representatives

Name - Last Name / Position / Appointed date	Age (Years)	Educational background	Share holding (%)	Family relationship between Directors and Executives	Work experience		
					Period	Position	Company / Corporate
		<input type="checkbox"/> Seminar on High-Level Taxation for Lawyers and Businessmen, Class 1, Central Tax Court <input type="checkbox"/> Technical training, negotiation, dispute resolution and crisis resolution, 1st class, Ministry of Justice <input type="checkbox"/> DCP Course 89/2007, Thai Institute of Directors Association <input type="checkbox"/> CDC Course 3/2008, Thai Institute of Directors Association					
3. Mr. Somchai Meesen Director / Authorized Director Appointed on Jan 13, 2017	49	<input type="checkbox"/> Master of Political Science (Politics), Thammasat University <input type="checkbox"/> Bachelor of Arts (History), Chiang Mai University	None	None	Jan 13, 2016 – present 1994 - 2014	Authorized Director Independent radio operator	AQ Estate PLC
4. Dr. Ranchana Rajatanavin Director / Authorized Signatory Director Appointed on 9 Oct 2015	47	<input type="checkbox"/> Doctor of Philosophy(International Business), Concentration: Finance and Marketing Asian, Institute of Technology , 2004 <input type="checkbox"/> M.B.A. (Business Administration),Salem State College, Massachusetts, U.S.A. ,1996 <input type="checkbox"/> Bachelor Degree of Business Administration (Finance and Banking), Ramkhamhaeng University <input type="checkbox"/> Director Accreditation Program (DAP) in 2007	None	None	9 Oct 15 – Present 2013 - Present 2012 - Present 2008 - Present	Authorized Signatory Director Director Director Chairman of the Audit Committee	AQ Estate PLC Business Plan Committee for ABI Project of Thai-BISPA Association of Business Incubators and Thai Science Park Simat Technology PLC

Name - Last Name / Position / Appointed date	Age (Years)	Educational background	Share holding (%)	Family relationship between Directors and Executives	Work experience		
					Period	Position	Company / Corporate
5. Dr. Sutthad Chankingthong Director / Authorized Signatory Director Chief Marketing Officer Appointed on 9 Oct 2015	47	<input type="checkbox"/> Master Degree of Business Administration (MBA), Western University <input type="checkbox"/> Master Degree of Business Administration, Suan Dusit Rajabhat University <input type="checkbox"/> Bachelor Degree of Business Administration, Suan Dusit Rajabhat University	None	None	9 Oct 15 – Present Present Present Present	Authorized Signatory Director Managing Director Advisor for Gen.Ongat Pongsak Secretary	AQ Estate PLC SJ Capital Auto List Co., Ltd. Member of the National Legislative Assembly The Board of Legal Directors Justice and police affairs
6. Mr. Vuttiphong Issaramalai Independent Director / Chairman of the Audit Committee Appointed on Feb 15, 2017	58	<input type="checkbox"/> Bachelor of Laws, Thammasat University <input type="checkbox"/> Thai Bar	None	None	15 Feb 17 – present present 1984 - present	Independent Director / Chairman of the Audit Committee Head of Law Office Legal advisors and law firms to Limited company and public company	AQ Estate PLC Chatrapee -
7. Miss Papisom Mongkholmafai Independent Director / Audit Committee Appointed on 9 Oct 2015	31	<input type="checkbox"/> Master of Business Administration in Management, Ramkhamhaeng University <input type="checkbox"/> Bachelor Degree of Accounting, Loei Rajabhat University	None	None	9 Oct 15 – Present 2009 – Present 2009 – Present 2009 – Present 2009 – Present 2009 – Present	Independent Director / Audit Committee Freelance Accountant Freelance Accountant Freelance Accountant Freelance Accountant Freelance Accountant	AQ Estate PLC Smart Tax Communication Co., Ltd G-Track Co., Ltd. Work Communication Co., Ltd. Accounting Office and International Taxation STD Caliper Brake Co., Ltd.
8. Dr. Saranya Sanghiran Independent Director / Audit Committee Appointed on Dec 27, 2016	45	<input type="checkbox"/> Ph.D. of Media & Governance, Keio University, Japan <input type="checkbox"/> M.S. Master of Media & Governance, Keio University, Japan <input type="checkbox"/> Bachelor of Political Science, Chulalongkorn University	None	None	Dec 27, 16 – present 2014 – present 2013 2011-2013	Independent Director / Audit Committee Special lecturer Chief Strategy Office-CSO Deputy Managing Director	AQ Estate PLC Leading University Total Access Communication PLC Seed MCOT Co., Ltd.

Name - Last Name / Position / Appointed date	Age (Years)	Educational background	Share holding (%)	Family relationship between Directors and Executives	Work experience		
					Period	Position	Company / Corporate
9. Mr. Wirat Aiew-Akson Chief Operating Officer Appointed on October 2013	64	<input type="checkbox"/> Master Degree of Business Administration (MBA), Kasetsart University <input type="checkbox"/> Faculty of Law, Ramkhamhaeng University <input type="checkbox"/> Bachelor of Science (Agricultural Economics), Kasetsart University	None	None	Oct, 2013 – present 2013 – present 2013 – present 2013 – present 2013 – present May 2011 – Present May 2011 – Present May 2011 – Present Sep 2011 - present Oct 2014 - present May 2011 - Oct 9, 2015 2013 – Oct, 2015 May 2011 – Oct, 2013 May 2011 – Jun 2012 May 2011 – Jun 2012	Chief Operating Officer Director Director Director Director Director Director Director Director Director Executive Director Director Director and Managing Director Acting Managing Director and Director Director	AQ Estate PLC AQ Village Co., Ltd. Baan Chidthara Co.,Ltd. Aquarius Estate Co., Ltd. Aquarius Hotel & Resort Co.,Ltd. AQ Property Management Co., Ltd. AQ Marketing Service Co., Ltd. Thanont Property Co., Ltd. Free Zone Asset Co., Ltd. Villa Nakarin Co.,Ltd. AQ Estate PLC Vitoonthanakorn Co., Ltd. AQ Estate PLC AQ Estate PLC Allied Technologies International Co., Ltd.
10. Mrs. Pranee Hirunbanthow Assistant Managing Director of Operations / Chief Financial Controller Appointed in 2006	61	<input type="checkbox"/> Master Degree of Business Administration (MBA), Ramkhamhaeng University <input type="checkbox"/> Bachelor of Business Administration (Accounting), Ramkhamhaeng University	0.0003% (25,000 shares)	None	2006 - Present 2005 - Present	Assistant Managing Director of Operations Chief Financial Controller	AQ Estate PLC AQ Estate PLC
11. Mr. Apirath Intrachoo Company secretary Appointed 2013		<input type="checkbox"/> Faculty of Law, Ramkhamhaeng University	-	None	2015 – Present 2013 – Present 1998 -2012	Company secretary Assistant Manager Legal Dept. Senior Legal Officer	AQ Estate PLC AQ Estate PLC AQ Estate PLC

Note: Include shares of spouse and underage children.

Details on the tenure as Directors and Executives in Subsidiaries, Associates and Related companies as of June 30, 2017

No.	List of Directors	The Company	Subsidiaries											Associates (None)	Related Companies (None)
			1	2	3	4	5	6	7	8	9	10	11		
1.	Mr. Somchai Kuvijitsuan	X													
2.	Mr. Apivut Thongkam	//													
3.	Mr. Somchai Meesen	/	/						/			/	/		
4.	Dr. Ranchana Rajatanavin	/													
5.	Dr. Suthad Chankingthong	/	/	/	/				/	/	/	/	/		
6.	Mr. Vuttiiphong Issaramalai	/													
7.	Miss Papasorn Mongkholmafai	/													
8.	Dr. Saranya Sanghiran	/													

Notes

- (1) / = Director X = Chairman of the board // = Executive Director
- (2) Related Companies shall mean juristic person definition of the person who may have a conflict of this announcement.

List of subsidiaries

- | | |
|--|--------------------------------------|
| 1) AQ Village Co., Ltd. | 7) Aquarius Estate Co., Ltd. |
| 2) AQ Marketing Service Co., Ltd. | 8) Villa Nakarin Co.,Ltd. |
| 3) AQ Property Management Co., Ltd. | 9) Vitoonthanakorn Co., Ltd. |
| 4) Allied Technologies International Co., Ltd. | 10) Baan Chidthara Co.,Ltd. |
| 5) Thanont Property Co., Ltd. | 11) Aquarius Hotel & Resort Co.,Ltd. |
| 6) Free Zone Asset Co., Ltd. | |

10. Corporate Social Responsibilities

The company gives priority to the rights of stakeholders, whether they are internal stakeholders include employees and executives of the company and subsidiaries or external stakeholders include the rival creditors. The Government and other relevant agencies, because the company is aware of strong support from the various stakeholders to create competitiveness and profitability for the company, which is considered to be a long-term success of the company. The details are as follows:-

Employees: The Company had presented to staff with equality fair and appropriate compensation, including welfare for employees, such as health insurance/support staff activities to develop the body as a venue for sustainable development.

Partners: The Company has to purchase goods and services from the partner is subject to the terms and conditions for trade, including compliance with the contract partner.

Creditors: The Company comply with the terms of the agreement.

Customer: The Company cares and is responsible to the customer. Maintain customer confidentiality and there are agencies or individuals who are responsible for receiving customer complaints to hurry the customer as soon as possible. The company has developed a project to be shady, safe and secure in the project. To ensure that customers had confidence and comfortable.

Rivals: The Company complies with the competition rule. Maintain the norms of conduct on competition requirements. Avoid dishonest methods to destroy competitors.

Community: The Company had to responsible for social and community environments.

The fight against corruption, the company has managed to avoid corruption, by having the Committee considering procurement so that consideration is transparent and audited.

Business ethics

The company has issued rules regarding the Board's code of ethics. Management and employees (Code of Conduct) so the people involved as the guiding principle of the company's mission with integrity and impartially, both operating companies and stakeholders, the public and society by those involved to sign to acknowledge and agree to abide by, and the company has to communicate with employees regularly and track compliance with such guidelines is regularly, as well as set forth by discipline.

Conflict of interest

To prevent the conflicts of interest, Committee be carefully monitoring when incurred, which may have conflict of interests by formulating policies and approval procedures related to policies and methods of supervising the management and associated data within the company to use in order to benefit as follows:

- ☐ Items may have a conflict of interest: When the committee acknowledge there is a conflict of interest and related transaction and consider appropriate all have to follow the guidelines of the SET by entering transaction with a third party; (Arm's Length Basis) , and has revealed the details. Value, Partners The reasons and necessity in the annual report and in the year 2015 , the company does not have a conflict of interest in the list. .
- ☐ Monitoring Company's inside information
- ☐ Define executives reported changes in securities pursuant to section 59 of the Securities and Exchange Act 1992.
- ☐ The Company not allow Executives or agencies which has internal information to expose internal information to third parties or who are not involved.

11. Internal Control and Risk Management

The Company's Board of Directors, The Audit Committee and the management is responsible for the internal control system efficiency continuously. By the Board of Directors is reviewing policies and delegated to the Audit Committee to review and evaluate the system of internal control, transparency reduces business risk and management of company assets efficiently. In the practice of internal audit internal audit Department has reviewed the internal control system of each unit of the company that placed with sufficient accuracy. If there is a fault with the performance of the duties of the essence will make a report to the Audit Committee and the Board of Directors of the company consider the Edit command. In addition, the company has the policy of the Board of Directors. Executives and employees comply with the code of conduct in the performance of the duties of good faith and fair regularly and not to take part in combined action, or conceal any actions that pose a risk to the company if they have a serious mistake, and if found, the person above has led the company to use inside information to benefit will be punished according to the regulations, an employee of the company.

1) Controls to the Management's operation.

The company has the separation of responsibilities between the Board of Directors of the company with the management team clearly. By the Board of Directors is responsible for formulating

policies and overseeing the implementation of management policies, therefore, Chairman. And the Managing Director is party guys each other by both positions must be selected by the Board to obtain the most appropriate addition. The Board of Directors also established administrations in various fields and commissioned operation under various policies assigned to it and is responsible for the overall operating result. Control costs and investment to the extent that the Board approve the annual budget plan. Action policy. To solve a problem or a conflict affecting the Organization, internal accounting and administrative information, and storing the property to verify each other. The company has prepared a manual for practitioners. The related transaction of listed companies on the company's major shareholders. Director Executives or people related to such persons it considers as with third parties and in accordance with the principle of securities market's committee, and Securities Commission and the securities market supervision.

2) Information and communication systems

The company has organized various important information sufficient for decision making by the Board of Directors, in a meeting with accounting literature, complete and stored base on categories and organized according to accounting generally policies accepted accounting principles and business suits, as well as the company has used in the computer system to control, the Internal Audit Division can be reviewed every transaction.

3) Monitoring and evaluation

The company has a process and tools that support the management and Board of Directors to monitor development performance. The assessment according to defined standards, criteria, scorecards, monitoring results Key Performance Indicators (KPI), the Board compared the performance of HR management is according to defined business goals. If that occurs, there is no difference from a target. The company has undertaken to resolve within a reasonable period, as well as to comply with the internal control system regularly and reporting inspection results each quarter offers the Audit Committee and the Audit Committee to operate freely. The analysis report of the last year by the company to operate prudently enough.

4) Risk management.

The company has defined the objectives of the organization which clearly covers what the organization wants to achieve the objectives associated with the activity level, the important work of the Organization and in accordance with the objectives and associated plans, strategy of the organization. Executive corporate risks identified and covered in the level of critical activities.

5) Shareholders' rights

The company's policy recognize basic shareholder rights the same shareholders and shareholders ' meeting, procedures and guidelines of the stock exchange of Thailand.

In the year 2016, the company held a shareholders meeting 2 times is the annual general meeting of shareholders, and 2016 extraordinary general meeting of shareholders that the company has delivered invitation letter 1/2016, along with supporting information, data and meeting agenda provided to shareholders prior to the meeting date, The Company was informed to shareholders approximately 14 working days prior to the meeting date. Each agenda was present together with committee commenced by minute of meeting. So that the shareholders can trace back. The Company was agree to shareholders to present a proxy in case the shareholders was unable to attend the meeting. In the other hand the company has published minute of meeting information to the shareholders ' meeting was listed in the company's website, shareholders can submit questions about the company's operation through the website before the date of the shareholders ' meeting.

11.1 The Board of Directors' Comment regarding the internal control system

The Board of Directors' meeting No. 5/2017 held on June 13, 2017 by independent director and audit committee includes 3 members attended the meeting. The Board has assessed the Company's internal control system by questioning information from the management and inspection documents from the management including the assessment of the management and preparation of the report of the Audit Committee. The conclusion after an assessment of the internal control of the company in various five components: (1) Internal organization control (2) risk assessment (3) The operational control (4) Information and Communication system, and (5) Tracking and trace back system.

The Board of Directors concluded that the Company's internal control systems are adequate and appropriate. The Company has provided sufficient personnel to implement the system effectively. The internal control system can monitor the operations of its subsidiaries to protect the Company's assets and its subsidiaries by illegally used or without authority of the directors or executives as well as sufficiently monitor the transactions with persons who may have conflicts of interest and related party. For other internal control subjects, the Board of Directors considered that the Company has sufficient internal control as well.

However, the auditor, Mr. Jadesada Hungsapruet, Certified Public Accountant, Registration No. 3759 from Karin Audit Company Limited who is an auditor of quarterly and annual financial statements for 2016 Disclaimer of Opinion in Independent Auditor's Report as follows.

I was engaged to audit the accompanying financial statements of AQ Estate Public Company Limited and its subsidiaries, and of AQ Estate Public Company Limited which comprise the consolidated and separate statement of financial position as at December 31, 2016, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Because of the significant matters as discuss on Basis for Disclaimer of Opinion could have material effected to the Company's ability to continue its operation as going concern, and may suffusive effected to the consolidated and seporate financial statement.

Bases for Disclaimer of Opinion

1) As discussed in Note 1 to the financial statements that:

- (a) On August 26, 2015, the Supreme Court's Criminal Division for Persons Holding Political Positions ("the Supreme Court") sentenced a case which the Attorney General as the plaintiff accused persons and juristic persons totaling 27 persons whereby the Company was accused as the 20th defendant, for jointly coordinating with and supporting the officers of a government enterprise (a government bank) to abuse their government official duties and embezzled the fund by misappropriating the approval of credit facilities. The 18th to 27th defendants were claimed that they jointly coordinated and supported the 1st to 17th defendants by asking credit facilities to purchase land, to settle debt of a bank and to offer the purchase of preferred shares of the 20th defendant held by such government bank. The Supreme Court sentenced the Company jointly with the 25th and the 26th defendants to repay Baht 10,004.47 million to such government bank. In this regard, the Borrower (the 19th defendant) and the subsidiary of the 19th defendant have mortgaged their land. In May 2016, the Company engaged an independent appraiser to appraise such collateral using market approach for investment reference purposes. The appraisal value was approximately Baht 12,749 million. The management expects that the forced sale value of such land net of commission fee on sales would be Baht 8,924.30 million, and in year 2016 the management expects that the forced sale value of such land would be Bath 5,800 million. On September 9, 2015, the Company received the order of enforceable action from the Supreme Court. Up to the present, no action has been taken on this matter.
- (b) On October 16, 2015, the Company, the 19th defendant and a major shareholder (68% shareholding) of the 19th defendant have entered into a contract for the asset management and profit-sharing, whereby, the Company is assigned to be the authorized party for

comprehensive composition including management for selling land only with no cancellation and irrevocable within 3 years from the date of the contract signed. In this regard, the Company will make advance payments for necessary expenses for selling land such as withdrawal of seized land, settlement debt with the Revenue Department on behalf of the 19th defendant in order that the land was not confiscated, partial repayment of debts of the subsidiary of the 19th defendant and expenses of land appraisal cost, etc. without any compensation except in case that the Company needs to borrow a loan to be used for this matter and the 19th defendant agreed to return to Company for the amount of finance costs to be paid by the Company. The profit from sale of land after deducting expenses and settlement to such government bank will be shared to the 19th defendant at 70% and the Company at 30%. However, if the profit from sale is less than Baht 300 million, the Company shall get an approval from the major shareholder of the 19th defendant before disposal of such land. Once the Company and the 19th defendant are free from any liabilities with such government bank, both parties agree to not claim for any debts from each other anymore. To guarantee the fulfillment of the contract and flexibility in operations, the major shareholder of the 19th defendant agrees to transfer shares and authorities of the directors of the 19th defendant to the Company. When the contract is ended, the Company will transfer shares and return the authorities of directors to the major shareholder of the 19th defendant as the original status. The Company agrees to let its subsidiary to provide loan to relatives of a director of 19th defendant at Baht 30 million within October 31, 2015 which due within 3 years. This loan shall be secured by land. On November 12, 2015, the subsidiary has already provided such loan. On October 16, 2015, the major shareholder of the 19th defendant has already transferred the shares of the 19th defendant to the Company and has authorized one director of the Company to be the director of the 19th defendant. However, the Company and the 19th defendant have not obtained a letter from the subsidiary of the 19th defendant to confirm that it will not claim for any liabilities for selling land to compensate the damage because the subsidiary of the 19th defendant was sentenced as bankruptcy.

- (c) According to the sentence of the Supreme Court, loans from financial institutions of the Company and its subsidiaries are met the condition of default loans as specified in the loan agreements. On October 9, 2015, the Chief Executive Officer and Executive Director resigned, which made the Company and its subsidiaries breached the conditions of the loans from 3 local financial institutions that required the Company to maintain the positions of the executive directors. As at December 31, 2016, such default loans amounting to Baht 26.72

million were presented as loans considered as default under current liabilities in the consolidated and separate statements of financial position. From the date sentenced by the Supreme Court up to the present, all financial institutions that previously provided credit facilities to the Company and its subsidiaries have temporarily suspended all credit facilities.

- (d) The board of direction meeting No. 12/2016, dated October 13, 2016 acknowledged that the company submitted the request of debt restructure to one bank. The Company will was non-performing land additional pledge value Baht 1,000 million, and will complete the debt restructure within one year. The Company request the right to sell the pledged land to repay bank loan. However the Company in waiting bank approved. In addition the meeting acknowledged that the surveyor reported that there are one hundred and seventy-seven land intruders the company recorded additional production of Baht 51.93 million for selling this land. The management estimated loss on such legal case amounting to Baht 4,686.70 million as of December 31, 2016 net of collateral.

And then, according to minute of board of director's meeting No.15/2016, dated on November 24, 2016 acknowledged that on November 22, 2016, the Company has met and acknowledged bank requirement to changes the conditions of debt restructure. The bank would like Golden to enter into debt restructure at civil case in whole amount (approximately by Baht 20,000 million) and pay for Baht of 1,000 million, and then allow the Company ask for a party in civil case in order to manage sell the pledged land. Also, the meeting acknowledged if Gloden could not enter into debt restructure above within November 2016, the bank will send the case into office of the Attorney, Office of the National Anti - Corruption Commission, Office of the Auditor General of Thailand, and night being legal execution of assets of the Company. At present, Gloden has not yet entered the debt restructure and the Company has not been informed about legal execution of assets of the Company.

On January 5, 2017, the bank informed the Company and Golden that the bank cannot accept the proposals of the Company regarding debt restructuring. And on April 5, 2017, the bank informed (1) Golden has to enter the debt restructuring as civil black case number Tor.268/2549 in whole amount, under the condition of Por-Kor-Sor .007/2560 dated on January 5, 2017 within April 2017. (2) the Company has to follow the judgmental of the Supreme Court's Criminal Division for Persons Holding Political Positions as case red number Or-Mor 55/2558, and repayment for damage fee amount of Baht 10,004,467,480 to the bank within June 2017.

If there have no any proceeding, the bank might proceed the legal execution for every case.

The Company arranged and met with the management of the Bank on 9 May 2017 to clarify that the Company has prepared for the capital increase. Should there has no further issues or comments, the Company believes it can process for initial capital increase which should be sufficient for payment of damages to the bank and/or mutually discuss the terms and conditions for the payment. At this stage, the Bank was informed and supported for the capital increase plan of the Company and scheduled for the next meeting with the Company on 6 July 2017.

Thus, the civil case which Krungthai Bank Public Company Limited as a plaintiff accused Golden Technology Industrial Park Co., Ltd. (the 1st defendant) and others, totaling 4 persons (according to Black Case No. Tor. 268/2459, Red Case No. Tor. 2687/2550) is still valid and enforces the defendants to repay the debt of Baht 10,234,752,863.31 together with interest of principal amount of Baht 8,368,732,100.00 at the rate of 15% per annum, since the date after filling date until completion of debt repayment. Also, there will be appointments for additional plaintiff's testimony and defendants' testimony on July 27, 2017.

- (e) As discussed on note to financial statement no. 33, the Company Board of Directors propose the capital increase to the shareholders consideration by amount of Baht 12,000 million.
 - (f) The actual damage will substantially depend on the Company's ability to sell such collateral land at the estimated price and Garden Home will not make a claim against the Company and the solution of negotiation with the bank. I couldn't conclude an adjustments entry and these factors indicated the existence of material uncertainties about the Company's ability to continue its operation as a going concern. The financial statements for the year ended December 31, 2016 have been prepared assuming that the Company will continue its operations as a going concern. Accordingly, they do not include any adjustments relating to the recoverability of the carrying value and classification of the assets or the amount and classification of liabilities that might be necessary should the Company be unable to continue its operation as a going concern.
- 2) As discussed in Note 16 to the financial statements, the Company engaged an independent appraiser to appraise such leasehold right in July 2013, using Income Approach, the discounted value of leasehold right is Baht 275 million. This method is calculated using the discounted cash flows of the revenues for the year of leasehold right with additional investment cost to develop as resorts which no revenue generated in the 1st and 2nd years (as the project is under resort construction). On May 4, 2016 The Company entered into the contract with non-related party to

transfer a leasehold right of beach front amounting to Baht 10 million. The hold management contract requires the company to provide beach front area for hotel customer. Then the company complied to the contract. At The present is in transferring process. On February 5, 2015, the indirect subsidiary company entered into a letter of intent with a foreign company for entering into a hotel management agreement.

However, on March 24, 2016, such foreign company postponed to enter into a hotel management agreement until the Stock Exchange of Thailand lifts its suspension of trading of the Company's shares. This matter caused the project has been suspended. However such foreign company terminated a hotel management agreement on September 22, 2016 then refunded deposit payment of us 60,000 dollars. The Indirect subsidiary recorded loss on deposit of Baht 2.04 million. In March 2017, the indirect subsidiary company has engaged an independent appraiser to re-appraised the leasehold right, using Income Approach on Profit Rent Method determined by renting such leasehold right at the market rental rate, discounted to present value to be Baht 79.40 million. Such appraisal was based on the assumption that the Company's the credit facilities were suspended from various financial institutions and there was material uncertainties about the Company's ability to continue to develop the project as planned as discussed in Note 1 to the financial statements. The market information of comparative land of same size and condition was limited. There was no historical rental rate to compare. The discounted rate was determined at 12% referred to return from investment in government bond terms 23.3 years plus risk premium in investment in assets. The AQ Estate Group recognized the impairment loss on such leasehold right in the consolidated statement of comprehensive income for the year ended December 31, 2016 amounting to Baht 143.7 million. However, there are limitations by circumstances, I was unable to perform other auditing procedures to satisfy myself as to the appropriateness of rental rate to determine the fair value because such appraisal is under unusual assumption as discussed above which has significant uncertainty when such situation will be resolved. In addition, the Company has no rental rate actually occurred at the present and no market price of rental rate basing the same size of area to be compared with the rental rate on such leasehold right as the area is very huge, which these factors may have material effects to the assessment of fair value of such leasehold right.

- 3) As a consequence of the matters described in the Bases for Disclaimer of Opinion item (2), the Company recognized impairment loss of investment and loans to a subsidiary company as at December 31, 2016 amounting to Baht 358.40 million. Hence, there are limitations by

circumstances, I was unable to perform other auditing procedures to satisfy myself as to the appropriateness of such impairment loss of loans to such subsidiary company.

- 4) As discussed in Note 15 to the financial statements, the Company estimated liability to former shareholders of Villa Nakarin Co., Ltd. which was presented under non-current liabilities in the consolidated and separate statements of financial position as at December 31, 2015, amounting to Baht 46.17 million. However, based on the current situation of the Company, which has material uncertainty on ability to continue its operation as a going concern, resulted in inability to prepare the correct and appropriate estimated income of project by using the current market situation. Hence, there are limitations by circumstances, I was unable to perform other auditing procedures to satisfy myself as to the appropriateness of such estimated liability.

11.2 The opinion of the Audit Committee

As the assessment of the internal control systems above, the Independent Director and Audit Committee do not have any further observations from the Board of Directors.

11.3 Head of Internal Audit and supervisors overseeing the company's operations

The Audit Committee meeting in 2013 appointed Miss Kasinee Tanyoopai boon to serve as head of the Company's internal auditor since December 13, 2013 because of experience in internal audit work in a business / industry similar to the company and have been trained in courses related to operational aspects of internal audit as well as having an understanding of the Company's activities and operations, it is deemed appropriate to properly perform such duties.

However, the consideration and approval of the appointment, removal, transfer the incumbent head of internal audit of the company must be approved by the Audit Committee.

12. Related Party Transaction

12.1 Related transactions with related parties that may lead to conflicts in the past year.

A significant portions of the Company and its subsidiaries' assets, liabilities, revenues and expenses arose from transactions with related parties. These parties are related through common shareholdings and/or directorships. The significant transactions with related parties as included in the consolidated financial statements are determined at the price as stipulated in the agreement or mutual negotiation (Some of the transactions are supported by contracts and some are not supported, some areas of businesses and advertising management services, which are the specific services, do not have

referenced market price), which basis may be different from those determined for transactions with unrelated companies.

Key management personnel mean persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the AQ Estate Group.

The significant transactions between the AQ Estate Group and their related parties for each of the years ended December 31, 2016 and 2015 are as Notes to financial statement, Article 6 Transactions with related parties.

12.2 Measures for transactions with related parties

According to the company policy, The process of entering into a related transaction between the Company or Subsidiaries and person who may have conflict of interest, must be proposed to the meeting of the Board of Directors for consideration. By such meeting must have member of the Audit Committee attended the meeting to consider and approve the related transactions. Such related transactions must comply with the law governing securities and exchange and the regulations, notifications, orders or requirements of the Stock Exchange of Thailand by the person who may have conflicts of interest or stakeholders in such related transaction, without the right to vote on the transaction.

12.3 Policy and trends for transactions in the future.

The company has a policy not to cause related transactions in the future. Except the transactions continued from the past such as collection of liabilities and repayment of debts to persons who may have conflict and project management services, construction contract, sales administration, advertising to persons who may have conflicts carrying out the project named "Krisda Nakorn". However, the Company has a policy not to allow other people except the Company and its subsidiaries use the name "Krisda Nakorn" to carry out the project anymore.

If there is a related transaction, the Company will set various terms and conditions in making such related transaction to comply with normal commercial terms and market prices that can be compared to the price charged to third parties. The Company will provide the Audit Committee or the Company's auditor or independent experts, as the case may be, to consider, review and comment on the suitability of the price and the reasonableness of the transaction.

Any related transactions that may occur in the future, the Board of Directors shall comply with the law governing securities and stock exchange and the regulations, notifications, orders or

requirements of the Stock Exchange of Thailand as well as compliance with the disclosure requirements of related transactions and the acquisition or disposal of important assets of the Company. If the Company has related transactions between persons who may have conflicts in the future, The Company will arrange the Audit Committee to comment on the appropriateness of transaction. If the audit committee is not proficient in the consideration of related transactions, The company will provide person with special expertise such as the Company's auditors or independent experts to comment on such transactions. Opinion of the Audit Committee or persons with special expertise will be used for the decision of the Board or shareholders, as the case may be. The Company will disclose such related transactions in the notes to the financial statements and Form 56-1 of the Company.

Because in the past, the company has a structure that may cause conflict of interest and there are many related transaction with people who may have conflicts. The Company has prepared the plan for eliminate conflict of interest and conflict prevention measures which was considered and approved by the shareholders meeting of the Company. The plan was approved by more than three-fourths of the total number of shareholders attending the meeting.

In 2016, the Company has no transactions between persons with conflict of interest.

13. Key Financial Information

13.1 Summary Financial Statements

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014 - 2016

	In Thousand Baht					
	Consolidated Financial Statements			Separate Financial Statements		
	2016	2015	2014	2016	2015	2014
A S S E T S						
CURRENT ASSETS						
Cash and cash equivalents	78,138	74,664	614,469	6,655	3,445	535,338
Short-term investments	243,988	445,155	1,314,064	193,988	504	1,314,064
Trade and other account receivables and advances						
- Subsidiary companies - net	-	-	-	403,254	375,214	359,411
- Other companies - net	19,674	14,516	16,736	900	542	39
Inventories - net	2,978,876	3,373,879	3,326,336	1,158,892	1,549,323	1,464,324
Deposits for land and apartments - net	-	-	19,076	-	-	19,076
Assets held for sale	-	30,000	30,000	-	-	-
Accrued interest income from subsidiaries - net	-	-	-	504,763	366,023	285,151
Advance payment to contractors	66,906	324,229	-	29,362	172,736	-
Other current assets	71,255	79,841	28,484	9,841	15,766	6,335
Total Current Assets	3,458,837	4,342,284	5,349,165	2,307,655	2,483,553	3,983,738
NON-CURRENT ASSETS						
Land held for development - net	370,180	465,604	123,743	37,878	37,878	37,878
Restricted deposits with banks	95,467	144,981	71,473	57,273	56,839	17,092
Investments in common shares of subsidiaries - net	-	-	-	-	480,565	794,599
Long - term loans to subsidiary companies - net	-	-	-	2,445,519	2,839,750	1,915,130
Long - term loan to third party	-	30,085	-	-	-	-
Investment property - net	148,307	155,400	188,000	287,121	278,172	152,979
Property, plant and equipment - net	1,075,171	909,250	602,185	42,275	52,059	48,124
Leasehold rights - net	119,220	116,645	338,849	-	-	-
Intangible assets - net	5,995	7,360	4,551	2,784	3,707	4,023
Goodwill	-	-	202,981	-	-	-
Deferred income tax assets	8,225	4,881	22,593	-	-	-
Other non - current assets	55,731	43,184	44,779	28,430	22,477	17,912
Total Non - Current Assets	1,878,296	1,877,390	1,599,154	2,901,280	3,771,447	2,987,737
TOTAL ASSETS	5,337,133	6,219,674	6,948,319	5,208,935	6,255,000	6,971,475

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (Continued)

AS AT DECEMBER 31, 2014 - 2016

	In Thousand Baht					
	Consolidated Financial Statements			Separate Financial Statements		
	2016	2015	2014	2016	2015	2014
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Trade and other account payables						
- Subsidiary companies	-	-	-	145,598	199,486	251,802
- Other companies	49,395	103,030	76,675	10,545	23,923	23,837
Current portion of long - term liabilities						
under debt restructuring agreements	992	972	952	992	972	952
Loans considered as default	26,718	30,021	-	26,718	30,021	-
Current portion of long-term loans	119,358	171,880	30,735	-	-	9,435
Current portion of liabilities under finance lease contracts	3,414	2,390	2,783	997	956	829
Advance deposits from customer	16,568	120,532	119,104	1,868	61,935	29,044
Accrued interest expenses						
- Subsidiary companies	-	-	-	24,854	24,854	24,854
- Financial institutions and others	500	688	8,365	10	53	123
Accrued expenses	26,437	47,729	52,273	2,721	14,192	10,515
Retentions payable	84,459	69,001	37,811	28,547	28,465	13,149
Provision for litigation	4,650,717	1,610,975	48,699	4,649,990	1,610,284	48,079
Other current liabilities	69,674	65,832	38,837	20,566	23,600	12,980
Total Current Liabilities	5,048,232	2,223,050	416,234	4,913,406	2,018,741	425,599
NON - CURRENT LIABILITIES						
Long - term loans - net	40,000	-	299,570	-	-	3,664
Liabilities under finance lease contracts - net	4,137	4,030	5,873	776	1,773	2,730
Deferred income tax liability	2,853	3,119	20,321	-	-	-
Estimate liabilities payable to former shareholders	46,168	46,168	46,168	46,168	46,168	46,168
Provision for employee retirement benefit	3,716	4,077	4,118	3,474	3,508	2,857
Total Non - Current Liabilities	96,874	57,394	376,050	50,418	51,449	55,419
Total Liabilities	5,145,106	2,280,444	792,284	4,963,824	2,070,190	481,018

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (Continued)

AS AT DECEMBER 31, 2014 - 2016

	In Thousand Baht					
	Consolidated Financial Statements			Separate Financial Statements		
	2016	2015	2014	2016	2015	2014
EQUITY						
Share capital						
- Authorized share capital						
2014 : 16,320.44 million common share, Baht 20 par value			326,408,897			326,408,897
2015-2016 : 23,318.36 million common share, Baht 0.50 par value	11,659,181	11,659,181		11,659,181	11,659,181	
- Issued and paid - up share capital						
2014 : 12,673.96 million common shares, Baht 20 per share			253,479,266			253,479,266
2015 : 12,673.97 million common shares, Baht 0.50 per share		6,336,985			6,336,985	
2016 : 12,674.68 million common shares, Baht 0.50 per share	6,337,341			6,337,341		
Premium (Discount) on common shares	4	4	(245,651,276)	4	4	(245,651,276)
Premium on common shares from capital reduction	153,537	153,477	-	153,537	153,477	-
Discount from increase in shareholding in subsidiary	(47,939)	(47,939)	(47,939)	-	-	-
Deficit	(6,250,916)	(2,503,297)	(1,624,016)	(6,245,771)	(2,305,656)	(1,337,533)
Equity Attributable to Owners of the Parent - Net	192,027	3,939,230	6,156,035	245,111	4,184,810	6,490,457
Non - controlling interests	-	-	-	-	-	-
Equity - Net	192,027	3,939,230	6,156,035	245,111	4,184,810	6,490,457
TOTAL LIABILITIES AND EQUITY	5,337,133	6,219,674	6,948,319	5,208,935	6,255,000	6,971,475

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2014 - 2016

	In Thousand Baht					
	Consolidated Financial Statements			Separate Financial Statements		
	2016	2015	2014	2016	2015	2014
REVENUES FROM SALES AND SERVICES						
Revenues from sales of property	1,088,366	1,343,484	1,018,610	753,183	488,074	601,003
Revenues from sales of land awaiting development	-	-	460,000	-	-	-
Income from construction services	-	-	-	-	-	7,766
Income from hotel business	75,299	74,852	125,982	-	-	-
Revenues from property rental operations and related services	13,993	13,649	19,308	-	-	-
Revenues from consult and sales management	325	15,731	-	-	-	-
Total revenues from sales and services	1,177,983	1,447,716	1,623,900	753,183	488,074	608,769
COSTS OF SALES AND SERVICES						
Costs of property sold	(1,354,885)	(1,058,471)	(995,288)	(660,106)	(413,983)	(529,468)
Costs of land awaiting development sold	-	-	(419,546)	-	-	-
Costs of construction services	-	-	-	-	-	(7,766)
Costs of service from hotel business	(114,376)	(98,984)	(109,580)	-	-	-
Cost of property rental operations and related services	(10,570)	(36,700)	(62,227)	-	-	-
Costs of consult and sales management	(3)	(473)	-	-	-	-
Total cost of sales and services	(1,479,834)	(1,194,628)	(1,586,641)	(660,106)	(413,983)	(537,234)
Gross profit	(301,851)	253,088	37,259	93,077	74,091	71,535
Management fee income	13,514	12,122	12,814	46,400	45,600	23,120
Interest income	3,416	8,517	1,309	131,782	100,381	114,069
Other income	63,927	78,263	68,757	40,305	30,432	74,119
Profit (Loss) before expenses	(220,994)	351,990	120,139	311,564	250,504	282,843
Selling expenses	(142,780)	(171,915)	(132,166)	(94,634)	(89,014)	(37,159)
Administrative expenses	(295,977)	(392,554)	(355,374)	(130,829)	(153,691)	(167,405)
Doubtful debts	(30,685)	(13,710)	(862)	(484,778)	(367,067)	(115,029)
Impairment loss of investments in subsidiaries	-	-	-	(480,565)	(314,034)	-
Impairment loss of goodwill	-	(202,981)	-	-	-	-
Impairment loss of leasehold rights	-	(143,730)	-	-	-	-
Loss reserve for litigation claim	(3,057,273)	(1,631,743)	(16)	(3,057,237)	(1,631,672)	-
Total expenses	(3,526,715)	(2,556,633)	(488,418)	(4,248,043)	(2,555,478)	(319,593)
Loss before financial cost and income tax	(3,747,709)	(2,204,643)	(368,279)	(3,936,479)	(2,304,974)	(36,750)
Finance cost	(410)	(11,661)	(5,120)	(126)	(682)	(110)
Loss before income tax	(3,748,119)	(2,216,304)	(373,399)	(3,936,605)	(2,305,656)	(36,860)
Income tax income (expense)	3,610	(510)	22,393	-	-	-
Loss for the year	(3,744,509)	(2,216,814)	(351,006)	(3,936,605)	(2,305,656)	(36,860)
Other Comprehensive Income						
Item that will not be reclassified subsequently to profit or loss:						
Actuarial estimates gains (loss)	(3,110)	-	1,961	(3,510)	-	(468)
Total comprehensive loss for the year	(3,747,619)	(2,216,814)	(349,045)	(3,940,115)	(2,305,656)	(37,328)
Loss for the year attributable to:						
Owners of the Parent	(3,744,509)	(2,216,814)	(351,006)	(3,936,605)	(2,305,656)	(36,860)
Non - controlling interests	-	-	-	-	-	-
Total comprehensive loss for the year attributable to:	(3,744,509)	(2,216,814)	(351,006)	(3,936,605)	(2,305,656)	(36,860)
Owners of the Parent	(3,747,619)	(2,216,814)	(349,045)	(3,940,115)	(2,305,656)	(37,328)
Non - controlling interests	-	-	-	-	-	-
Basic Loss per Share Attributable to Owners of the Parent (In Baht)						
(equivalent to par value of Baht 0.50 per share)	(0.2954)	(0.1749)	(0.0011)	(0.3106)	(0.1819)	(0.0001)
Weighted Average Number of Shares (In Thousand Shares)	12,674,378	12,673,967	323,635,120	12,674,378	12,673,967	323,635,120

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014 - 2016

In Thousand Baht

	Consolidated Financial Statements			Separate Financial Statements		
	2016	2015	2014	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:						
Loss for the year	(3,744,509)	(2,216,814)	(351,006)	(3,936,605)	(2,305,656)	(36,860)
Adjustments to reconcile loss for the year to						
net cash provided by (used in) operating activities:						
Depreciation and amortization	55,703	53,172	54,416	10,600	10,798	10,106
Allowance for doubtful accounts	30,685	13,710	862	484,778	367,067	85,348
Impairment loss of investments in subsidiaries	-	-	-	480,565	314,034	-
(Reversal of) loss reserve for litigation claim	3,056,198	1,631,743	(919)	3,056,198	1,631,672	(935)
Gain on sales of projects	(26,815)	-	-	(26,815)	-	-
Gain on sale of land awaiting development	-	-	(40,454)	-	-	(40,454)
Amortization of investment property	-	-	-	-	-	25,855
Loss on disposal of fixed assets	(255)	(533)	38,807	(42)	(2)	6,161
(Reversal of) allowance on impairment of fixed assets	(1,295)	77,408	-	-	-	-
(Reversal of) allowance of diminution in value in inventories	318,727	(3,951)	89,680	55,945	6,014	(22,410)
Allowance on impairment of deferred charges	2,038	-	-	-	-	-
Allowance on impairment of land held for development	-	4,079	5,091	-	-	5,091
Provision for compensation for housing estate juristic persons	(87)	241	266	-	-	-
(Reversal of) provisions for employee retirement benefit	288	(41)	1,300	215	651	679
Amortization of deferred revenue	-	-	(1,132)	-	-	-
Other income	(2,054)	-	(685)	(205)	-	(165)
Contract termination income	(284)	-	-	(284)	-	-
Estimated expense from contract termination income	666	-	-	630	-	-
Revenue from written off liabilities	-	(8,139)	(125)	-	-	-
Unrealized gain on the changes in fair values of short - term investments	32	(2,224)	(9,029)	32	(7)	(9,029)
Gain on sales short-term investments	-	(20,953)	(9,480)	-	(18,518)	(9,480)
Loss on fair value adjustment on investment property	-	33,508	59,156	-	-	-
Gain on amortization of retention	-	-	(28,164)	-	-	(12,454)
Impairment loss of leasehold rights	7,425	143,730	-	-	-	-
Impairment loss of goodwill	-	202,981	-	-	-	-
Loss on deposits	16,942	-	-	-	-	-
Write-off withholding tax refundable	-	18,723	6,462	-	-	-
Interest expense	410	11,661	5,120	126	682	110
Interest income	(3,417)	(8,517)	(1,309)	(131,782)	(100,381)	(114,069)
Income tax expense (income)	(3,610)	510	(22,393)	-	-	-
Decrease (increase) in operating assets:						
Trade and other account receivables	(5,045)	2,220	29,669	(39,408)	(46,747)	63,082
Inventories	242,589	(71,824)	(135,032)	363,229	(88,668)	(538,193)
Deposits for purchases of condominium units and land	-	7,000	11,825	-	7,000	11,825
Advance payment to contractors	257,323	(324,229)	-	143,374	(172,736)	-
Other current assets	(17,524)	(52,635)	15,070	5,675	(9,653)	1,574
Restricted deposits with banks	49,514	(73,508)	(4,385)	(434)	(39,747)	(20)
Other non - current assets	15,151	2,674	12,534	859	1,938	5,090

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2014 - 2016

In Thousand Baht

	Consolidated Financial Statements			Separate Financial Statements		
	2016	2015	2014	2016	2015	2014
Increase (decrease) in operating liabilities:						
Trade and other account payables	(53,515)	26,378	(49,276)	(67,146)	(52,230)	(16,542)
Advance deposits from customer	(73,680)	1,428	40,230	(59,578)	32,891	7,755
Accrued expenses	(21,292)	7,076	9,749	(11,471)	6,376	1,342
Provision for litigation	(17,242)	(69,467)	(2,970)	(17,242)	(69,467)	(2,955)
Employee benefit	(3,759)	-	-	(3,759)	-	-
Other current liabilities	21,328	46,301	(1,008)	(2,950)	22,641	3,032
Income tax paid	(28,298)	(20,393)	(19,966)	(6,811)	(6,503)	(5,779)
Net Cash Used in Operating Activities	72,338	(588,685)	(297,096)	297,694	(508,551)	(582,295)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Cash proceeds from interest income	10,547	8,667	1,291	723	6,749	828
(Increase) decrease of short - term investments	201,135	892,086	(1,284,256)	(193,516)	1,332,085	(1,262,820)
Increase in long - term loans to subsidiaries	-	-	-	(1,303,128)	(3,179,920)	(13,677)
Decrease in long - term loans to subsidiaries	-	-	-	1,216,163	1,943,732	-
Increase in long - term loans to third party	-	(30,000)	-	-	-	-
Proceeds from sales of assets awaiting development	-	-	260,000	-	-	260,000
Cash paid for purchases of investment property	(163)	(908)	(3,864)	(10,826)	(128,002)	(8,756)
Cash paid for investment in subsidiary	-	-	(89,694)	-	-	(119,786)
Proceeds from sales of fixed assets	5,450	2,781	3,076	4,955	2	540
Cash paid for purchases of fixed assets	(253,073)	(330,316)	(170,046)	(2,931)	(11,030)	(14,128)
Cash paid for purchases of intangible assets	(330)	(4,138)	(4,556)	-	(578)	(4,023)
Cash paid for purchases of leasehold rights	(10,000)	(28,890)	(9,353)	-	-	-
Cash paid for land held for development	(1,106)	(305,782)	-	-	-	-
Net Cash Provided by (Used in) Investing Activities	(47,540)	203,500	(1,297,402)	(288,560)	(36,962)	(1,161,822)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Decrease in short-term loans from financial institutions	-	-	(540)	-	-	-
Increase in long - term loans	40,539	30,480	34,698	539	30,480	12,463
Decrease in long - term loans	(56,364)	(158,884)	(145,167)	(3,842)	(13,558)	(505)
Cash paid for liabilities under finance lease contracts	(3,409)	(3,120)	(3,980)	(956)	(966)	(311)
Cash paid for increase in shareholding in subsidiary	416	9	2,072,971	416	9	2,072,971
Cash paid to increase investment in subsidiary	-	-	(80,998)	-	-	(80,998)
Interest paid	(2,506)	(23,105)	(17,456)	(2,081)	(2,345)	(884)
Net Cash Provided by (Used in) Financing Activities	(21,324)	(154,620)	1,859,528	(5,924)	13,620	2,002,736
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,474	(539,805)	265,030	3,210	(531,893)	258,619
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	74,664	614,469	349,439	3,445	535,338	276,719
CASH AND CASH EQUIVALENTS AT END OF YEAR	78,138	74,664	614,469	6,655	3,445	535,338

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2014 - 2016

In Thousand Baht

	Consolidated Financial Statements			Separate Financial Statements		
	2016	2015	2014	2016	2015	2014
Supplemental Disclosure of Cash Flow Information						
Non cash transactions						
1) During the year, interest capitalized to inventories	45,631	11,927	12,330	1,927	2,345	918
2) Fixed assets acquired by means of:						
- Liabilities under finance lease contracts	4,540	884	8,143	-	-	3,872
- Cash payment	253,073	330,316	170,046	2,931	11,030	14,128
Total	257,613	331,200	178,189	2,931	11,030	18,000
3) During this year long - term loans have been reclassified to loans considered as defaultas discussed in Notes 1 and 22.	26,718	30,021	-	26,718	30,021	-
4) During the year 2016 the company has transferred land held for development to inventory of Baht 96.53 million because the company has started developing the project (Notes 13.)						
5) During the year 2015 a subsidiary has transferred land under the project development to be land held for development amount of Baht 40 million (Notes 13).						
6) During the year 2015, the Company transferred leasehold right of land to be cost of land of Baht 94.21 million (Note 18).						

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014 - 2016

Consolidated Financial Statements (In Thousand Baht)

	Issued and Paid-up Share Capital	Premium (Discount) on Common Shares	Premium on Common Shares from Capital Reduction	Discount from Increase in Shareholding in Subsidiary	Deficit	Total Equity Attributable to Owner of the Company	Non-Controlling Interests	Net
Balance as at January 1, 2014	126,706,096	(120,951,076)	-	-	(1,274,971)	4,480,049	33,058	4,513,107
Increase in common shares	126,773,170	(124,700,200)	-	-	-	2,072,970	-	2,072,970
Purchase of investment in subsidiaries during the year	-	-	-	(47,939)	-	(47,939)	(33,058)	(80,997)
Total comprehensive loss for the year (revised)	-	-	-	-	(349,045)	(349,045)	-	(349,045)
Balance as at December 31, 2014- revised	253,479,266	(245,651,276)	-	(47,939)	(1,624,016)	6,156,035	-	6,156,035
Balance as at January 1, 2015	253,479,266	(245,651,276)	-	(47,939)	(1,624,016)	6,156,035	-	6,156,035
Capital reduction	(247,142,285)	245,651,275	153,477	-	1,337,533	-	-	-
Increase in common shares	4	5	-	-	-	9	-	9
Total comprehensive loss for the year	-	-	-	-	(2,216,814)	(2,216,814)	-	(2,216,814)
Balance as at December 31, 2015	6,336,985	4	153,477	(47,939)	(2,503,297)	3,939,230	-	3,939,230
Balance as at January 1, 2016	6,336,985	4	153,477	(47,939)	(2,503,297)	3,939,230	-	3,939,230
Increase in common shares	356	-	60	-	-	416	-	416
Total comprehensive loss for the year	-	-	-	-	(3,747,619)	(3,747,619)	-	(3,747,619)
Balance as at December 31, 2016	6,337,341	4	153,537	(47,939)	(6,250,916)	192,027	-	192,027

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2014 - 2016

Separate Financial Statements (In Thousand Baht)

	Issued and Paid-up Share Capital	Premium (Discount) on Common Shares	Premium on Common Shares from Capital Reduction	Deficit	Net
Balance as at January 1, 2014	126,706,096	(120,951,076)	-	(1,300,205)	4,454,815
Increase in common shares	126,773,170	(124,700,200)	-	-	2,072,970
Total comprehensive loss for the year	-	-	-	(37,328)	(37,328)
Balance as at December 31, 2014	253,479,266	(245,651,276)	-	(1,337,533)	6,490,457
Capital reduction	(247,142,285)	245,651,275	153,477	1,337,533	-
Increase in common shares	4	5	-	-	9
Total comprehensive loss for the year	-	-	-	(2,305,656)	(2,305,656)
Balance as at December 31, 2015	6,336,985	4	153,477	(2,305,656)	4,184,810
Increase in common shares	356	-	60	-	416
Total comprehensive loss for the year	-	-	-	(3,940,115)	(3,940,115)
Balance as at December 31, 2016	6,337,341	4	153,537	(6,245,771)	245,111

13.2 Financial Ratios

Key Financial Ratios as at 31 December 2014-2016

Financial Ratios		2016	2015	2014
LIQUIDITY RATIO				
Current ratio	(round)	0.69	1.95	13.08
Quick ratio	(round)	0.07	0.24	4.76
Cash flow ratio	(round)	0.02	(0.45)	(0.55)
Accounts receivable turnover ratio	(round)	29.98	63.19	46.46
Average collection period	(days)	12.17	5.78	7.86
Inventory Turnover ratio	(round)	0.47	0.36	0.54
Average sale period	(days)	783.45	1,023.57	681.05
Payable turnover ratio	(round)	19.42	13.29	24.98
Repayment period	(days)	18.80	27.46	14.61
Cash Cycle	(days)	776.83	1,001.89	674.29
PROFITABILITY RATIO				
Gross profit margin	(%)	(25.62)	17.48	2.29
Operating profit margin	(%)	(318.15)	(153.09)	(18.65)
Other income ratio	(%)	6.42	6.39	8.16
Cash to profitability	(%)	N/A	N/A	N/A
Net profit margin	(%)	(297.46)	(143.33)	(16.15)
Return on equity	(%)	(181.28)	(43.92)	(5.32)
EFFICIENCY RATIO				
Return on assets	(%)	(64.80)	(33.67)	(4.63)
Return on fixed assets	(%)	(371.78)	(286.30)	(39.41)
Assets turnover	(round)	0.22	0.23	0.29
FINANCIAL POLICY RATIO				
Debt to Equity ratio	(round)	26.79	0.58	0.13
Interest coverage ratio	(round)	34.65	N/A	N/A
Debt service coverage ratio	(round)	0.23	N/A	N/A
Dividend payout ratio	(%)	N/A	N/A	N/A

14. Management Discussion and Analysis

14.1 Overview

1) Summary of operations and the factors that result in significant changes

Status of the Company

- a) On August 26, 2015, the Supreme Court's Criminal Division for Persons Holding Political Positions ("the Supreme Court") sentenced a case which the Attorney General as the plaintiff accused persons and juristic persons totaling 27 persons whereby the Company was accused as the 20th defendant, for jointly coordinating with and supporting the officers of a government enterprise (a government bank) to abuse their government official duties and embezzled the fund by misappropriating the approval of credit facilities. The 18th to 27th defendants were claimed that they jointly coordinated and supported the 1st to 17th defendants by asking credit facilities to purchase land, to settle debt of a bank and to offer the purchase of preferred shares of the 20th defendant held by such government bank. The Supreme Court sentenced the Company jointly with the 25th and the 26th defendants to repay Baht 10,004.47 million to such government bank. In this regard, the Borrower, Golden Technology Industrial Park Co., Ltd., ("Golden") (the 19th defendant) and K & V SRS Garden Home Company Limited ("Garden Home") the subsidiary of the 19th defendant have mortgaged their land. In May 2016, the Company engaged an independent appraiser to appraise such collateral using market approach for investment reference purposes. The appraisal value was approximately Baht 12,749 million. The management expects that the forced sale value of such land net of commission fee on sales would be Baht 8,924.30 million and in year 2016 the management expects that the forced sale value of such land would be Bath 5,800 million. On September 9, 2015, the Company received the order of enforceable action from the Supreme Court. Up to the present, no action has been taken on this matter.
- b) On September 25, 2015, the Company filed the repetition for suspension of the order of enforceable action to the general meeting of the Supreme Court to appeal in determination of that damage. The Company requested the general meeting of the Supreme Court to reconsider the damage by deducting (1) the amount obtained from warrants, since such government bank did not declare when additional common shares of the Company of 13.17 million shares and warrants of the Company of 118.57 million units were subsequently sold and how much cash received from such sale were, and (2) the amount of deposit for purchase of additional common shares of the Company of Baht 197.62 million which Grand Computer and Communication Co., Ltd. (the 22nd defendant)

paid on behalf of such government bank. On July 5, 2016, the general meeting of the Supreme Court denied such appeal.

- c) On October 16, 2015, the Company, “Golden” and Progress Property Management Co., Ltd. (“Progress”) a major shareholder (68% shareholding) of Golden have entered into a contract for the asset management and profit-sharing, whereby, the Company is assigned to be the authorized party for comprehensive composition including management for selling land only with no cancellation and irrevocable within 3 years from the date of the contract signed. In this regard, the Company will make advance payments for necessary expenses for selling land such as withdrawal of seized land, settlement debt with the Revenue Department on behalf of Golden in order that the land was not confiscated, partial repayment of debts of “Garden Home” and the expenses of land appraisal cost, etc. without any compensation except in case that the Company needs to borrow a loan to be used for this matter and Golden agreed to return to the Company for the amount of finance costs to be paid by the Company. The profit from sale of land after deducting expenses and settlement to such government bank will be shared to Golden at 70% and the Company at 30%. However, if the profit from sale is less than Baht 300 million, the Company shall get an approval from Progress before disposal of such land. Once the Company and Golden are free from any liabilities with such government bank, both parties agree not to claim for any debts from each other anymore. To guarantee the fulfillment of the contract and flexibility in operations, Progress agrees to transfer shares and authorities of the directors of Golden to the Company. When the contract is ended, the Company will transfer shares and return the authorities of directors to Progress as the original status. The Company agrees to let its subsidiary to provide loan to a relative of a director of Golden at Baht 30 million within October 31, 2015 which due within 3 years. This loan shall be secured by land. On November 12, 2015, the subsidiary has already provided such loan. On October 16, 2015, Progress has already transferred the shares of Golden to the Company and has authorized one director of the Company to be director of Golden. However, the Company and Golden have not obtained a letter from Garden Home to confirm that it will not claim for any liabilities for selling land to compensate the damage because Garden Home Trail in bankruptcy case. In addition the board of directors meeting No12/2016 dated October 13, 2016 acknowledged that the case was settled by the plaintiff than there is no plaintiff of this bankruptcy case. Therefore the officer will report to the court to lift this bankruptcy case according.
- d) According to the sentence of the Supreme Court, loans from financial institutions of the Company and subsidiaries are met the condition of default loans as specified in the loan agreements. On

October 9, 2015, the Chief Executive Officer and Executive Director resigned, which made the Company and subsidiary breached the conditions of the loans from 3 local financial institutions that required the Company to maintain the positions of the executive directors. As at December 31, 2016 and 2015, such default loans amounting to Baht 26.72 million and Baht 30 million, respectively was presented as loans considered as default under current liability in the consolidated and separate statements of financial position. From the date sentenced by the Supreme Court up to the present, all the financial institutions that previously provided credit facilities to the Company and the subsidiaries have temporarily suspended all credit facilities.

The board of direction meeting No. 12/2016, dated October 13, 2016 acknowledged that the company submitted the regent of debt restructure to one bank. The Company will was non-performing land additional pledge value Baht 1,000 million, and will complete the debt restructure within one year. The Company request the right to sell the pledged land to repay bank loan. However the company in waiting bank approved. In addition the meeting acknowledged that the surveyor reported that there are one hundred and seventy-seven land intruders the company recorded additional production of Baht 51.93 million for selling this land.

And then, according to minute of board of director's meeting No.15/2016, dated on November 24, 2016 acknowledged that on November 22, 2016, the Company has met and acknowledged bank requirement to changes the conditions of debt restructure. The bank would like Golden to enter into debt restructure at civil case in whole amount (approximately by Baht 20,000 million) and pay for Baht of 1,000 million, and then allow the Company ask for a party in civil case in order to manage sell the pledged land. Also, the meeting acknowledged if Gloden could not enter into debt restructure above within November 2016, the bank will send the case into office of the Attorney, Office of the National Anti - Corruption Commission, Office of the Auditor General of Thailand, and night being legal execution of assets of the Company. At present, Gloden has not yet entered the debt restructure and the Company has not been informed about legal execution of assets of the Company.

On January 5, 2017, the bank informed the Company and Golden that the bank cannot accept the proposals of the Company regarding debt restructuring. And on April 5, 2017, the bank informed (1) Golden has to enter the debt restructuring as civil black case number Tor.268/2549 in whole amount, under the condition of Por-Kor-Sor .007/2560 dated on January 5, 2017 within April 2017. (2) the Company has to follow the judgmental of the Supreme Court's Criminal Division for Persons

Holding Political Positions as case red number. Or-Mor. 55/2558, and repayment for damage fee amount of Baht 10,004,467,480 to the bank within June 2017.

If there have no any proceeding, the bank might proceed the legal execution for every case.

The Company arranged and met with the management of the Bank on May 9, 2017 to clarify that the Company has prepared for the capital increase. Should there has no further issues or comments, the Company believes it can process for initial capital increase which should be sufficient for payment of damages to the bank and/or mutually discuss the terms and conditions for the payment. At this stage, the Bank was informed and supported for the capital increase plan of the Company and scheduled for the next meeting with the Company on July 6, 2017.

Thus, the civil case which Krungthai Bank Public Company Limited as a plaintiff accused Golden Technology Industrial Park Co., Ltd. (the 1st defendant) and others, totaling 4 persons (according to Black Case No. Tor. 268/2459, Red Case No. Tor. 2687/2550) is still valid and enforces the defendants to repay the debt of Baht 10,234,752,863.31 together with interest of principal amount of Baht 8,368,732,100.00 at the rate of 15% per annum, since the date after filling date until completion of debt repayment. Also, there will be appointments for additional plaintiff's testimony and defendants' testimony on July 27, 2017.

As discussed on note to financial statement no.33, the Company Board of Directors propose the capital increase to the shareholders consideration by amount of Baht 12,000 million. The Board of Directors considered that the Company must raise fund from capital increase and use the proceed to pay for damages of THB 10,004 million according to the Supreme Court's judicial order. Although the debt as mentioned is the same debt the Bank filed to the civil court against Golden Technology Industrial Park Co., Ltd. (The total debts approximates THB 20,000 million and the capital is THB 10,274 million with interest of 15% per year on principal of THB 8,369 million which has 4,300 rai and owned by the Golden Company as collateral). In this case, the courts have yet judged and pending trial of the Court of First Instance and this land makes up as collateral in a civil case. For enforcement, only bank is eligible to enforce the collateral mortgage first or forced by the defendant following the judgment of the Supreme Court. In case of the company does not agree to pay the debt. The bank has a chance to choose to pay debt from the company according to court judgment before enforcing the collateral with the bank. Currently, the civil case has not yet settled by law; the bank has the right to enforce the company's assets from the date that the Supreme Court has the verdict. However, it will have the broad impact to related parties. The Bank has considered and has not yet enforced any assets of the Company. Nevertheless, should the Company has not had

any concrete actions or plans for the debt payment to the Bank prior to June 2017, according to the letter dated April 5, 2017 from the Bank, the Bank will proceed for legal enforcement. The Company may have its assets seized which will have the material impact to the assets under current development such as the suspension of sale, the lost of confident of the customers, the liquidity shortage, and also the occurrence of many problems to be followed. Furthermore, the proceed from asset seizure for public auction is not sufficient to pay for damages according to the Court's judicial order because the total assets as at December 31, 2016 is THB 5,337.13 million which will not be sufficient to pay for damages. If such situation happens, the Company must be forced into the rehabilitation or the bankruptcy process which will cause damages to all shareholders. In contrast, should the Company is success for its capital increase to pay off debts; the Bank may consider the Company for its payment plan and may allow for sale of the collateralized land. The remaining proceed from capital increase, if any, shall be used for continuing business which shall continue to add value to the shareholders equity.

The management of the Company estimated the damage from this court case and recorded in the consolidated and separate statements of comprehensive income for the year ended December 31, 2016 as follows:

	In Million Baht
Compensation as per Court sentence	10,004.47
<u>Add</u> Necessary expenses for selling land as per a contract for the asset	
management and profit-sharing	122.22
Specific Business Tax (At forced sale value)	191.40
Withholding income tax (At forced sale value)	58.00
Transferring fee (At Land Department price)	110.61
<u>Less</u> Forced sale value	(5,800)
Estimated the damage - net	4,686.70

* The Company appraise the valuation of collateral land by appraisal report of SL. Standard appraisal dated on May 5, 2017, comparative market price method amount of appraised price Baht 11,600 million and amount of forced sale value by Baht of 5,800 million. In year 2015 the appraised value and the forced sale value of such collateral land as appraisal report dated on May 25, 2016, amount by Baht of 12,749 million and 8,924 million, respectively.

The actual damage will substantially depend on the Company's ability to sell such collateral land at the estimated price and Garden Home will not make a claim against the Company.

The Company's ability to continue its operation as a going concern will significantly depend on the ability to repay the damage as sentenced by the Supreme Court and the Company's ability to increase share capital, and the solution of negotiation with the bank. These factors indicated the existence of material uncertainties about the Company's ability to continue its operation as a going concern. The financial statements for the year ended December 31, 2016 have been prepared assuming that the Company will continue its operations as a going concern. Accordingly, they do not include any adjustments relating to the recoverability of the carrying value and classification of the assets or the amount and classification of liabilities that might be necessary should the Company be unable to continue its operation as a going concern.

Use of capital increase fund

The Company received the proceeds from the issuance and offering of new ordinary shares as follows:

- (1) Allocated to specific investors in part that approved by the EGM on February 28, 2013 in the amount of 800 million shares totaling Baht 223.60 million.
- (2) The part that approved by the AGM on April 24, 2014 by allocated to existing shareholders of Baht 652.37 million and to specific investors in the amount of Baht 1,197 million deduct expenses and fees of Baht 0.62 million, representing a capital increase of Baht 1,848.75 million.
- (3) In May 2016, the exercise of AQ-W3 was Baht 0.42 million.

Total proceeds from the capital increase were Baht 2,072.77 million, details are as follows:

The proceeds from the capital increase	2,072.77	Million Baht
<u>Deduct</u> use of capital increase as of 31 December 2016		
(1) Purchase land	(736.59)	Million Baht
(2) Purchase of investment of the company	(200.79)	Million Baht
(3) Pay the creditor	(76.62)	Million Baht
(4) Home construction investment	(1,058.77)	Million Baht
Remaining capital increase fund as of 31 December 2016	0.00	Million Baht

2) **Industry and economic conditions that affect the operations.**

Kasikorn Research Center reported that the real estate environment in 2016 has both supporting factors and risks. The housing market has improved due to the stimulus measures launched by the government in October 2015. Measures that continue to come to 2016 include measures to reduce transaction fees. Residential purchase consists of a reduction of ownership transfer fees and registration fees for residential mortgages to 0.01 percent each. On April 30, 2016, tax incentives for people who

buy first homes for living for up to 3 million baht will be required to purchase and transfer residential property by 31 December 2016.

During the first 4 months of 2016, the last phase of the real estate transaction fee reduction. The real estate market is recovering from the fact that real estate developers are poised to accelerate the decision-making process of those who want to buy housing.

For the investment climate to develop residential real estate projects in 2016, it can be said that the residential real estate market is currently in a phase of balance. By looking at investment early in the year is still very cautious. Entrepreneurs also give weight to the market drainage housing waiting for sale. This is likely to be positive for the number of homes waiting to be sold in the market. And if the market recovery gradually new investment projects are expected to gradually improve.

Due to the slowdown of the housing market in 2016, many real estate developers have brought their new residential projects back to market. Meanwhile it's slowing down the launch of new housing sales. The situation it should result in a balance between the number and the demand for housing. However, real estate developers still need to maintain the growth rate of revenue in the future. Therefore, real estate developers continue to planning to launch a new housing project to generate continued revenue recognition in the next phase.

3) The SET posted SP sign AQ Securities

"SP" (Suspension) and "NP" (Notice Pending) signs posted on AQ ESTATE Public Company Limited (AQ) from November 17, 2015 to the present for failure to submit Financial statements Q3/2015, Financial statements for the year 2015, Financial statements Q1/2016, Financial statements Q2/2016, Financial statements Q3/2016, Financial statements for the year 2016, and Financial statements Q1/2017 by the deadline specified by SET as a result of any significant uncertainty for the figures in financial statement. All the past time, the company was conducted the assets valuation that guaranteed debts by the Supreme Court's Criminal Division for Political in order to make the value of assets and company debts given the figure clearly and accuracy in the financial statement and reflect the real value all the time. Because there are many assets with different location so that the company need to evaluate the impact on debts especially debts to the financial institutes, causing the entire assessment not yet completed.

In addition, when the Company submits its reviewed quarterly financial statements and audited yearly financial statements to the SET

as the company's auditor has been disclaimer Opinion on the financial statements, they can be considered that the numbers, which represent the company's financial status and operating outcome as presented in its financial statements, failed to adequately and/or properly reflect the actual position of the company. This is due to these discrepancies, the Securities and Exchange Commission (SEC) is considering requiring that the company amends its financial statements on the issues raised by its auditors.

SET has posted an "SP" sign to suspend trading on its securities and post an "NP" sign until the company has submitted its amended financial statements or the SEC concludes that the company is not necessary to amend its financial statements. However, SET has still suspended trading of the securities of AQ in view of the fact that the company did not submit its financial statement by the deadline specified by SET.

Financial Statement for 2016

June 13, 2016	AQ submitted the financial statements for the year ended December 31, 2016 that Mr. Jadesada Hungsapruerk, Certified Public Accountant, Registration No. 3759 from Karin Audit Company Limited disclaimer with an emphasis of matters.
June 14, 2016	"SP" (Suspension) and "NP" (Notice Pending) signs posted on AQ ESTATE Public Company Limited (AQ) in case of disclaimer opinion on auditor's report of financial statements for the period ending December 31, 2016. The company has submitted to SET its audited financial statements for the period ending December 31, 2016. As the company's auditor has been disclaimer Opinion on the financial statements, they can be considered that the numbers, which represent the company's financial status and operating outcome as presented in its financial statements, failed to adequately and/or properly reflect the actual position of the company. This is due to these discrepancies, the Securities and Exchange Commission (SEC) is considering requiring that the company amends its financial statements on the issues raised by its auditors SET has posted an "SP" sign to suspend trading on its securities effective from the first trading session of June 14, 2017 and post an "NP" sign effective from the first trading session of June 15, 2017 until the company has submitted its amended financial statements or the SEC concludes that the company is not necessary to amend its financial statements. However, SET has still suspended trading of the securities of AQ in

view of the fact that the company did not submit its reviewed financial statement ending March 31, 2017.

Cause of disclaimer opinion on auditor's report of financial statements 2016

According to the financial statement for the year 2016 ended 31st December, 2016, auditor had no comment since the company has significant uncertainties, which could have a significant impact on the ongoing operations of the following reasons.

- 1) On 26th August 2015, Supreme Court sentenced the company to help pay back 10,004,467,480 baht to Krung Thai Ltd. Company. Golden Industrial Park Co. Ltd. (borrower) and K and VSR Garden Home Ltd. (a subsidiary of the borrower) owned and used 4,323-1-55.9 rai plot of land located along Bangna - Trad Road (Highway number 34) new Bangkok - Chonburi road (motorway) Wat Koh Kaew as a collateral for bank guarantee valued 12,749 million baht by comparing with the market value, according to the Knight Frank Charter (Thailand) Co Ltd (an independent appraiser, which has been approved by the Stock Exchange of Thailand) in May 2016 by comparison with market information. The company expects the land value to be at 8,924.30 million baht. On 9th September, 2016, the company received a case enforcement from Supreme Court and there has not been any action in this matter until now.
- 2) On 16th October, 2015, the Company had entered into a contract for the asset management and profit-sharing with Golden Industrial Park Co. Ltd. (Golden Technology Company Limited) (shareholding 68%) whereby, the Company is assigned to be the authorized party for comprehensive composition including management for selling land only with no cancellation and irrevocable within 3 years from the date of the contract signed. In this regard, the Company will make advance payments for necessary expenses for selling land such as withdrawal of seized land, settlement debt to revenue department on behalf of the Golden Technology Company Limited in order that the land was not confiscated, partial repayment of debts of K & V SRS Garden Home Company Limited (subsidiary of borrower) and expenses of land appraisal cost, etc. without any compensation except in case that the Company needs to borrow a loan to be used for this matter and the Golden Technology Company Limited agreed to return to Company for the amount of finance costs to be paid by the Company. The profit from sale of land after deducting expenses and settlement to such Krung Thai Bank Limited will be shared to the Golden Technology Company Limited at 70% and the Company at 30%. However, if the profit from sale is less than 300 million baht, the Company shall get an approval from the major shareholder of the Golden Technology Company Limited before disposal of such land. Once

the Golden Technology Company Limited is free from any liabilities with such Krung Thai Bank Limited, both parties agree to not claim for any debts from each other anymore. To guarantee the fulfillment of the contract and flexibility in operations, the major shareholder of the Golden Technology Company Limited agrees to transfer shares and authorities of the directors of the Golden Technology Company Limited to the Company. When the contract is ended, the Company will transfer shares and return the authorities of directors to the major shareholder of the Golden Technology Company Limited as the original status. The Company agrees to let Vitoonthanakorn Company Limited (subsidiary of AQ) to provide loan to relatives of a director of the Golden Technology Company Limited at Baht 30 million within 31 st October, 2015 which due within 3 years. This loan shall be secured by land. On 12 th November, 2015, the subsidiary has already provided such loan. On 16 th October, 2015, the major shareholder of the Golden Technology Company Limited has already transferred the shares of the Golden Technology Company Limited to the Company and has authorized one director of the Company to be the director of the Golden Technology Company Limited. However, the Company and the Golden Technology Company Limited has not obtained a letter from the subsidiary of the Golden Technology Company Limited (K & V SRS Garden Home Company Limited) to confirm that it will not claim for any liabilities for selling land to compensate the damage because the K & V SRS Garden Home Company Limited trail in bankruptcy case.

- 3) According to the sentence of the Supreme Court, loans from financial institutions of the Company and its subsidiaries are met the condition of default loans as specified in the loan agreements. On 9th October, 2015, the Chief Executive Officer and Executive Director resigned, which made the Company and its subsidiaries breached the conditions of the loans from 3 local financial institutions that required the Company to maintain the positions of the executive directors. As at 31st December, 2016, such default loans amounting to 26.72 million baht (the company has prepared the financial statements in the long-term loans that are in default). From the date sentenced by the Supreme Court up to the present, all financial institutions that previously provided credit facilities to the Company and its subsidiaries have temporarily suspended all credit facilities. However, the company will continue to manage its business as usual using cash flow from operations, with on-going projects that can still generate revenue for the company. Current housing projects include Shadi - Rangsit, Krisda Grand Park - Rangsit, AQ Shadi - Chonburi - Bypass, Biz Park Rangsit and condominium project called Gardens - Asoke - Rama 9.

- 4) The Board of Direction meeting No.12/2016 on 13th October, 2016 acknowledged that the company submitted the request of debt restructure to Krung Thai Bank Limited. The Company will was non-performing land additional pledge value Baht 1,000 million and will complete the debt restructure within one year. The Company requests the right to sell the pledged land to repay bank loan. However, the money that received from buys and sells of such land pay the principal first. At present, the company has not yet known the judgment of such bank. In addition, The meeting acknowledged the findings of survey area as collateral that there are one hundred and seventy-seven land intruders the company recorded additional production of Baht 51.93 million for selling this land. The management estimated loss on such legal case amounting to Baht 4,686.70 million as of 31st December, 2016 (net of collateral). Due to actual loss on legal case depends on actual sales value of such land and depends on whether the K & V SRS Garden Home Company Limited (subsidiary of Golden Company) disclaim their right for any liabilities from selling land, than we could not identify any necessary adjustment of such issue. This factor indicated significant uncertainty that may cause significant suspicion. According to minute of board of director's meeting No. 15/2016 on 24th November, 2016 acknowledged that on 24th November, 2016, the Company has met and acknowledged Krung Thai Bank Limited requirement to changes the conditions of debt restructure. The bank would like Golden to enter into debt restructure at civil case in whole amount (approximately by Baht 20,000 million) and pay for Baht of 1,000 million before, and then allow the Company asks for a party in civil case in order to manage sell the pledged land. Also, the meeting acknowledged if Golden could not enter into debt restructure above within November 2016, the bank will send the case into office of the Attorney, Office of the National Anti - Corruption Commission, Office of the Auditor General of Thailand, and night being legal execution of assets of the Company. At present, Golden has not agreed to make a compromise agreement and the company has not been informed judgment on the assets of the company in any way. On 5th January, 2017, the bank has sent a letter to the company and Golden Company that the bank has been able to accept proposals to restructure its debt. The civil case at the financial institution is a plaintiff sued to the Golden Technology Industrial Park Company Limited and 4 people. The principal plus interest at the rate is 15% per year of principal of Baht 8,368.72 million from the date of filing until the debt payment to the plaintiff. The court has an appointment to acknowledge the judgment on 27th July, 2017 and on 5th April, 2017; the bank has made a letter to the Golden Company that will enter into a compromise agreement in the civil case black No. 268/2006 with the conditions in the letter Por.Kho.Sor.007/2560 dated 5th January, 2017 within April, 2017 and

the company followed the Supreme Court's Sentence of Criminal Division for Persons Holding Political Positions Red Case No.Or.Mor.55/2015 and proceed to pay damages amount of Baht 10,004.47million to bank within June, 2017. In case of the company do not take any action; the bank will need to take legal action in accordance with the legal process. Therefore, the company executives had met with bank executives to explain the Bank that the Company is in the process of capital increase on 9th May, 2017. In case of there are no further questions, the company believes that funding can initially be enough to repay the bank and/ or coordinating the conditions for repayment and the bank acknowledges and supports the capital increase of the company and schedule the next bank meeting on 6th July, 2017. However, the Company's ability to continue its operation as a going concern will significantly depend on the damage as sentenced by the Supreme Court. These factors indicated the existence of material uncertainties which may cast significant doubt about the Company's ability to continue its operation as a going concern. The consolidated and separate financial statements for the year ended 31st December, 2016 have been prepared assuming that the Company will continue its operations as a going concern.

- 5) From the significant uncertainties, which could impact the operations of the company, which is an indication that the asset may be impaired. The company hired an independent appraiser to reevaluate the company's asset, and the net book value as of 31st December, 2016 is Baht 4,996.64 million. However, the auditor cannot finalize the report and justify the real value of the company due to following reasons

- 5.1) 81 rai of leasehold land for developing an island resort, Chonburi province with a lease period of 27 years. In July 2013 the company hired Brooke Real Estate Company Limited (independent appraiser) to assess leasehold valuation value at Baht 275 million using income approach method with no income in the 1st & 2nd year due to the construction phase of the resort. On 4 th May, 2016 The Company entered into the contract with non-related party to transfer a leasehold right of beach front amounting to Baht 10 million. The hold management contract requires the company to provide beach front area for hotel customer. Then the company complied with the contract. At The present is in transferring process. On 5 th February, 2015, Baan Chid Tara (the indirect subsidiary company) entered into a letter of intent with the International Hotel Group (Asia Pacific) for entering into a hotel management agreement. However, on 24 th March, 2016, such foreign company postponed to enter into a hotel management agreement until the Stock Exchange

of Thailand lifts its suspension of trading of the Company's shares. This matter caused the project has been suspended. However such foreign company terminated a hotel management agreement on 22 th September, 2016 then refunded deposit payment of us 60,000 dollars. The Indirect subsidiary recorded loss on deposit of Baht 2.04 million. On 5th February 2015 Baan Chidtara Company Limited (a subsidiary company of the project) signed a Letter of Intent with Intercontinental Hotel Group (Asia Pacific) seeking for a hotel operator and brand. Intercontinental Hotel Group postponed the signing of a management agreement until the company's shares may be traded on the Stock Exchange of Thailand, which was due on 24th March 2016 causing the project to delay also. The company then hired Knight Frank Chartered (Thailand) to evaluate of leasehold rights by using Income Approach profit rent method. The price appraised is estimated at Baht 80.70 million, the company registered a loss of Baht 143.7 million on impairment of leasehold. However, the auditor cannot finalize the report on the calculation of the income of the leasehold rights no actual rental yield has been generated and no comparison in the market also. 31st December 2016, the net book value of this leasehold plot in the financial statement Baht 87.44 million.

- 5.2) The company estimated debt payment conditions to the former shareholders of Villa Nakin by buying some shares of the operating company agreed share to the seller at the rate of 80 percent of net income after deductions of all the costs and expenses of Baht 46.17 million. The company is currently preparing the estimated revenue for the project. The auditor cannot finalize the valuation report for AQ ARBOR located on Chlrmprakiat Suanluang Ror 9 Road, which started selling in March 2016 with total presales of Baht 117.20 million.
- 5.3) The company has recognized a loss from impairment in the value of loans to AQ Village Limited which is a 100% subsidiary company of AQ Estates Limited (the Company). Baan Chid Tara Company is a 100% subsidiary of AQ Village Company which is stated in the comprehensive of profit and loss of Baht 480.57 million on 31st December, 2016. The auditor could not justify the appropriateness cause of impairment in the value of loan money. As a result, Baan Chid Tara Company has estimated impairment of leasehold of Baht 143.7 million and the auditor is unable whether the price of impairment is suitable. The company has recorded an allowance for impairment in value of investments and loans to subsidiaries in amount of Baht 358.40 million.

3) Change in key accounting policy

In 2016, the Company did not change its accounting policy. However, significant accounting policies for the preparation of consolidated and separate financial statements. Details are in Note 5 to the financial statements.

4) Non-recurring items

-None-

14.2 Operating results and profitability

In 2016, the Company and its subsidiaries had net loss Baht (3,744.51) million decreased from the last year which had net loss Baht (2,216.81) million as a result of the decrease in (68.91)% compared to the last year. The main reasons are as follows.

Revenue

In Thousand Baht	2016	Changed (%)	2015	Changed (%)	2014
<input type="checkbox"/> Revenues from sales of property	1,088,366	(18.99)	1,343,484	31.89	1,018,610
<input type="checkbox"/> Revenues from sales of land awaiting development	-	-	-	-	460,000
<input type="checkbox"/> Income from construction services	-	-	-	-	-
<input type="checkbox"/> Income from hotel business	75,299	0.60	74,852	(40.59)	125,982
<input type="checkbox"/> Revenues from property rental operations and related services	13,993	2.52	13,649	(29.31)	19,308
<input type="checkbox"/> Revenues from consult and sales management	325	(97.93)	15,731	-	-
Total revenues from sales and services	1,177,983	(18.63)	1,447,716	(10.85)	1,623,900
Management fee income	13,514	11.48	12,122	(5.40)	12,814
Interest income	3,416	(59.89)	8,517	550.65	1,309
Other income	63,927	(18.32)	78,263	13.83	68,757
Total revenues	1,258,840	(18.61)	1,546,618	(9.38)	1,706,780

1) Revenues from sales and services

The Company and its subsidiaries had revenues from sales and services of Baht 1,177.98 million, decrease of Baht (269.73) million or (18.63)% from the last year that divided into (1) Revenues from sales of property 86.46% of total revenue (2) Income from hotel business 5.98% (3) Revenues from property rental operations and related services 1.11% and (4) Revenues from consult and sales management 0.03%. The main reason is that sales and service income decrease because revenues from sales of property which is main income of the Company decreased (18.99)% compared to the last year from Thailand's economy has not recovered, household debt at high rate of 80% of economic growth (GDP) which affects the credit approval of financial institutions. Especially the middle-bottom

market household debt that is major selling problem. Although it can be sold, but can not transfer. This is a large customer base of the industry. And take time to resolve to make the middle-bottom market back to recovered.

2) Management fee income

The Company and its subsidiaries had management fee income of Baht 13.51 million which increased of Baht 1.39 million or 11.48% from the last year.

3) Interest income

The Company and its subsidiaries had interest income of Baht 3.42 million which decreased of Baht (5.10) million or (59.89)% from the last year.

4) Other income

The Company and its subsidiaries had other income of Baht 63.93 million which decreased of Baht (14.34) million or (18.32)% from the last year with details as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial statements	
	2016	2015	2016	2015
Gain on sales of short-term investments				
for trading	3,597	20,953	21	18,518
Unrealized gain(loss) of short-term investments	(32)	2,224	(32)	7
Rental income	5,755	4,033	10,971	3,425
Revenue from cancellation contract	406	4,243	284	2,187
Revenue from sale of merchandises				
in convenient store	13,010	11,113	-	-
Reversal of debt forgiveness	-	8,139	-	-
Others	41,191	27,558	29,061	6,295
Total	63,927	78,263	40,305	30,432

Expenses

In Thousand Baht	2016	Changed (%)	2015	Changed (%)	2014
<input type="checkbox"/> Costs of property sold	(1,354,885)	28.00	(1,058,471)	6.35	(995,288)
<input type="checkbox"/> Cost of land held for development	-	-	-	-	(419,546)
<input type="checkbox"/> Costs of service from hotel business	(114,376)	15.55	(98,984)	(9.67)	(109,580)
<input type="checkbox"/> Cost of property rental operations and related services	(10,570)	(71.20)	(36,700)	(41.02)	(62,227)
<input type="checkbox"/> Costs of consult and sales management	(3)	(99.37)	(473)	-	-
Cost of sales and services	(1,479,834)	23.87	(1,194,628)	(24.71)	(1,586,641)
Selling expenses	(142,780)	(16.95)	(171,915)	30.08	(132,166)
Administrative expenses	(295,977)	(24.60)	(392,554)	10.46	(355,374)
Doubtful debts	(30,685)	123.81	(13,710)	1,490.49	(862)
Impairment loss of investments in subsidiaries	-	-	-	-	-
Impairment loss of goodwill	-	-	(202,981)	-	-
Impairment loss of leasehold rights	-	-	(143,730)	-	-
Loss reserve for litigation claim	(3,057,273)	87.36	(1,631,743)	10,198,293.75	(16)
Finance cost	(410)	(96.48)	(11,661)	127.75	(5,120)
Income tax income (expense)	3,610	(807.84)	(510)	(102.28)	22,393
Total expenses	(5,003,349)	32.95	(3,763,432)	82.89	(2,057,786)

1) Cost of sales and services

The Company and its subsidiaries had cost of sales and services of Baht 1,479.83 million, increased of Baht 285.21 million or 23.87% from the last year, divided into (1) costs of property sold of Baht 1,354.89 million (2) costs of service from hotel business of Baht 114.38 million (3) cost of property rental operations and related services of Baht 10.57 million and (4) costs of consult and sales management of Baht 0.003 million.

2) Selling expenses

The Company and its subsidiaries had Selling expenses of Baht 142.78 million which decreased of Baht (29.14) million or (16.95)% from the last year.

3) Administrative expenses

The Company and its subsidiaries had Administrative expenses of Baht 295.98 million which decreased of Baht (96.58) million or (24.60)% from the last year.

4) Doubtful debts

The Company and its subsidiaries had Doubtful debts of Baht 30.69 million which increased of Baht 16.98 million or 123.81% from the last year because in 2016, the subsidiary recognised allowance for doubtful debt of long - term loan to third party amount of Baht 30 million due to Anti - Money

Laundering Office informed the subsidiary to explain for transaction of freeze asset which the borrower use for such loan guarantee.

5) Loss reserve for litigation claim

The Company and its subsidiaries had Loss reserve for litigation claim of Baht 3,057.27 million which increased of Baht 1,425.53 million or 87.36% from the last year because the Company and its subsidiaries had been estimated from lawsuit in amounting to Baht 3,057.27 million and the liabilities to banks amounted to Baht 3,056.20 million due to the company has assessed the value of collateral land with a decrease in value, thus affecting the amount of debt payable Baht 10,004.47 million. However, the company and its subsidiaries appraised value of the property which some assets have decreased value. When assets are reduced, they must be impaired in accordance with the accounting standards, Therefore, the company and its subsidiaries have the impairment of property amount of Baht 598.51 million.

6) Finance cost

The Company and its subsidiaries had Finance cost of Baht 0.41 million which decreased of Baht (11.25) million or (96.48)% from the last year.

7) Income tax income (expense)

The Company and its subsidiaries had Income tax income of Baht 3.61 million According to TAS 12 (Revised 2014) regarding Income Taxes.

PROFITABILITY RATIO		2016	2015	2014
Gross profit margin	(%)	(25.62)	17.48	2.29
Operating profit margin	(%)	(318.15)	(153.09)	(18.65)
Other income ratio	(%)	6.42	6.39	8.16
Cash to profitability	(%)	N/A	N/A	N/A
Net profit margin	(%)	(297.46)	(143.33)	(16.15)
Return on equity	(%)	(181.28)	(43.92)	(5.32)

Gross profit margin is (25.62)% which decreased from the year 2015 that gross profit margin is 17.48% because the decrease in sales and service income was (18.63)% compared to the year 2015 while cost of sales and services increased by 23.87% comparing to the year 2015 as result of In the past few years, real estate has slowed down due to political instability. It also has economic impact from the global market and labor costs, as well as higher material costs. Including consumers with less

purchasing power. The level of income of new demand is not high enough. Household debt is still high, stricter in approving loans of banks is high. The rejection rate loans continue to trend higher.

Operating profit margin is (318.15)% which decrease from the year 2015 that operating profit margin is (153.09)% as result of the Company and its subsidiaries had been estimated from lawsuit in amounting to Baht 3,057.27 million and the liabilities to banks amounted to Baht 3,056.20 million due to the company has assessed the value of collateral land with a decrease in value, thus affecting the amount of debt payable Baht 10,004.47 million. However, the company and its subsidiaries appraised value of the property which some assets have decreased value. When assets are reduced, they must be impaired in accordance with the accounting standards, Therefore, the company and its subsidiaries have the impairment of property amount of Baht 598.51 million.

Other income ratio is 6.42% close to 2015 that other income ratio is 6.39% by most of income was from Income from the sale of convenience stores, Rental income, Gain on sales of temporary investments and others.

Net profit margin is (297.46)% and Return on equity is (181.28)% decrease from last year as result of loss reserve for litigation claim of Baht 3,057.27 million.

14.3 Ability to manage assets

1) Receivables Management

In 2016, the company had Trade and other account receivables and advances of Baht 19.67 million that increased of Baht 5.16 million or 35.53% from the last year and the outstanding debt overdue more than 12 months amounted to Baht 6.84 million increased Baht 2.49 million from the last year.

Accounts receivable are stated at invoice amount net of allowance for doubtful accounts. The AQ Estate Group provides an allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on historical collection experience coupled with a review of the current status of existing receivables. Details are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Trade account receivables - other company				
Trade account receivables within credit term	-	242	-	-
Overdue				
- Not over 3 months	3,698	3,940	-	-

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
- Over 3 months to 6 months	2,229	1,545	-	-
- Over 6 months to 12 months	2,388	2,218	-	-
- Over 12 months	6,840	4,350	-	-
Total trade account receivables	15,155	12,295	-	-
<u>Less</u> Allowance for doubtful accounts	(54)	(54)	-	-
Net	15,101	12,241	-	-
Other account receivables	128,087	125,001	124,414	123,268
Other account receivables - claim for litigation cases	33,600	33,600	33,600	33,600
Total	161,687	158,601	158,014	156,868
<u>Less</u> Allowance for doubtful accounts	(157,114)	(156,326)	(157,114)	(156,326)
Net	4,573	2,275	900	542
Trade and other account receivables net	19,674	14,516	900	542
Doubtful accounts in the year	-	-	-	-

Other account receivables - other company

Due to the Company was prosecuted for the litigation claim as sale agent of the project as discussed in Note 21, the Company recorded account receivables for the former related company as it was the owners of the land and the houses. However, such company has already discontinued its operations, the Company provided allowance for doubtful accounts at full amount.

Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter party to settle their financial and contractual obligations to the AQ Estate Group as and when they fall due. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. Management does not anticipate material losses from its debt collection.

2) Inventory and deterioration or obsolescence

In 2016, the Company had inventories - net of Baht 2,978.88 million decreased of Baht (395.00) million or decreased (11.71)% compared to the last year.

Inventory Valuation

- ☐ Inventories of real estate business are valued at the lower of cost by using specific method or net realizable value.
- ☐ Inventories of service business are values at the lower of cost by using the moving average method or net realizable value.
- ☐ Cost of inventory for real estate business comprises all cost of land, design fees, utilities, construction costs, and directly related finance cost and expenses.
- ☐ Cost of service business comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.
- ☐ Net realizable value is the estimated selling price in the ordinary course of business less the estimated selling expenses.
- ☐ The AQ Estate Group provides an allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.
- ☐ The AQ Estate Group recognizes loss on diminution in value of projects (if any) in the consolidated statement of comprehensive income.

Details are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Inventories in real estate business				
Cost	3,575,663	3,552,510	1,291,376	1,625,863
Less: allowance of declining value	(598,515)	(179,878)	(132,484)	(76,540)
Net	2,977,148	3,372,632	1,158,892	1,549,323
Inventories in food and beverage				
business	1,728	1,151	-	-
Inventories in decoration	-	96	-	-
Total	2,978,876	3,373,879	1,158,892	1,549,323

During the year ended December 31, 2016, the AQ Estate Group have following movements in real estate under development.

	In Thousand Baht	
	Consolidated	Separate
	Financial Statements	Financial Statements
Balance as at December 31, 2015	3,372,632	1,549,323
Recorded cost of construction and utility cost during the year	842,451	267,748
Borrowing costs capitalized during the year	16,051	1,927
Cost of land transfer from land held for development	96,531	-
Purchase notes during the year	4,513	-
Transferred to be cost of goods sold during the year	(951,896)	(604,161)
Write-down of merchandises recognized as a part of cost of sales during the year	(173,447)	(58,110)
Reversal of write-down inventories during the year	(229,687)	2,165
Balance as at December 31, 2016	2,977,148	1,158,892

Movements in the allowance for loss on diminution in value of projects for the year ended December 31, 2016 are summarized below.

	(In Thousand Baht)	
	Consolidated	Separate
	Financial Statements	Financial Statements
Balance as at January 1, 2016	(179,878)	(76,540)
<u>Less</u> Reversal of allowance of diminution in value of inventories	(418,637)	(55,944)
Balance as at December 31, 2016	(598,515)	(132,484)

In year 2017, the Company has hired many independent appraisers. The appraisal value appraised in real estate under development by analyzing market value and cost method and revealed that some real estate under development net book values are exceeding the appraisal value appraised. As at December 31, 2016 reversal of allowance of diminution in value of inventories amount of Baht 598.51 million in consolidated financial statements and amount of Baht 132.48 million in separate financial statements.

The AQ Estate Group have mortgaged certain land and structures thereon to secure loans as discussed in Note 22 and pledged at Court for litigation of the AQ Estate Group, of which net book values as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Loans from financial institution (Note 22)	563,855	990,693	188,000	441,955
Pledged at Court for litigation	6,892	6,892	6,892	6,892
Total	570,747	997,585	194,892	448,847

From the current situation of the Company as discussed in Note 1 the Company's credit facilities were suspended from various financial institutions. Hence, in April 2016 the Company sold a project under development which had total cost of Baht 373 million to a non-related company amount of Baht 586 million (Consisted of selling price was Baht 444 million and advance for construction net of advance received from customer and others totaling Baht 142 million) for using as working capital of the AQ Estate group. The Company has transferred ownership to the buyer in June 2016, and the Company paid for commission expense to non - related company amount of Baht 25 million.

On April 28, 2016 and May 18, 2016, the Company has entered into the Commission Fee and the Sole Agency with a local non - related company to sell collateral land of the lawsuit as discussed in Note 1. The commission fee is 2.5% of the total agreed purchase price and the sole agent fee is 1.5% of the total agreed purchase price but not over than amount of Baht 150 million. Such company will receive the payment of those fees only when successfully sale of such land. However on June 16, 2016, this company changed the payment term of sole agent fee by asking the Company to make a payment on a monthly basis amount of Baht 1.50 million per month for 4 months since June to September 2016, totaling Baht 6.0 million. Total monthly sole agent fee is considered as a part of sole agent fee to be paid to such company.

On October 27, 2016 the company issued letter to one contractor to terminate one construction contract effective on November 1, 2016. At this present, the company did not receive any confirmation from such contractor. However, as at September 30, 2016, the Company still had a commitment with respect to the construction contract of Baht 453.41 million. On November 16, 2016, the contractor asked for a pending advance payment of Baht 80,013,403.32 (balance as at September 30, 2016) which would be treated as payments for the following items.

1. Construction works in August 2016 amount of Baht 35,867,382.16
2. Construction works in September 2016 amount of Baht 29,763,708.64

3. Accumulated retentions until September 2016 amount of Baht 11,360,420.10
4. Additional works amount of Baht 3,052,667.74

The contractor provided the details of expenses including materials, dismantling expenses, and etc. amount of Baht 23.44 million, and claimed for loss compensation amount of Baht 70.42 million. Presently, the Company is in the process of works inspection and negotiates with the contractor.

However, based on the results of works inspection, the Company will pay for Clause 2 amount of Baht 28,986,169.66 only. The pending advance will be used for net offsetting with the items in Clause 1 and 2.

For the retention noted in Clause 3 amount of Baht 11,321,543.15, the Company has not yet considered this item.

And for the additional works noted in Clause 4 amount of Baht 3,052,667.74, the Company has assigned a working team to assess the actual value of such additional works.

In addition, the board of directors had a resolution to refund reservation fees to customers who want to terminate the reservation contracts of such project.

3) Investments Goodwill and Impairment

Investments in subsidiaries as at December 31, 2016 and 2015 were as follows:

	Paid-up Share Capital (In Million Baht)	Percentage of Ownership		Separate Financial Statements (In Thousand Baht)	
		(%)		Cost Method	
		2016	2015	2016	2015
Allied Technologies International Co., Ltd.	100	99.90	99.90	100,315	100,315
Thanont Property Co., Ltd.	25	99.80	99.80	23,612	23,612
AQ property management Co., Ltd.	1	99.93	99.93	1,000	1,000
AQ Marketing Services Co., Ltd.	1	99.94	99.94	1,000	1,000
AQ Village Co., Ltd.	1	99.94	99.94	999	999
Free Zone Asset Co., Ltd.	1	99.98	99.98	42,105	42,105
Aquarius Estate Co., Ltd.	54	99.99	99.99	480,998	480,998
Villa Nakarin Co., Ltd.	270	99.99	99.99	170,232	170,232
Total				820,261	820,261
<u>Less</u> Allowance for impairment of investments				(820,261)	(339,696)

Net	-	480,565
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During the year 2016, the Company recognized impairment loss of investment in Thanont Property Co., Ltd. Amount of Baht 23.61 million, Allied Technologies International Co., Ltd. Amount of Baht 88.03 million, Aquarius Estate Co., Ltd. Amount of Baht 198.69 million and Villa Nakarin Co., Ltd. amount of Baht 170.23 million.

In November 2015, the Company engaged an independent financial advisor firm to perform the impairment test of goodwill, fixed assets, inventory of real estate under development for sale and investment in a subsidiary company by using Income Approach method and discounted cash flow to the present value totalling Baht 277.7 million. Subsequently in July 2016, the Company requested such independent advisor to revise the assumptions of estimated revenues and expenses. This assumption was expected that the Company shall settle the damages of the lawsuit as discussed in Note 1 within 2016 and the operation shall be continued as the business plan. The Company expected to develop 4 real estate projects during 2016 – 2020 consisted of 2 ongoing projects and 2 under consideration and planning projects. The revision present value amount of Baht 198.30 million. The AQ Estate Group recognized impairment loss on goodwill, inventory of real estate under development for sale and fixed assets in the consolidated statement of comprehensive income for the year ended December 31, 2015 amount of Baht 202.98 million, Baht 0.62 million and Baht 78.70 million, respectively.

INVESTMENT IN SUBSIDIARY (AQUARIUS ESTATE CO., LTD.)

On July 12, 2013, the Company has acquired a business of Aquarius Estate Co., Ltd. which was unanimously approved by the Board of Directors' Meeting no. 7/2013 held on June 25, 2013, from former shareholder by 85 percent of the share capital of Aquarius Estate Co., Ltd. in value of Baht 400 million. The Company has paid the shares on July 11, 2013 at amount of Baht 54 million and the rest was paid on July 19, 2013 at amount of Baht 346 million. Aquarius Estate Co., Ltd. has invested in shares in Aquarius Hotel and Resort Co., Ltd. by 100 percent of the share capital in value of Baht 1 million. As at the acquisition date, net book value of assets net from liability of indirect subsidiary company is lower than investment amount of Baht 0.28 million.

On February 11, 2014 the Company obtained additional control of Aquarius Estate Co., Ltd. (Aquarius) a real estate trading company, by acquiring 15% of the shares and voting interests in the company at total amount of Baht 81.00 million. As a result, the Group's equity interest in Aquarius increased from 85% to 99.99%. The Company paid for the shares on February 12, 2014.

Taking control of Aquarius will enable the Group to have efficiency in management control.

INVESTMENT IN SUBSIDIARY (VILLA NAKARIN CO., LTD.)

The Board of Directors' meeting No. 9/2014 held on September 26, 2014, has approved the investment in Villa Nakarin Co., Ltd. amount of 2.70 million shares, with totaling approximately amount of Baht 170 million or price per share of Baht 62.96, from its former shareholders representing 99.99% of the total paid-up shares. Costs consisted of first payment at Baht 124.06 million and the compensation from operation result afterwards the Company agreed to pay the compensation to the seller at 80% of profit after deducting cost of goods sold, selling and administrative expenses as specified in the agreement. which shall be determined when the project is completed and sold or not more than 30 months commencing from the agreement date. Due to on March 31, 2017 (At present during under negotiation extend for a while.) The management of the Company has estimated such compensation to former shareholders of at amount of Baht 46.17 million. On October 1, 2014, the Company has already paid for the shares at amount of Baht 119.79 million and recorded liabilities at amount of Baht 50.44 million and registered the transfer of shares with the Ministry of Commerce on October 6, 2014.

The Company recorded such investment as a business acquisition in the preparation of the consolidated financial statements for the year ended December 31, 2014. Subsequently to the meeting with the Office of the Securities and Exchange Commission, it was concluded that such acquisition of investment should be treated as an asset acquisition. The following summarizes the major classes of consideration transferred for such asset acquisition.

	In Thousand Baht
Cash paid	119,786
Provision for indemnity guarantee	4,278
Estimate liabilities payable to former shareholders	46,168
Total Consideration transferred	170,232

The carrying amount of assets and liabilities that consideration transferred to the Company as at the assets acquisition date are as below;

	In Thousand Baht		
	Net carrying amount as at acquisition date	Adjust valuation of purchasing price	Book value as at acquisition date
Assets			
Cash and cash equivalents	30,092	-	30,092
Other account receivables	23,102	-	23,102

	In Thousand Baht		
	Net carrying amount as at acquisition date	Adjust valuation of purchasing price	Book value as at acquisition date
Inventories	424,000	(61,477)	362,523
Other current assets	695	-	695
Assets held for sale	30,000	-	30,000
Restricted deposit with bank	4,697	-	4,697
Equipment	13	-	13
Total assets	512,599	(61,477)	451,122
Liabilities			
Trade account payables	72,760	-	72,760
Advances received from customers	30,000	-	30,000
Other current liabilities	6,250	-	6,250
Loans from financial stitution	171,880	-	171,880
Total liabilities	280,890	-	280,890
Assets net	231,709	(61,477)	170,232

4) Key component of other assets

In 2016 the Company had the key component of other assets (excluding Trade and other account receivables and advances and Inventories - net) as consolidated financial statements ended December 31, 2016 as follows.

In Thousand Baht	2016	Changed (%)	2015	Changed (%)	2014
CURRENT ASSETS					
Cash and cash equivalents	78,138	4.65	74,664	(87.85)	614,469
Short-term investments	243,988	(45.19)	445,155	(66.12)	1,314,064
Condominium and Land Deposits - Net	-	-	-	-	19,076
Assets held for sale	-	-	30,000	-	30,000
Advance payment to contractors	66,906	(79.36)	324,229	-	-
Other current assets	71,255	(10.75)	79,841	180.30	28,484
NON-CURRENT ASSETS					
Land held for development - net	370,180	(20.49)	465,604	276.27	123,743
Restricted deposits with banks	95,467	(34.15)	144,981	102.85	71,473
Long - term loan to third party	-	-	30,085	-	-
Investment property - net	148,307	(4.56)	155,400	(17.34)	188,000
Property, plant and equipment - net	1,075,171	18.25	909,250	50.99	602,185

In Thousand Baht	2016	Changed (%)	2015	Changed (%)	2014
Leasehold rights - net	119,220	2.21	116,645	(65.58)	338,849
Intangible assets - net	5,995	(18.55)	7,360	61.72	4,551
Goodwill	-	-	-	-	202,981
Deferred income tax assets	8,225	68.51	4,881	(78.40)	22,593
Other non - current assets	55,731	29.05	43,184	(3.56)	44,779

Current assets

☐ Cash and cash equivalents

In 2016, the Company had Cash and cash equivalents of Baht 78.14 million increased of Baht 3.47 million or increased 4.65% compared to the last year. Details are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Cash on hand	1,277	1,189	269	300
Cash at bank - current accounts	13,145	13,434	69	670
Cash at bank - savings accounts	56,409	60,041	6,317	2,475
Cash at bank - fixed accounts	7,307	-	-	-
Total	78,138	74,664	6,655	3,445

☐ Short-term investments

In 2016, the Company had Short-term investments of Baht 243.99 million decreased of Baht (201.17) million or decreased (45.19)% compared to the last year. Details are as follows:

	In Thousand Baht					
	Rate of interest (%)		Consolidated		Separate	
			Financial Statements		Financial Statements	
	2016	2015	2016	2015	2016	2015
Fixed deposit	2.50	2.50	50,000	50,000	-	-
Investment in						
Open ended Fund						
As at January 1,			395,155	994,064	504	994,064
Purchase during						
the year			1,009,500	1,745,000	385,000	560,000
Disposal during						
the year			(1,210,635)	(2,346,133)	(191,484)	(1,553,567)

		In Thousand Baht			
		Consolidated		Separate	
Rate of interest (%)		Financial Statements		Financial Statements	
2016	2015	2016	2015	2016	2015
Unrealized gain(loss)					
on revaluation of					
Investments		(32)	2,224	(32)	7
As at December 31,		193,988	395,155	193,988	504
Total		243,988	445,155	193,988	504

☐ Advance payment to contractors

In 2016, the Company had Advance payment to contractors of Baht 66.91 million decreased of Baht (257.32) million or decreased (79.36)% compared to the last year.

☐ Other current assets

In 2016, the Company had Other current assets of Baht 71.26 million decreased of Baht (8.59) million or decreased (10.75)% compared to the last year.

Non-current assets

☐ Land held for development - net

The Company and its subsidiaries had Land held for development - net of Baht 370.18 million decreased of Baht (95.42) million or decreased (20.49)% compared to the last year. Land held for future development are stated at the lower of cost or net realisable value. Land held for future development represents land for future development which includes cost of land, costs of land development and related interest as referred to above. The AQ Estate Group recognize impairment loss if there are circumstances indicating that the recoverable amounts may be less than the net book values. Details are as follows:

		In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2016	2015	2016	2015
Balance as at January 1,		590,373	244,433	158,568	158,568
Addition		1,106	305,782	-	-
Transferred In(out) from inventory (Note 10)		(96,530)	40,158	-	-
Balance as at December 31,		494,949	590,373	158,568	158,568
Allowance for declining value		(124,769)	(124,769)	(120,690)	(120,690)

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Net	370,180	465,604	37,878	37,878
Write-down of merchandises recognized as a part of expense during the year	-	4,079	-	-

As at December 31, 2016 and 2015, the partial of land held for development at cost amount of Baht 5.02 million with net book value amount of Baht 5.02 million are pledged at the Court for litigation.

☐ Restricted deposits with banks

The Company and its subsidiaries had Restricted deposits with banks of Baht 95.47 million decreased of Baht (49.51) million or decreased (34.15)% compared to the last year that have been pledged as collaterals for letters of guarantee issued by the banks.

☐ Investment property - net

The Company and its subsidiaries had Investment property - net of Baht 148.31 million decreased of Baht (7.09) million or decreased (4.56)% compared to the last year. Details are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Land and building - Krisada Doi	-	-	287,121	278,172
Leasehold right on warehouse - Bangkok Free Trade Zone	148,370	155,400	-	-
Total	148,370	155,400	287,121	278,172

☐ Property, plant and equipment - net

The Company and its subsidiaries had Property, plant and equipment - net of Baht 1,075.17 million increased of Baht 165.92 million or increased 18.25% compared to the last year, consisted of Land of Baht 295.11 million, Buildings and improvements of Baht 517.70 million, Sports clubs and other of Baht 12.74 million, Furniture fixtures and office equipment and vehicles of Baht 89.50 million and Asset under installation of Baht 160.12 million. Details are as Notes to Financial Statements No. 17.

☐ Leasehold rights - net

The Company and its subsidiaries had Leasehold rights - net of Baht 119.22 million increased of Baht 2.58 million or increased 2.21% compared to the last year. Details are as follows:

	In Thousand Baht	
	Consolidated Financial Statements	
	2016	2015
Leasehold rights of land		
A) Leasehold right of land in Koh Larn, Chonburi	87,439	80,700
B) Leasehold right of land in project the Malibu Beach Resort - Koh Samui	23,112	26,964
C) Leasehold right of land in project Shasa Retreat Hotel (Note 17)	8,669	8,981
Total	119,220	116,645

☐ Intangible assets - net

The Company and its subsidiaries had Intangible assets - net of Baht 6.00 million decreased of Baht (1.37) million or decreased (18.55)% compared to the last year which consists of Software licences of Baht 4.64 million, Franchise contract of Baht 0.74 million and Assets under installation of Baht 0.62 million.

☐ Deferred income tax assets

The Company and its subsidiaries had Deferred income tax assets of Baht 8.23 million increased of Baht 3.34 million or increased 68.51% compared to the last year

☐ Other non - current assets

The Company and its subsidiaries had Other non - current assets of Baht 55.73 million increased of Baht 12.55 million or increased 29.05% compared to the last year

EFFICIENCY RATIO		2016	2015	2014
Return on assets	(%)	(64.80)	(33.67)	(4.63)
Return on fixed assets	(%)	(371.78)	(286.30)	(39.41)
Assets turnover	(round)	0.22	0.23	0.29

Return on assets is (64.80)% and Return on fixed assets is (371.78)% which decreased from the year 2015 as result of in 2016, the Company's net loss was higher than the year 2015 from loss reserve for litigation claim of Baht 3.057.27 million.

Assets turnover is 0.22 round, close to the last year because total revenue and total assets decreased from the last year at a similar rate.

14.4 liquidity and Suitability of Capital Structure

1) Sources and uses of funds

In 2016 the Company's capital structure acquired from Cash flows from operating activities of Baht 72.34 million with details of sources and uses of funds for the year 2016 as follows.

In Thousand Baht	2016	Changed (%)	2015	Changed (%)	2014
Net cash from (used in) operating activities	72,338	(112.29)	(588,685)	98.15	(297,096)
Net cash from (used in) investing activities	(47,540)	(123.36)	203,500	(115.69)	(1,297,402)
Net cash from (used in) financing activities	(21,324)	(86.21)	(154,620)	(108.32)	1,859,528
Net increase (decrease) in cash and cash equivalents	3,474	(100.64)	(539,805)	(303.68)	265,030
Cash and cash equivalents at beginning of year	74,664	(87.85)	614,469	75.84	349,439
Cash and cash equivalents at end of year	78,138	4.65	74,664	(87.85)	614,469

□ Net cash from operating activities is Baht 72.34 million while in 2015 Net cash used in operating activities is Baht (588.69) million.

□ Net cash used in investing activities is Baht (47.54) million while in 2015 Net cash from investing activities is Baht 203.50 million by mostly used to pay for fixed assets.

Net cash used in financing activities is Baht (21.32) million while in 2015 Net cash used in financing activities is Baht (154.62) million by majority financing of the company in 2016 is long-term loans.

2) Investment expenditure

In 2016 the Company had investment expenditure of Baht 264.67 million from (1) Cash paid for purchases of investment property of Baht 0.15 million (2) Cash paid for purchases of fixed assets of Baht 253.07 million (3) Cash paid for purchases of intangible assets of Baht 0.33 million (4) Cash paid for purchases of leasehold rights of Baht 10.00 million and (5) Cash paid for land held for development of Baht 1.11 million.

3) Suitability of Capital Structure

LIQUIDITY RATIO		2016	2015	2014
Current ratio	(round)	0.69	1.95	13.08
Quick ratio	(round)	0.07	0.24	4.76
Cash flow ratio	(round)	0.02	(0.45)	(0.55)
Accounts receivable turnover ratio	(round)	29.98	63.19	46.46
Average collection period	(days)	12.17	5.78	7.86
Inventory Turnover ratio	(round)	0.47	0.36	0.54
Average sale period	(days)	783.45	1,023.57	681.05

LIQUIDITY RATIO		2016	2015	2014
Payable turnover ratio	(round)	19.42	13.29	24.98
Repayment period	(days)	18.80	27.46	14.61
Cash Cycle	(days)	776.83	1,001.89	674.29

Current ratio is 0.69 round decreased from the last year that shows the Company's current assets include cash, accounts receivable and inventories less than short-term liabilities. It makes the flexibility for short-term liabilities repayment lower than the year 2015.

Quick ratio is 0.07 round decreased from the last year, reflect the actual liquidity that the Company has assets that can be converted into cash insufficient to repayment for short-term liabilities of the Company and Cash flow ratio is 0.02 round increased from the last year of (0.45) round. However, the Company still has insufficient operating cash flow to pay its short-term liabilities.

Accounts receivable turnover ratio is 29.98 with Average collection period 12.17 days that shows the Company can billing from the sales on credit slower than the year 2015 as result of the Company's revenue from sales and services decreased, but there are more trade accounts receivable in 2016.

Inventory Turnover ratio is 0.47 round with Average sale period 783.45 days show that the Company can sell products faster than 2015 as in 2016, the Company's inventories declined from the last year.

Payable turnover ratio is 19.42 round with repayment period 18.80 days that shortened from the year 2015 with repayment period of 27.46 days because of the Company has increased cost of sales and services but other trade and other payables decreased in 2016.

The Company's cash cycle is shortened to 776.83 days compared to the last year by main reason is the short sale period.

4) Ability to repayment

The Company and its subsidiaries had Total liabilities of Baht 5,145.11 million increased from the last year with Total liabilities of Baht 2,280.44 million or increased of Baht 2,864.66 million or 125.62%. Most of the liabilities are from estimate Liabilities from litigation amounted to Baht 4,650.72 million.

On December 17, 2009, the Court of First Instance passed a verdict ordering the Company to compensate for the claim amount together with interest of approximately as at December 31, 2016 and 2015 amount of Baht 26.07 million and Baht 26.58 million, respectively for breaching of the sale and purchase land and land development contract and the house building contract. (Interest that calculated

up to December 31, 2016 and 2015 was Baht 15.60 million and Baht 15.57 million, respectively). On March 1, 2012 the Appeal Court made a verdict as the Court of First Instance. The case is in process of considering by the Supreme Court.

As discussed in Note 1, on November 16, 2015, the Board approved the management of the Company estimated compensation on such damage and recorded in the consolidated and separate statements of comprehensive income for the year ended December 31, 2015 at amount of Baht 1,630.50 million (net of the collateral value). As the actual compensation will substantially depend on the Company's ability to sell such collateral land at the estimated price. During of 2016 the company recorded additional permutation of Baht 3,056.20 million per selling this pledged land.

At present, the Company's capital structure derived from cash flows from operating activities which may not be enough for such liabilities. However, the Company has been required for the funding to pay damages in accordance with the verdict of the Supreme Court's Criminal Division for Persons Holding Political Positions and also required the funding for the development of existing projects and future projects for expansion and continuing business.

In the past, the Company has limited access for credits from the financial institutions as a result of the verdict mentioned above. The Company has not had sufficient funds to develop and complete the existing projects or to expand for the future projects. Therefore, the Company is required for both funds. The Board of Directors has considered for the alternatives to successfully secure the large amount of funds and at present, the alternative is limited to the capital increase as the resolution of the Board of Directors' Meeting No. 7/2017 on 26 May 2017.

FINANCIAL POLICY RATIO		2016	2015	2014
Debt to Equity ratio	(round)	26.79	0.58	0.13
Interest coverage ratio	(round)	34.65	N/A	N/A
Debt service coverage ratio	(round)	0.23	N/A	N/A
Dividend payout ratio	(%)	N/A	N/A	N/A

The primary objective of the AQ Estate Group's capital management is to ensure that it has sustained good cash flows management and preserves the ability to continue its business as a going concern.

According to the statement of financial position as at December 31, 2016 and 2015, the AQ Estate Group's debt-to-equity ratio was 26.79 and 0.58, respectively (and of the separate of financial statement's debt-to-equity ratio was 20.25 and 0.49, respectively).

No changes were made in the AQ Estate Group's objectives, policies or processes during the years ended December 31, 2016 and 2015.

14.5 Liabilities obligations and off balance sheet liabilities management

The Company had commitments and contingent liabilities which disclose in notes to the financial statements article 32 of the financial statements 2016 as follows.

1) BANK GUARANTEES

As at December 31, 2016 and 2015, the AQ Estate Group had obligations under bank guarantees approximately Baht 95.79 million and Baht 86.81 million, respectively, (The Company: Baht 54.14 million and Baht 54.14 million, respectively), which concerning obligation under normal businesses. The bank guarantees are collateralized by the Company's fixed deposits with the banks and also guaranteed by directors of the AQ Estate Group.

2) COMMITMENTS AND CONTINGENT LIABILITIES

2.1) As at December 31, 2016 and 2015, the AQ Estate Group had outstanding litigation claims from customers and creditors for breaching of the agreements to buy and to sell, the hire of work agreements and repayments retention for a total amount of Baht 34.50 million and Baht 35.56 million, respectively. The outcome of these litigations could not presently be determined. In addition, the AQ Estate Group are in the process of negotiating with certain customers claiming for repayments of cash paid in advance to the AQ Estate Group. The AQ Estate Group, however, believes that the provisions made in the accounts are adequate to cover any damage for such litigation. As the ex-shareholder of indirect-subsiary also guaranteed for the contingent liability of the indirect subsidiary at approximately Baht 0.68 million.

2.2) Commitments

2.2.1) The AQ Estate Group had pledged fixed deposits with bank, most of their inventories, which represent immovable properties for sale, construction in progress and land and buildings as collaterals for credit facilities granted by financial institutions.

2.2.2) Direct subsidiaries' credit facilities from financial institutions have been guaranteed by the Company.

2.2.3) As at December 31, 2016 and 2015, the AQ Estate Group had commitments under construction contracts amounting to Baht 994.39 million and Baht 2,120.6 million, respectively. (The Company : Baht 174.95 million and Baht 805.90 million, respectively), which were utilities and

condominium units amounting to Baht 637.68 million and houses construction amounting to Baht 356.71 million (2015 : utilities and condominium units amounting to Baht 1,504.90 million and houses construction amounting to Baht 615.60 million) and of the Company, utilities and condominium units amounting to Baht 31.12 million and houses construction amounting to Baht 143.83 million (2015 : utilities and condominium units amounting to Baht 546.40 million and houses construction amounting to Baht 259.50 million). As at December 31, 2016 and 2015, total contract price amounted to Baht 2,353.90 million and Baht 3,186.10 million, respectively, and of the Company amounted to Baht 525.87 million and Baht 1,299.10 million, respectively.

- 2.2.4) As at December 31, 2016 and 2015, the AQ Estate Group has entered into several operating lease. The terms of the agreements are generally between 1 – 6 years. The future minimum payments required under these non-cancellable operating leases were as follows.

	In Thousand Baht	
	2016	2015
Payable with in less than 1 year	4,056	15,674
Payable with in 1- 5 years	16,868	56,590
Payable over 5 years	92,878	97,206
Total	113,802	169,470

- 2.2.5) As at December 31, 2016 and 2015, a subsidiary company had sub - lease commitment to pay for land rental for the period of 30 years at amount of Baht 15.46 million and Baht 16.42 million, respectively.
- 2.2.6) As at December 31, 2015 the AQ Estate Group has unused facilities with financial institutions at Baht 1,700 million (The company: Baht 1,610.40 million). From the date sentenced by the Supreme Court up to the present, all the financial institutions of the Company and the subsidiaries have temporarily suspended all credit facilities.
- 2.2.7) As at December 31, 2016 and 2015, a subsidiary company has commitment under sub-lease contract with a non - related person to pay for land rental for the period of 5 years and 19 days at Baht 12.21 million and period of 6 years and 11 months at Baht 14.41 million respectively.

14.6 Factors that affect the operating results in future

Year 2017 is the year that real estate developers face the challenge of selling residential projects. The interest rate in 2017 is expected to increase. It also reflects the limitations on access to housing loans. Including the increased interest paid by home buyers who are already repaying the

mortgage. And real estate developers must consider the form of new promotions. Originally popular with financial institutions, offers low interest rate promotions or 0% interest rate for a limited time. The situation as a result, the number of residential dwellings at the end of 2016 is projected to expand by 4-8% from the end of 2016.

By the year 2017, the trend in the housing market is more severe. In a situation where there is a challenge from buyers' purchasing power, the housing market may not be able to recover much. As a result, major real estate developers and major capital groups take advantage of the existing advantages to other businesses. For example Residential Project Management Development of Mixed-use Project to diversify revenue streams such as project management fee Space rental, etc. for medium-sized property developers to increase their competitiveness by partnering with foreign entrepreneurs.

15. Report of Audit Committee

In 2016, the Audit Committee was appointed by the Board of Directors and term of office is 2 years. They has knowledgeable and qualifications required by the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand. All members of the Audit Committee are independent directors and have sufficient knowledge and experience to perform their duties in reviewing the reliability of the Company's financial statements. The Audit Committee consists of 3 members as follows.

- | | | |
|----|-----------------------------|---------------------------------|
| 1) | Mr. Vuttiaphong Issaramalai | Chairman of the Audit Committee |
| 2) | Dr. Saranya Sanghiran | Audit Committee |
| 3) | Miss Papasorn Mongkholmafai | Audit Committee |

The Audit Committee, Auditors and Executives attended the meeting on the agenda related to the audit report and financial information to know the opinion of the auditors with the following essence.

- (1) To review the accuracy of the Company's financial reports, to review quarterly financial statements, annual statements with auditors before presenting to the Board of Directors with emphasis on disclosure and compliance with accounting standards.
- (2) To review the Company's internal control system for reasonable and effective by considering the annual audit plan and internal audit report in the independence of the agency for business suitability.
- (3) To review the Company's compliance with the Securities and Exchange Act, Terms of the Stock Exchange of Thailand and the law related to business.
- (4) The external auditor and the internal auditor, the Audit Committee has considered and nominate the auditor and set audit fee to the Board of Directors to consider and approve by the Annual General Meeting of Shareholders to be a tool that help in the management of a good internal control system tight.

The Audit Committee is well aware of the duties and responsibilities assigned by the Board of Directors to make the company has good corporate governance as announced by the Stock Exchange of Thailand.

(Mr. Vuttiaphong Issaramalai)

Chairman of Audit Committee

16. Report of the Board of Directors' Responsibility in Financial Statement

The Company's Board of Directors is responsible for financial statements of AQ Estate Public Company Limited and its subsidiaries, including the financial information that appears within their annual reports. The financial statements have been prepared according to generally accepted accounting standards. An appropriate accounting policy has been selected, applied and consistently adhered to under cautious consideration. In addition, an effective internal control system has been set up. Material information has been adequately disclosed in the Notes to the Financial Statements. These are implemented for benefits of shareholders and investors, with an aim to create confidence in the Company's financial statements, to take care and keep good maintenance of the Company's assets, and to prevent dishonest acts or any irregular operations of material substance.

The financial statements of the Company and its subsidiaries have been audited by Mr. Jadesada Hungsapruet, the Certified Public Accountant from Karin Audit Company Limited who has been certified by the Securities and Exchange Commission. The Company has provided information and various documents to the auditor to enable him to conduct the audit and express his opinion in accordance with generally accepted auditing standards. The auditor's opinion appears in the Report of the Certified Public Accountant within the Annual Report.

The Company's Board of Directors appointed the Audit Committee to be responsible for reviewing the Company's accounting policies, quality of financial reports, internal control system, internal audit system and risk management system. The opinion of the Audit Committee on this matter appears in the Audit Committee's Report within the Annual Report.

The Company's Board of Directors believes that the Company's overall internal control system is at satisfactory level. Financial statements of AQ Estate Public Company Limited and its subsidiaries as at 31 December 2016 substantially portray the Company's financial position, operating performance and cash flow in an accurate and reasonable manner and comply with generally accepted accounting principles and related laws and regulations

(Mr. Apivut Thongkam)

Director

(Mr. Somchai Meesen)

Director

(Dr. Ranchana Rajatanavin)

Director

(Dr. Suthad Chankingthong)

Director

17. Independent Auditor's Report

To the Shareholders of AQ Estate Public Company Limited

Disclaimer of Opinion

I was engaged to audit the accompanying financial statements of AQ Estate Public Company Limited and its subsidiaries, and of AQ Estate Public Company Limited which comprise the consolidated and separate statement of financial position as at December 31, 2016, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Because of the significant matters as discuss on Basis for Disclaimer of Opinion could have material effected to the Company's ability to continue its operation as going concern, and may suffusive effected to the consolidated and seperate financial statement.

Bases for Disclaimer of Opinion

1) As discussed in Note 1 to the financial statements that:

- (a) On August 26, 2015, the Supreme Court's Criminal Division for Persons Holding Political Positions ("the Supreme Court") sentenced a case which the Attorney General as the plaintiff accused persons and juristic persons totaling 27 persons whereby the Company was accused as the 20th defendant, for jointly coordinating with and supporting the officers of a government enterprise (a government bank) to abuse their government official duties and embezzled the fund by misappropriating the approval of credit facilities. The 18th to 27th defendants were claimed that they jointly coordinated and supported the 1st to 17th defendants by asking credit facilities to purchase land, to settle debt of a bank and to offer the purchase of preferred shares of the 20th defendant held by such government bank. The Supreme Court sentenced the Company jointly with the 25th and the 26th defendants to repay Baht 10,004.47 million to such government bank. In this regard, the Borrower (the 19th defendant) and the subsidiary of the 19th defendant have mortgaged their land. In May 2016, the Company engaged an independent appraiser to appraise such collateral using market approach for investment reference purposes. The appraisal value was approximately Baht 12,749 million. The management expects that the forced sale value of such land net of commission fee on sales would be Baht 8,924.30 million, and in year 2016 the management expects that the forced sale value of such land would be Bath 5,800 million. On September 9, 2015, the Company received

the order of enforceable action from the Supreme Court. Up to the present, no action has been taken on this matter.

- (b) On October 16, 2015, the Company, the 19th defendant and a major shareholder (68% shareholding) of the 19th defendant have entered into a contract for the asset management and profit-sharing, whereby, the Company is assigned to be the authorized party for comprehensive composition including management for selling land only with no cancellation and irrevocable within 3 years from the date of the contract signed. In this regard, the Company will make advance payments for necessary expenses for selling land such as withdrawal of seized land, settlement debt with the Revenue Department on behalf of the 19th defendant in order that the land was not confiscated, partial repayment of debts of the subsidiary of the 19th defendant and expenses of land appraisal cost, etc. without any compensation except in case that the Company needs to borrow a loan to be used for this matter and the 19th defendant agreed to return to Company for the amount of finance costs to be paid by the Company. The profit from sale of land after deducting expenses and settlement to such government bank will be shared to the 19th defendant at 70% and the Company at 30%. However, if the profit from sale is less than Baht 300 million, the Company shall get an approval from the major shareholder of the 19th defendant before disposal of such land. Once the Company and the 19th defendant are free from any liabilities with such government bank, both parties agree to not claim for any debts from each other anymore. To guarantee the fulfillment of the contract and flexibility in operations, the major shareholder of the 19th defendant agrees to transfer shares and authorities of the directors of the 19th defendant to the Company. When the contract is ended, the Company will transfer shares and return the authorities of directors to the major shareholder of the 19th defendant as the original status. The Company agrees to let its subsidiary to provide loan to relatives of a director of 19th defendant at Baht 30 million within October 31, 2015 which due within 3 years. This loan shall be secured by land. On November 12, 2015, the subsidiary has already provided such loan. On October 16, 2015, the major shareholder of the 19th defendant has already transferred the shares of the 19th defendant to the Company and has authorized one director of the Company to be the director of the 19th defendant. However, the Company and the 19th defendant have not obtained a letter from the subsidiary of the 19th defendant to confirm that it will not claim for any liabilities for selling land to compensate the damage because the subsidiary of the 19th defendant was sentenced as bankruptcy.

- (c) According to the sentence of the Supreme Court, loans from financial institutions of the Company and its subsidiaries are met the condition of default loans as specified in the loan agreements. On October 9, 2015, the Chief Executive Officer and Executive Director resigned, which made the Company and its subsidiaries breached the conditions of the loans from 3 local financial institutions that required the Company to maintain the positions of the executive directors. As at December 31, 2016, such default loans amounting to Baht 26.72 million were presented as loans considered as default under current liabilities in the consolidated and separate statements of financial position. From the date sentenced by the Supreme Court up to the present, all financial institutions that previously provided credit facilities to the Company and its subsidiaries have temporarily suspended all credit facilities.
- (d) The board of direction meeting No.12/2016, dated October 13, 2016 acknowledged that the company submitted the request of debt restructure to one bank. The Company will was non-performing land additional pledge value Baht 1,000 million, and will complete the debt restructure within one year. The Company request the right to sell the pledged land to repay bank loan. However the Company in waiting bank approved. In addition the meeting acknowledged that the surveyor reported that there are one hundred and seventy-seven land intruders the company recorded additional production of Baht 51.93 million for selling this land. The management estimated loss on such legal case amounting to Baht 4,686.70 million as of December 31, 2016 net of collateral.

And then, according to minute of board of director's meeting No. 15/2016, dated on November 24, 2016 acknowledged that on November 22, 2016, the Company has met and acknowledged bank requirement to changes the conditions of debt restructure. The bank would like Golden to enter into debt restructure at civil case in whole amount (approximately by Baht 20,000 million) and pay for Baht of 1,000 million, and then allow the Company ask for a party in civil case in order to manage sell the pledged land. Also, the meeting acknowledged if Gloden could not enter into debt restructure above within November 2016, the bank will send the case into office of the Attorney, Office of the National Anti - Corruption Commission, Office of the Auditor General of Thailand, and night being legal execution of assets of the Company. At present, Gloden has not yet entered the debt restructure and the Company has not been informed about legal execution of assets of the Company.

On January 5, 2017, the bank informed the Company and Golden that the bank cannot accept the proposals of the Company regarding debt restructuring. And on April 5, 2017, the bank

informed (1) Golden has to enter the debt restructuring as civil black case number Tor.268/2549 in whole amount, under the condition of Por-Kor-Sor .007/2560 dated on January 5, 2017 within April 2017. (2) the Company has to follow the judgmental of the Supreme Court's Criminal Division for Persons Holding Political Positions as case red number Or-Mor 55/2558, and repayment for damage fee amount of Baht 10,004,467,480 to the bank within June 2017.

If there have no any proceeding, the bank might proceed the legal execution for every case.

The Company arranged and met with the management of the Bank on 9 May 2017 to clarify that the Company has prepared for the capital increase. Should there has no further issues or comments, the Company believes it can process for initial capital increase which should be sufficient for payment of damages to the bank and/or mutually discuss the terms and conditions for the payment. At this stage, the Bank was informed and supported for the capital increase plan of the Company and scheduled for the next meeting with the Company on 6 July 2017.

Thus, the civil case which Krungthai Bank Public Company Limited as a plaintiff accused Golden Technology Industrial Park Co., Ltd. (the 1st defendant) and others, totaling 4 persons (according to Black Case No. Tor. 268/2459, Red Case No. Tor. 2687/2550) is still valid and enforces the defendants to repay the debt of Baht 10,234,752,863.31 together with interest of principal amount of Baht 8,368,732,100.00 at the rate of 15% per annum, since the date after filling date until completion of debt repayment. Also, there will be appointments for additional plaintiff's testimony and defendants' testimony on July 27, 2017.

- (e) As discussed on note to financial statement no. 33, the Company Board of Directors propose the capital increase to the shareholders consideration by amount of Baht 12,000 million.
- (f) The actual damage will substantially depend on the Company's ability to sell such collateral land at the estimated price and Garden Home will not make a claim against the Company and the solution of negotiation with the bank. I couldn't conclude an adjustments entry and these factors indicated the existence of material uncertainties about the Company's ability to continue its operation as a going concern. The financial statements for the year ended December 31, 2016 have been prepared assuming that the Company will continue its operations as a going concern. Accordingly, they do not include any adjustments relating to the recoverability of the carrying value and classification of the assets or the amount and classification of liabilities that might be necessary should the Company be unable to continue its operation as a going concern.

- 2) As discussed in Note 16 to the financial statements, the Company engaged an independent appraiser to appraise such leasehold right in July 2013, using Income Approach, the discounted value of leasehold right is Baht 275 million. This method is calculated using the discounted cash flows of the revenues for the year of leasehold right with additional investment cost to develop as resorts which no revenue generated in the 1st and 2nd years (as the project is under resort construction). On May 4, 2016 The Company entered into the contract with non-related party to transfer a leasehold right of beach front amounting to Baht 10 million. The hold management contract requires the company to provide beach front area for hotel customer. Then the company complied to the contract. At The present is in transferring process. On February 5, 2015, the indirect subsidiary company entered into a letter of intent with a foreign company for entering into a hotel management agreement.

However, on March 24, 2016, such foreign company postponed to enter into a hotel management agreement until the Stock Exchange of Thailand lifts its suspension of trading of the Company's shares. This matter caused the project has been suspended. However such foreign company terminated a hotel management agreement on September 22, 2016 then refunded deposit payment of us 60,000 dollars. The Indirect subsidiary recorded loss on deposit of Baht 2.04 million. In March 2017, the indirect subsidiary company has engaged an independent appraiser to re-appraised the leasehold right, using Income Approach on Profit Rent Method determined by renting such leasehold right at the market rental rate, discounted to present value to be Baht 79.40 million. Such appraisal was based on the assumption that the Company's the credit facilities were suspended from various financial institutions and there was material uncertainties about the Company's ability to continue to develop the project as planned as discussed in Note 1 to the financial statements. The market information of comparative land of same size and condition was limited. There was no historical rental rate to compare. The discounted rate was determined at 12% referred to return from investment in government bond terms 23.3 years plus risk premium in investment in assets. The AQ Estate Group recognized the impairment loss on such leasehold right in the consolidated statement of comprehensive income for the year ended December 31, 2016 amounting to Baht 143.7 million. However, there are limitations by circumstances, I was unable to perform other auditing procedures to satisfy myself as to the appropriateness of rental rate to determine the fair value because such appraisal is under unusual assumption as discussed above which has significant uncertainty when such situation will be resolved. In addition, the Company has no rental rate actually occurred at the present and no market price of rental rate basing the same size of area to be compared with the rental rate on such leasehold right as the area is very

huge, which these factors may have material effects to the assessment of fair value of such leasehold right.

- 3) As a consequence of the matters described in the Bases for Disclaimer of Opinion item (2), the Company recognized impairment loss of investment and loans to a subsidiary company as at December 31, 2016 amounting to Baht 358.40 million. Hence, there are limitations by circumstances, I was unable to perform other auditing procedures to satisfy myself as to the appropriate of such impairment loss of loans to such subsidiary company.
- 4) As discussed in Note 15 to the financial statements, the Company estimated liability to former shareholders of Villa Nakarin Co., Ltd. which was presented under non-current liabilities in the consolidated and separate statements of financial position as at December 31, 2015, amounting to Baht 46.17 million. However, based on the current situation of the Company, which has material uncertainty on ability to continue its operation as a going concern, resulted in inability to prepare the correct and appropriate estimated income of project by using the current market situation. Hence, there are limitations by circumstances, I was unable to perform other auditing procedures to satisfy myself as to the appropriateness of such estimated liability.

Other Matter

The consolidated financial statements of AQ Estate Public Company Limited and its subsidiaries and separate financial statements of AQ Estate Public Company Limited for the year ended December 31, 2015, were audited by another auditor who did not express the opinion because of the significant matters could have material effects on the going concern of the Company, unable to perform other auditing procedures to satisfy herself, as to the appropriate of the recovery amount of assets and impairment loss of loans to such subsidiary companies and such estimated of liability on those statements dated on August 1, 2016.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated 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.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Jadesada Hungsapruek

(Mr. Jadesada Hungsapruek)

Certified Public Accountant, Registration No. 3759

Karin Audit Company Limited.

June 13, 2017

18. Financial Statements and Notes

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

ASSETS

		In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
	Notes	2016	2015	2016	2015
CURRENT ASSETS					
Cash and cash equivalents	7	78,138	74,664	6,655	3,445
Short-term investments	8, 36	243,988	445,155	193,988	504
Trade and other account receivables and advances					
- Subsidiary companies - net	6	-	-	403,254	375,214
- Other companies - net	9	19,674	14,516	900	542
Inventories - net	10	2,978,876	3,373,879	1,158,892	1,549,323
Assets held for sale	12	-	30,000	-	-
Accrued interest income from subsidiaries - net	6	-	-	504,763	366,023
Advance payment to contractors		66,906	324,229	29,362	172,736
Other current assets		71,255	79,841	9,841	15,766
Total Current Assets		3,458,837	4,342,284	2,307,655	2,483,553
NON-CURRENT ASSETS					
Land held for development - net	13	370,180	465,604	37,878	37,878
Restricted deposits with banks	14, 32	95,467	144,981	57,273	56,839
Investments in common shares of subsidiaries - net	15	-	-	-	480,565
Long - term loans to subsidiary companies - net	6	-	-	2,445,519	2,839,750
Long - term loan to third party	1, 34	-	30,085	-	-
Investment property - net	16, 36	148,307	155,400	287,121	278,172
Property, plant and equipment - net	17	1,075,171	909,250	42,275	52,059
Leasehold rights - net	18	119,220	116,645	-	-
Intangible assets - net	19	5,995	7,360	2,784	3,707
Deferred income tax assets	20	8,225	4,881	-	-
Other non - current assets		55,731	43,184	28,430	22,477
Total Non - Current Assets		1,878,296	1,877,390	2,901,280	3,771,447
TOTAL ASSETS		5,337,133	6,219,674	5,208,935	6,255,000

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

LIABILITIES AND EQUITY

		In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
	Notes	2016	2015	2016	2015
CURRENT LIABILITIES					
Trade and other account payables					
- Subsidiary companies	6	-	-	145,598	199,486
- Other companies		49,395	103,030	10,545	23,923
Current portion of long - term liabilities					
under debt restructuring agreements	22	992	972	992	972
Loans considered as default	1, 22	26,718	30,021	26,718	30,021
Current portion of long-term loans	1, 10, 17, 22	119,358	171,880	-	-
Current portion of liabilities under finance lease contracts	17, 23	3,414	2,390	997	956
Advance deposits from customer		16,568	120,532	1,868	61,935
Accrued interest expenses					
- Subsidiary companies	6	-	-	24,854	24,854
- Financial institutions and others		500	688	10	53
Accrued expenses		26,437	47,729	2,721	14,192
Retentions payable		84,459	69,001	28,547	28,465
Provision for litigation	1, 21	4,650,717	1,610,975	4,649,990	1,610,284
Other current liabilities		69,674	65,832	20,566	23,600
Total Current Liabilities		5,048,232	2,223,050	4,913,406	2,018,741
NON - CURRENT LIABILITIES					
Long - term loans - net	1, 10, 22	40,000	-	-	-
Liabilities under finance lease contracts - net	17, 23	4,137	4,030	776	1,773
Deferred income tax liability	20	2,853	3,119	-	-
Estimate liabilities payable to former shareholders		46,168	46,168	46,168	46,168
Provision for employee retirement benefit	24	3,716	4,077	3,474	3,508
Total Non - Current Liabilities		96,874	57,394	50,418	51,449
Total Liabilities		5,145,106	2,280,444	4,963,824	2,070,190

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

LIABILITIES AND EQUITY (Continued)

		In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
	Notes	2016	2015	2016	2015
EQUITY					
Share capital	25				
- Authorized share capital					
23,318.36 million common share, Baht 0.50 par value		11,659,181	11,659,181	11,659,181	11,659,181
- Issued and paid - up share capital					
12,673.97 million common shares, Baht 0.50 per share			6,336,985		6,336,985
12,674.68 million common shares, Baht 0.50 per share		6,337,341		6,337,341	
Premium (Discount) on common shares		4	4	4	4
Premium on common shares from capital reduction		153,537	153,477	153,537	153,477
Discount from increase in shareholding in subsidiary		(47,939)	(47,939)	-	-
Deficit		(6,250,916)	(2,503,297)	(6,245,771)	(2,305,656)
Equity Attributable to Owners of the Parent - Net		192,027	3,939,230	245,111	4,184,810
Non - controlling interests		-	-	-	-
Equity - Net		192,027	3,939,230	245,111	4,184,810
TOTAL LIABILITIES AND EQUITY		5,337,133	6,219,674	5,208,935	6,255,000

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

		In Thousand Baht			
		Consolidated Financial		Separate Financial	
		Statements		Statements	
Notes		2016	2015	2016	2015
REVENUES FROM SALES AND SERVICES					
	Revenues from sales of property	1,088,366	1,343,484	753,183	488,074
	Income from hotel business	75,299	74,852	-	-
	Revenues from property rental operations and related services	13,993	13,649	-	-
	Revenues from consult and sales management	325	15,731	-	-
	Total revenues from sales and services	1,177,983	1,447,716	753,183	488,074
COSTS OF SALES AND SERVICES					
	Costs of property sold	(1,354,885)	(1,058,471)	(660,106)	(413,983)
	Costs of service from hotel business	(114,376)	(98,984)	-	-
	Cost of property rental operations and related services	(10,570)	(36,700)	-	-
	Costs of consult and sales management	(3)	(473)	-	-
	Total cost of sales and services	(1,479,834)	(1,194,628)	(660,106)	(413,983)
	Gross profit	(301,851)	253,088	93,077	74,091
	Management fee income	13,514	12,122	46,400	45,600
	Interest income	3,416	8,517	131,782	100,381
	Other income	63,927	78,263	40,305	30,432
	Profit (Loss) before expenses	(220,994)	351,990	311,564	250,504
	Selling expenses	(142,780)	(171,915)	(94,634)	(89,014)
	Administrative expenses	(295,977)	(392,554)	(130,829)	(153,691)
	Doubtful debts	(30,685)	(13,710)	(484,778)	(367,067)
	Impairment loss of investments in subsidiaries	-	-	(480,565)	(314,034)
	Impairment loss of goodwill	-	(202,981)	-	-
	Impairment loss of leasehold rights	-	(143,730)	-	-
	Loss reserve for litigation claim	(3,057,273)	(1,631,743)	(3,057,237)	(1,631,672)
	Total expenses	(3,526,715)	(2,556,633)	(4,248,043)	(2,555,478)
	Loss before financial cost and income tax	(3,747,709)	(2,204,643)	(3,936,479)	(2,304,974)
	Finance cost	(410)	(11,661)	(126)	(682)
	Loss before income tax	(3,748,119)	(2,216,304)	(3,936,605)	(2,305,656)
	Income tax income (expense)	20 3,610	(510)	-	-
	Loss for the year	(3,744,509)	(2,216,814)	(3,936,605)	(2,305,656)
	Other Comprehensive Income				
	Item that will not be reclassified subsequently to profit or loss:				
	Actuarial estimates gains (loss)	(3,110)	-	(3,510)	-
	Total comprehensive loss for the year	(3,747,619)	(2,216,814)	(3,940,115)	(2,305,656)
	Loss for the year attributable to:				
	Owners of the Parent	(3,744,509)	(2,216,814)	(3,936,605)	(2,305,656)
	Non - controlling interests	-	-	-	-
		(3,744,509)	(2,216,814)	(3,936,605)	(2,305,656)
	Total comprehensive loss for the year attributable to:				
	Owners of the Parent	(3,747,619)	(2,216,814)	(3,940,115)	(2,305,656)
	Non - controlling interests	-	-	-	-
		(3,747,619)	(2,216,814)	(3,940,115)	(2,305,656)
	Basic Loss per Share Attributable to Owners of the Parent (In Baht)				

(equivalent to par value of Baht 0.50 per share)	29	(0.2954)	(0.1749)	(0.3106)	(0.1819)
Weighted Average Number of Shares (In Thousand Shares)	29	12,674,378	12,673,967	12,674,378	12,673,967

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:				
Loss for the year	(3,744,509)	(2,216,814)	(3,936,605)	(2,305,656)
Adjustments to reconcile loss for the year to				
net cash provided by (used in) operating activities:				
Depreciation and amortization	55,703	53,172	10,600	10,798
Allowance for doubtful accounts	30,685	13,710	484,778	367,067
Impairment loss of investments in subsidiaries	-	-	480,565	314,034
(Reversal of) loss reserve for litigation claim	3,056,198	1,631,743	3,056,198	1,631,672
Gain on sales of projects	(26,815)	-	(26,815)	-
Loss on disposal of fixed assets	(255)	(533)	(42)	(2)
(Reversal of) allowance on impairment of fixed assets	(1,295)	77,408	-	-
(Reversal of) allowance of diminution in value in inventories	318,727	(3,951)	55,945	6,014
Allowance on impairment of deferred charges	2,038	-	-	-
Allowance on impairment of land held for development	-	4,079	-	-
Provision for compensation for housing estate juristic persons	(87)	241	-	-
(Reversal of) provisions for employee retirement benefit	288	(41)	215	651
Other income	(2,054)	-	(205)	-
Contract termination income	(284)	-	(284)	-
Estimated expense from contract termination income	666	-	630	-
Revenue from written off liabilities	-	(8,139)	-	-
Unrealized gain on the changes in fair values of short - term investments	32	(2,224)	32	(7)
Gain on sales short-term investments	-	(20,953)	-	(18,518)
Loss on fair value adjustment on investment property	-	33,508	-	-
Impairment loss of leasehold rights	7,425	143,730	-	-
Impairment loss of goodwill	-	202,981	-	-
Loss on deposits	16,942	-	-	-
Write-off withholding tax refundable	-	18,723	-	-
Interest expense	410	11,661	126	682
Interest income	(3,417)	(8,517)	(131,782)	(100,381)
Income tax expense (income)	(3,610)	510	-	-
Decrease (increase) in operating assets:				
Trade and other account receivables	(5,045)	2,220	(39,408)	(46,747)
Inventories	242,589	(71,824)	363,229	(88,668)
Deposits for purchases of condominium units and land	-	7,000	-	7,000
Advance payment to contractors	257,323	(324,229)	143,374	(172,736)
Other current assets	(17,524)	(52,635)	5,675	(9,653)
Restricted deposits with banks	49,514	(73,508)	(434)	(39,747)

Other non - current assets	15,151	2,674	859	1,938
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AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2016

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Increase (decrease) in operating liabilities:				
Trade and other account payables	(53,515)	26,378	(67,146)	(52,230)
Advance deposits from customer	(73,680)	1,428	(59,578)	32,891
Accrued expenses	(21,292)	7,076	(11,471)	6,376
Provision for litigation	(17,242)	(69,467)	(17,242)	(69,467)
Employee benefit	(3,759)	-	(3,759)	-
Other current liabilities	21,328	46,301	(2,950)	22,641
Income tax paid	(28,298)	(20,393)	(6,811)	(6,503)
Net Cash Used in Operating Activities	72,338	(588,685)	297,694	(508,551)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash proceeds from interest income	10,547	8,667	723	6,749
(Increase) decrease of short - term investments	201,135	892,086	(193,516)	1,332,085
Increase in long - term loans to subsidiaries	-	-	(1,303,128)	(3,179,920)
Decrease in long - term loans to subsidiaries	-	-	1,216,163	1,943,732
Increase in long - term loans to third party	-	(30,000)	-	-
Cash paid for purchases of investment property	(163)	(908)	(10,826)	(128,002)
Cash paid for investment in subsidiary	-	-	-	-
Proceeds from sales of fixed assets	5,450	2,781	4,955	2
Cash paid for purchases of fixed assets	(253,073)	(330,316)	(2,931)	(11,030)
Cash paid for purchases of intangible assets	(330)	(4,138)	-	(578)
Cash paid for purchases of leasehold rights	(10,000)	(28,890)	-	-
Cash paid for land held for development	(1,106)	(305,782)	-	-
Net Cash Provided by (Used in) Investing Activities	(47,540)	203,500	(288,560)	(36,962)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Increase in long - term loans	40,539	30,480	539	30,480
Decrease in long - term loans	(56,364)	(158,884)	(3,842)	(13,558)
Cash paid for liabilities under finance lease contracts	(3,409)	(3,120)	(956)	(966)
Cash paid for increase in shareholding in subsidiary	416	9	416	9
Interest paid	(2,506)	(23,105)	(2,081)	(2,345)
Net Cash Provided by (Used in) Financing Activities	(21,324)	(154,620)	(5,924)	13,620
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,474	(539,805)	3,210	(531,893)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	74,664	614,469	3,445	535,338
CASH AND CASH EQUIVALENTS AT END OF YEAR	78,138	74,664	6,655	3,445

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2016

		In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2016	2015	2016	2015
Supplemental Disclosure of Cash Flow Information					
Non cash transactions					
1)	During the year, interest capitalized to inventories	45,631	11,927	1,927	2,345
2)	Fixed assets acquired by means of:				
	- Liabilities under finance lease contracts	4,540	884	-	-
	- Cash payment	253,073	330,316	2,931	11,030
	Total	257,613	331,200	2,931	11,030
3)	During this year long - term loans have been reclassified to loans considered as defaultas discussed in Notes 1 and 22.	26,718	30,021	26,718	30,021
4)	During the year 2016 the company has transferred land held for development to inventory of Baht 96.53 million because the company has started developing the project (Notes 13.)				
5)	During the year 2015 a subsidiary has transferred land under the project development to be land held for development amount of Baht 40 million (Notes 13).				
6)	During the year 2015, the Company transferred leasehold right of land to be cost of land of Baht 94.21 million (Note 18).				

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

Consolidated Financial Statements (In Thousand Baht)

	Notes	Issued and Paid-up Share Capital	Premium (Discount) on Common Shares	Premium on Common Shares from Capital Reduction	Discount from Increase in Shareholding in Subsidiary	Deficit	Total Equity Attributable to Owner of the Company	Non-Controlling Interests	Net
Balance as at January 1, 2015		253,479,266	(245,651,276)	-	(47,939)	(1,624,016)	6,156,035	-	6,156,035
Capital reduction		(247,142,285)	245,651,275	153,477	-	1,337,533	-	-	-
Increase in common shares		4	5	-	-	-	9	-	9
Total comprehensive loss for the year		-	-	-	-	(2,216,814)	(2,216,814)	-	(2,216,814)
Balance as at December 31, 2015		6,336,985	4	153,477	(47,939)	(2,503,297)	3,939,230	-	3,939,230
Balance as at January 1, 2016		6,336,985	4	153,477	(47,939)	(2,503,297)	3,939,230	-	3,939,230
Increase in common shares	25	356	-	60	-	-	416	-	416
Total comprehensive loss for the year		-	-	-	-	(3,747,619)	(3,747,619)	-	(3,747,619)
Balance as at December 31, 2016		6,337,341	4	153,537	(47,939)	(6,250,916)	192,027	-	192,027

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

		Separate Financial Statements (In Thousand Baht)				
		Issued		Premium on		
		and Paid-up	Premium (Discount)	Common Shares		
Note		Share Capital	on Common Shares	from Capital Reduction	Deficit	Net

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2016

1. GENERAL

AQ Estate Public Company Limited (herein after called “the Company”) was incorporated in Thailand and was registered as a public company in the year 1993. The Company undertakes its business in Thailand and is engaged mainly in property development and sales. The Company changes its registered office to be located at No.102, Rim Klong Bang Kapi Road, Bang Kapi Sub-District, Huay Kwang District, Bangkok, Thailand.

Status of the Company

- a) On August 26, 2015, the Supreme Court's Criminal Division for Persons Holding Political Positions (“the Supreme Court”) sentenced a case which the Attorney General as the plaintiff accused persons and juristic persons totaling 27 persons whereby the Company was accused as the 20th defendant, for jointly coordinating with and supporting the officers of a government enterprise (a government bank) to abuse their government official duties and embezzled the fund by misappropriating the approval of credit facilities. The 18th to 27th defendants were claimed that they jointly coordinated and supported the 1st to 17th defendants by asking credit facilities to purchase land, to settle debt of a bank and to offer the purchase of preferred shares of the 20th defendant held by such government bank. The Supreme Court sentenced the Company jointly with the 25th and the 26th defendants to repay Baht 10,004.47 million to such government bank. In this regard, the Borrower, Golden Technology Industrial Park Co., Ltd., (“Golden”) (the 19th defendant) and K & V SRS Garden Home Company Limited (“Garden Home”) the subsidiary of the 19th defendant have mortgaged their land. In May 2016, the Company engaged an independent appraiser to appraise such collateral using market approach for investment reference purposes. The appraisal value was approximately Baht 12,749 million. The management expects that the forced sale value of such land net of commission fee on sales would be Baht 8,924.30 million and in year 2016 the management expects that the forced sale value of such land would be Baht 5,800 million. On September 9, 2015, the Company received the order of enforceable action from the Supreme Court. Up to the present, no action has been taken on this matter.
- b) On September 25, 2015, the Company filed the repetition for suspension of the order of enforceable action to the general meeting of the Supreme Court to appeal in determination of that damage. The Company requested the general meeting of the Supreme Court to reconsider the damage by deducting (1) the amount obtained from warrants, since such government bank did not declare when additional common shares of the Company of 13.17 million shares and warrants of the Company of 118.57 million units were subsequently sold and how much cash received from such sale were, and (2) the amount of deposit for purchase of additional common shares of the Company of Baht 197.62 million which Grand Computer and Communication Co., Ltd. (the 22nd defendant) paid on behalf of such government bank. On July 5, 2016, the general meeting of the Supreme Court denied such appeal.

- c) On October 16, 2015, the Company, "Golden" and Progress Property Management Co., Ltd. ("Progress") a major shareholder (68% shareholding) of Golden have entered into a contract for the asset management and profit-sharing, whereby, the Company is assigned to be the authorized party for comprehensive composition including management for selling land only with no cancellation and irrevocable within 3 years from the date of the contract signed. In this regard, the Company will make advance payments for necessary expenses for selling land such as withdrawal of seized land, settlement debt with the Revenue Department on behalf of Golden in order that the land was not confiscated, partial repayment of debts of "Garden Home" and the expenses of land appraisal cost, etc. without any compensation except in case that the Company needs to borrow a loan to be used for this matter and Golden agreed to return to the Company for the amount of finance costs to be paid by the Company. The profit from sale of land after deducting expenses and settlement to such government bank will be shared to Golden at 70% and the Company at 30%. However, if the profit from sale is less than Baht 300 million, the Company shall get an approval from Progress before disposal of such land. Once the Company and Golden are free from any liabilities with such government bank, both parties agree not to claim for any debts from each other anymore. To guarantee the fulfillment of the contract and flexibility in operations, Progress agrees to transfer shares and authorities of the directors of Golden to the Company. When the contract is ended, the Company will transfer shares and return the authorities of directors to Progress as the original status. The Company agrees to let its subsidiary to provide loan to a relative of a director of Golden at Baht 30 million within October 31, 2015 which due within 3 years. This loan shall be secured by land. On November 12, 2015, the subsidiary has already provided such loan. On October 16, 2015, Progress has already transferred the shares of Golden to the Company and has authorized one director of the Company to be director of Golden. However, the Company and Golden have not obtained a letter from Garden Home to confirm that it will not claim for any liabilities for selling land to compensate the damage because Garden Home Trail in bankruptcy case. In addition the board of directors meeting No12/2016 dated October 13, 2016 acknowledged that the case was settled by the plaintiff than there is no plaintiff of this bankruptcy case. Therefore the officer will report to the court to lift this bankruptcy case according.
- d) According to the sentence of the Supreme Court, loans from financial institutions of the Company and subsidiaries are met the condition of default loans as specified in the loan agreements. On October 9, 2015, the Chief Executive Officer and Executive Director resigned, which made the Company and subsidiary breached the conditions of the loans from 3 local financial institutions that required the Company to maintain the positions of the executive directors. As at December 31, 2016 and 2015, such default loans amounting to Baht 26.72 million and Baht 30 million, respectively was presented as loans considered as default under current liability in the consolidated and separate statements of financial position. From the date sentenced by the Supreme Court up to the present, all the financial institutions that previously provided credit facilities to the Company and the subsidiaries have temporarily suspended all credit facilities.

The board of direction meeting No. 12/2016, dated October 13, 2016 acknowledged that the company submitted the regent of debt restructure to one bank. The Company will was non-performing land additional pledge value Baht 1,000

million, and will complete the debt restructure within one year. The Company request the right to sell the pledged land to repay bank loan. However the company in waiting bank approved. In addition the meeting acknowledged that the surveyor reported that there are one hundred and seventy-seven land intruders the company recorded additional production of Baht 51.93 million for selling this land.

And then, according to minute of board of director's meeting No.15/2016, dated on November 24, 2016 acknowledged that on November 22, 2016, the Company has met and acknowledged bank requirement to changes the conditions of debt restructure. The bank would like Golden to enter into debt restructure at civil case in whole amount (approximately by Baht 20,000 million) and pay for Baht of 1,000 million, and then allow the Company ask for a party in civil case in order to manage sell the pledged land. Also, the meeting acknowledged if Gloden could not enter into debt restructure above within November 2016, the bank will send the case into office of the Attorney, Office of the National Anti - Corruption Commission, Office of the Auditor General of Thailand, and night being legal execution of assets of the Company. At present, Gloden has not yet entered the debt restructure and the Company has not been informed about legal execution of assets of the Company.

On January 5, 2017, the bank informed the Company and Golden that the bank cannot accept the proposals of the Company regarding debt restructuring. And on April 5, 2017, the bank informed (1) Golden has to enter the debt restructuring as civil black case number Tor.268/2549 in whole amount, under the condition of Por-Kor-Sor .007/2560 dated on January 5, 2017 within April 2017. (2) the Company has to follow the judgmental of the Supreme Court's Criminal Division for Persons Holding Political Positions as case red number. Or-Mor.55/2558, and repayment for damage fee amount of Baht 10,004,467,480 to the bank within June 2017.

If there have no any proceeding, the bank might proceed the legal execution for every case.

The Company arranged and met with the management of the Bank on May 9, 2017 to clarify that the Company has prepared for the capital increase. Should there has no further issues or comments, the Company believes it can process for initial capital increase which should be sufficient for payment of damages to the bank and/or mutually discuss the terms and conditions for the payment. At this stage, the Bank was informed and supported for the capital increase plan of the Company and scheduled for the next meeting with the Company on July 6, 2017.

Thus, the civil case which Krungthai Bank Public Company Limited as a plaintiff accused Golden Technology Industrial Park Co., Ltd. (the 1st defendant) and others, totaling 4 persons (according to Black Case No. Tor. 268/2459, Red Case No. Tor. 2687/2550) is still valid and enforces the defendants to repay the debt of Baht 10,234,752,863.31 together with interest of principal amount of Baht 8,368,732,100.00 at the rate of 15% per annum, since the date after filling date until completion of debt repayment. Also, there will be appointments for additional plaintiff's testimony and defendants' testimony on July 27, 2017.

As discussed on note to financial statement no.33, the Company Board of Directors propose the capital increase to the shareholders consideration by amount of Baht 12,000 million. The Board of Directors

considered that the Company must raise fund from capital increase and use the proceed to pay for damages of THB 10,004 million according to the Supreme Court's judicial order. Although the debt as mentioned is the same debt the Bank filed to the civil court against Golden Technology Industrial Park Co., Ltd. (The total debts approximates THB 20,000 million and the capital is THB 10,274 million with interest of 15% per year on principal of THB 8,369 million which has 4,300 rai and owned by the Golden Company as collateral). In this case, the courts have yet judged and pending trial of the Court of First Instance and this land makes up as collateral in a civil case. For enforcement, only bank is eligible to enforce the collateral mortgage first or forced by the defendant following the judgment of the Supreme Court. In case of the company does not agree to pay the debt. The bank has a chance to choose to pay debt from the company according to court judgment before enforcing the collateral with the bank. Currently, the civil case has not yet settled by law; the bank has the right to enforce the company's assets from the date that the Supreme Court has the verdict. However, it will have the broad impact to related parties. The Bank has considered and has not yet enforced any assets of the Company. Nevertheless, should the Company has not had any concrete actions or plans for the debt payment to the Bank prior to June 2017, according to the letter dated April 5, 2017 from the Bank, the Bank will proceed for legal enforcement. The Company may have its assets seized which will have the material impact to the assets under current development such as the suspension of sale, the lost of confident of the customers, the liquidity shortage, and also the occurrence of many problems to be followed. Furthermore, the proceed from asset seizure for public auction is not sufficient to pay for damages according to the Court's judicial order because the total assets as at December 31, 2016 is THB 5,337.13 million which will not be sufficient to pay for damages. If such situation happens, the Company must be forced into the rehabilitation or the bankruptcy process which will cause damages to all shareholders. In contrast, should the Company is success for its capital increase to pay off debts; the Bank may consider the Company for its payment plan and may allow for sale of the collateralized land. The remaining proceed from capital increase, if any, shall be used for continuing business which shall continue to add value to the shareholders equity.

The management of the Company estimated the damage from this court case and recorded in the consolidated and separate statements of comprehensive income for the year ended December 31, 2016 as follows:

	In Million Baht
Compensation as per Court sentence	10,004.47
<u>Add</u> Necessary expenses for selling land as per a contract for the asset management and profit-sharing	122.22
Specific Business Tax (At forced sale value)	191.40
Withholding income tax (At forced sale value)	58.00
Transferring fee (At Land Department price)	110.61
<u>Less</u> Forced sale value	(5,800)
Estimated the damage - net	4,686.70

* The Company appraise the valuation of collateral land by appraisal report of SL. Standard appraisal dated on May 5, 2017, comparative market price method amount of appraised price Baht 11,600 million and amount of forced sale value by Baht of 5,800 million. In year 2015 the appraised value and the forced sale value of such collateral land as appraisal report dated on May 25, 2016, amount by Baht of 12,749 million and 8,924 million, respectively.

The actual damage will substantially depend on the Company's ability to sell such collateral land at the estimated price and Garden Home will not make a claim against the Company.

The Company's ability to continue its operation as a going concern will significantly depend on the ability to repay the damage as sentenced by the Supreme Court and the Company's ability to increase share capital, and the solution of negotiation with the bank. These factors indicated the existence of material uncertainties about the Company's ability to continue its operation as a going concern. The financial statements for the year ended December 31, 2016 have been prepared assuming that the Company will continue its operations as a going concern. Accordingly, they do not include any adjustments relating to the recoverability of the carrying value and classification of the assets or the amount and classification of liabilities that might be necessary should the Company be unable to continue its operation as a going concern.

2. BASIS FOR CONSOLIDATED FINANCIAL STATEMENTS PREPARATION

2.1 The consolidated financial statements include the accounts of AQ Estate Public Company Limited and the following direct and indirect subsidiaries for which more than 50% of capital shares with voting right are owned by the Company:

The consolidated financial statements include the financial statements of the AQ Estate Group as follows:

	Type of Business	Type of Holding	Proportionate of Share (%)	
			December 31, 2016	December 31, 2015
Subsidiaries				
AQ Village Co., Ltd.	Recreational services and provides hotel and resort	Direct	99.94	99.94
AQ Marketing Service Co., Ltd.	Sale management services	Direct	99.94	99.94
AQ Property Management Co., Ltd.	Management of commercial space	Direct	99.93	99.93
Allied Technologies International Co., Ltd.	Real estate trading	Direct	99.90	99.90
Thanont Property Co., Ltd.	Real estate trading	Direct	99.80	99.80
Free Zone Asset Co., Ltd.	Real estate for rent and service	Direct	99.98	99.98
Aquarius Estate Co., Ltd.	To sell, acquire, provide service and operate in real estate	Direct	99.99	99.99
Villa Nakarin Co.,Ltd.	Real estate trading	Direct	99.99	99.99
Vitoonthanakorn Co., Ltd. (Subsidiary held through Thanont Property Co., Ltd.)	Real estate trading	Indirect	99.99	99.99
Baan Chidthara Co.,Ltd. (Subsidiary held through AQ Village Co., Ltd.)	Recreational services and provides hotel and resort	Indirect	99.99	99.99
Aquarius Hotel & Resort Co.,Ltd. (Subsidiary held through Aquarius Estate Co., Ltd.)	To sell, acquire, provide service and operate in real estate	Indirect	99.99	99.99

Significant transactions among the AQ Estate Group have been eliminated in these consolidated financial statements.

The financial statements of the subsidiaries are prepared using consistent significant accounting policies as the Company.

Non-controlling interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated statements of comprehensive income and under equity in the consolidated statements of financial position.

3. BASIS FINANCIAL STATEMENTS PREPARATION

3.1 Basis for preparation of the financial statements

These company financial statements are prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2000, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2004, and the financial reporting requirements of the securities and Exchange commission under the securities and Exchange Act.B.E 1992

For the convenience of readers, the financial statements were translated into English from the statutory financial statements in Thai which are issued for the domestic purpose.

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis. (except where otherwise disclosed in the accounting policies)

3.3 Functional and presentation currency

The financial statements are prepared and presented in Thai Baht, which is the Company's functional currency. (Unless otherwise stated, e.g. nearest thousand)

4. NEW FINANCIAL REPORTING STANDARDS

(a) Financial reporting standards that became effective in the current year

During the year, the Group have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

(b) Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Group believe that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Group's financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash on hand is kept for general use purpose within the AQ Estate Group. Cash equivalents are savings deposits and current accounts, highly liquid investments that are readily convertible to known amount of cash that are subject to an insignificant risk of change in value.

Short-term Investments

Current investments consist of fixed deposit and open-ended fund temporary investments which are classified in the statement of financial positions as trading securities and carried at their fair values. The fair value of open-ended fund is calculated by net asset value of the fund as at the statement of financial position date.

Realized gains and losses from the sales of trading securities and unrealized gain and loss on the changes in fair values are recognized in statements of comprehensive income.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at invoice amount net of allowance for doubtful accounts.

The AQ Estate Group provides an allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on historical collection experience coupled with a review of the current status of existing receivables.

Inventory Valuation

Inventories of real estate business are valued at the lower of cost by using specific method or net realizable value.

Inventories of service business are values at the lower of cost by using the moving average method or net realizable value.

Cost of inventory for real estate business comprises all cost of land, design fees, utilities, construction costs, and directly related finance cost and expenses.

Cost of service business comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated selling expenses.

The AQ Estate Group provides an allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.

The AQ Estate Group recognizes loss on diminution in value of projects (if any) in the consolidated statement of comprehensive income.

Assets Held for Sale

Assets held for sale are stated at the lower of cost or net realisable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated selling expenses.

Land Held for Future Development

Land held for future development are stated at the lower of cost or net realisable value.

Land held for future development represents land for future development which includes cost of land, costs of land development and related interest as referred to above.

The AQ Estate Group recognize impairment loss if there are circumstances indicating that the recoverable amounts may be less than the net book values.

Investments in Shares

Investments in non-marketable equity securities, which The AQ Estate Group holds as other investments, are valued at cost net of allowance for impairment loss.

Investments in subsidiaries and associates in the separate financial statements of The AQ Estate Group are accounted for using the cost method. Investments in associates in the consolidated financial statements are accounted for using the equity method.

The cost of investments disposed of during the year is determined by the weighted average method (if any).

Investment Property

Investment property is property, including property held under an operating lease which would otherwise qualify as investment property, which is held to earn rental income, for capital appreciation or for both.

Investment property is measured initially at cost and subsequently measured at fair value. However, managements will review the fair value to reflect market conditions at the end of the reporting period. Fair value is measured by discounted cash flow projections which reflects rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects any cash outflows that could be expected in respect of the property. The discount rate reflects current market assessments of the time value of money and risk adjusted. Any change in fair value is recognized in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labor, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalized borrowing costs.

Property, Plant and Equipment

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and impairment losses. When assets are sold or retired, their cost and accumulated depreciations are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statements of comprehensive income.

Depreciation

The AQ Estate Group depreciates their Buildings and equipment by the straight-line method over the following estimated useful lives:

	Years
Buildings and building improvements	3, 5 - 48
Sport club and others	5, 20
Furniture, fixtures and office equipment	3 - 5, 20
Vehicles	5

Leasehold Rights

Leasehold rights are stated at cost less accumulated amortization and allowance for loss on impairment of assets.

Leasehold rights are amortized based on the following of lease term;

	Years
Leasehold right of land in KohLarn, Chonburi	27.33
Leasehold right of land in project Shasa Retreat Hotel	30
Leasehold right of land in project the Malibu Beach Resort – Koh Samui	7.56

Intangible Assets

Intangible assets that are acquired by the AQ Estate Group are stated at cost less accumulated amortization and allowance for loss on impairment of assets.

Amortization is charged to the statement of comprehensive income on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets, unless such lives are indefinite. Intangible assets with an indefinite useful life are not amortized but are systematically tested for impairment at each statement of financial position date. The estimated useful lives are as follows:

	Years
Software licenses	5
Franchise contract	5

Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the AQ Estate Group's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The AQ Estate Group estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

Impairment of Assets

The AQ Estate Group reviews the impairment of assets whenever events or changes in circumstances indicate that the recoverable amount (the higher of asset's selling price or value in use) of assets is below the carrying amount. The review is made for individual assets or for the cash-generating unit.

If the carrying value of an asset exceeds its recoverable amount, the AQ Estate Group recognizes the impairment losses by reducing the carrying value of the asset to its recoverable amount and recording the devaluation in statements of comprehensive income or reducing revaluation increment in assets in case that those assets were previously revalued. The reversal of impairment losses recognized in prior years is recorded as part of other income or as a revaluation increment in assets when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased. Such a reversal should not exceed the carrying amount that would have been determined (net of the associated depreciation or amortization).

Provision

A provision is recognized when the AQ Estate Group has a present legal or constructive obligation as a result of a past event and 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. A provision is reviewed at the statement of financial position date and

adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provision for Employee Retirement Benefit

The AQ Estate Group's employee retirement benefit obligation is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods by the projected unit credit method determined by a professionally qualified independent actuary. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs and gains or losses on the curtailment are recognized immediately in profit or loss. The AQ Estate Group recognizes gains or losses on the settlement of pension benefits when the curtailment or settlement occurs. Actuarial gains or losses are recognized immediately to other comprehensive income. The defined benefit obligations are measured at the present value of estimated future cash flows using a discount rate that is similar to the government bonds.

Use of Judgments and Estimates

In order to prepare financial statements in conformity with Thai Financial Reporting Standards in Thailand, the management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

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

Use of judgment

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements consists of the following:

- Consolidation: whether the AQ Estate Group has de facto control over an investee
- Lease classification

Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainties that have a significant risk of resulting in material adjustments to the amounts recognized in the financial statements consists of the following:

- Current and deferred taxation
- Utilization of tax losses
- Business combination
- Valuation of investment properties
- Key assumptions used in discounted cash flow projections
- Measurement of provision for employee retirement benefit

- Provisions and contingencies
- Valuation of financial instruments

Revenues and Expenses Recognition

The AQ Estate Group recognized revenue from sales of residential condominium units and land and buildings when the construction works are completed and the ownerships have been transferred to buyers after all payments received from the buyers.

Revenue from the sale of goods is recognized in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding recovery of the condition due, associated costs, the probable return of goods or the continuing management involvement with the goods.

Rental income is recognized in the statement of comprehensive income on a straight-line basis over the term of the lease.

Service income is recognized when services are provided.

Interest income is recognized on a time proportion basis that reflects the effective yield on the asset.

Other income are recorded based on an accrual basis.

Expenses are recorded based on an accrual basis.

Construction Contracts

The AQ Estate Group recognizes revenue from construction contracts by the percentage of completion method. The percentage of completion is computed based on the estimation by the AQ Estate Group's project engineer together with the consideration of actual cost of work performed and the estimated total cost of the project. The estimated total cost is determined by The AQ Estate Group's project engineers or its responsible person, which is subject to change. The related actual costs are taken up as incurred on an accrual basis. Expected loss on each project is provided and charged as expense in the period when the estimated total costs of the project exceed its total contracted income.

Costs of Land and Houses Sold and Residential Condominium Units Sold

Costs of land and houses sold and residential condominium units sold consist of cost of land, land improvement, design fees, public utilities, constructions and direct related interest and other related cost.

In determining the costs of land and houses sold and residential condominium units sold the AQ Estate Group's, total development costs (taking into account actual costs incurred to date) are attributed to land and houses sold on the basis of the salable area and residential condominium units sold on the basis of the salable price and area.

The AQ Estate Group recognizes loss on diminution in value of projects (if any) in the consolidated statement of comprehensive income.

Selling expenses directly associated with projects, such as specific business tax and transfer fee are recognized when the ownerships have been transferred.

Repair and Maintenance

Expenditures on repair and maintenance are charged to expense at the expenditures are incurred. Expenditures of a capital nature are added to the related plant and equipment.

Finance Lease

Leases in terms of which the AQ Estate Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Plant and equipment acquired by way of finance leases are capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of comprehensive income.

Operating Lease

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

Finance Costs

Interest expenses and similar costs are charged to the statement of comprehensive income for the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognized in the statement of comprehensive income using the effective interest rate method.

Income Taxes

The income tax charge is based on profit for the period and considers deferred taxation. Deferred income taxes reflect the net tax effects of temporary differences between the tax basis of an asset or liability and its carrying amount in the statement of financial position. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the periods in which those temporary differences are expected to be recovered or settled. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the AQ Estate Group

expects, at the statement of financial position date, to recover or settle the carrying amount of their assets and liabilities.

Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized. At each statement of financial position date, the AQ Estate Group re-assesses unrecognized deferred tax assets. The AQ Estate Group recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The AQ Estate Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of these deferred tax assets to be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets,

Loss per Share Attributable to Owners of the Parent

Loss per share attributable to owners of the parent is determined by dividing loss for the year attributable to owners of the parent by the weighted average number of shares outstanding during the year.

6. TRANSACTIONS WITH RELATED PARTIES

A significant portions of the Company and its subsidiaries' assets, liabilities, revenues and expenses arose from transactions with related parties. These parties are related through common shareholdings and/or directorships. The significant transactions with related parties as included in the consolidated financial statements are determined at the price as stipulated in the agreement or mutual negotiation (Some of the transactions are supported by contracts and some are not supported, some areas of businesses and advertising management services, which are the specific services, do not have referenced market price), which basis may be different from those determined for transactions with unrelated companies.

Key management personnel mean persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the AQ Estate Group.

The significant transactions between the AQ Estate Group and their related parties for each of the years ended December 31, 2016 and 2015 are as follows:

			In Thousand Baht			
			Consolidated		Separate	
			Financial Statements		Financial Statements	
	Relationship	Policy of Pricing	2016	2015	2016	2015
Management fee income	Direct and Indirect Subsidiaries	Year 2016 Baht 11.60 million per quarter ,Year 2015 Baht 11.40 million per quarter	-	-	46,400	45,600
Land rental income	Direct subsidiary	Quarter 1,2 of 2016 Baht 0.39 million per quarter since, Quarter 3 of 2016 onward Baht 2.79 million per quarter	-	-	6,360	1,560
Real estate rental income	Direct subsidiary	Baht 0.20 million per quarter	-	-	785	785
Vehicle rental income	Direct subsidiary	Baht 5,000 Rate are per month	-	-	60	60
Telephone income	Direct subsidiary	Actual charge	-	-	182	161
Interest income	Direct subsidiaries	MLR per annum	-	-	130,951	93,855
Sales management services	Direct subsidiary	3% of sales	-	-	7,534	55,945
Utilities expenses	Direct subsidiary	Land, Land and structures : Baht 150 per square wah	-	-	426	3,131

			In Thousand Baht			
			Consolidated		Separate	
			Financial Statements		Financial Statements	
	Relationship	Policy of Pricing	2016	2015	2016	2015
Vehicle Rental	Direct and Indirect subsidiary	Vehicle Fixed charge at Baht 10,000 per month	-	-	120	128
Space Rental	Direct and Indirect subsidiary	Office Premise Fixed charge at Baht 0.16 million	-	-	1,907	1,934
Rental expense	Direct and Indirect subsidiary	Negotiated agreement	-	-	2,251	2,251
Management project (included in the cost of project under development)	Direct subsidiary	Negotiated agreement	-	-	2,705	1,406
Cost of construction service	Direct subsidiary	Negotiated agreement	-	-	7,833	64,538
Revenue from construction service	Direct subsidiary	Negotiated agreement	-	-	7,833	64,538

The balances with related parties As at December 31, 2016 and 2015 are as follows:

		In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
	Relationship	2016	2015	2016	2015
Trade account receivables					
- subsidiary companies					
Allied Technologies International Co., Ltd.	Direct subsidiary	-	-	177,179	185,489
Thanont Property Co., Ltd.	Direct subsidiary	-	-	66,038	66,038
Total		-	-	243,217	251,527
Deposit received in advance from customer					
	Shareholders and top management				
Advance received from customer		-	3,828	-	854
Accrued interest income from					
- subsidiary companies - net					
AQ Marketing Service Co., Ltd.	Direct subsidiary	-	-	109,912	109,912
Thanont Property Co., Ltd.	Direct subsidiary	-	-	257,203	221,389
AQ Village Co., Ltd.	Direct subsidiary	-	-	21,537	21,537
Allied Technologies International Co., Ltd.	Direct subsidiary	-	-	51,516	51,516
AQ Property Management Co., Ltd.	Direct subsidiary	-	-	6,088	6,088
Free Zone Assets Co., Ltd.	Direct subsidiary	-	-	24,274	24,274
Aquarius Estate Co., Ltd.	Direct subsidiary	-	-	137,887	60,083
Villa Nakarin Co.,Ltd.	Direct subsidiary	-	-	28,918	11,584
Total		-	-	637,335	506,383
Less Allowance for doubtful accounts		-	-	(132,572)	(140,360)
Net		-	-	504,763	366,023

Separate Financial Statements (In Thousand Baht)

	Relationship	Balance as at			Balance as at
		December 31,			December 31,
		2015	Increase	Decrease	2016
Other account receivables and advances to subsidiary companies – net					
Allied Technologies International Co., Ltd.	Direct subsidiary	32,100	10,321	(49)	42,372
AQ Village Co., Ltd.	Direct subsidiary	23,281	20,717	(3,492)	40,506
Thanont Property Co., Ltd.	Direct subsidiary	79,383	2,568	-	81,951
Free Zone Assets Co., Ltd.	Direct subsidiary	4,494	-	-	4,494
Aquarius Estate Co., Ltd.	Direct subsidiary	4,148	8,674	(10,633)	2,189
Vitoonthanakorn Co., Ltd.	Indirect subsidiary	6,099	9,194	(6,305)	8,988
Villa Nakarin Co., Ltd.	Direct subsidiary	5,136	5,136	(1,284)	8,988
Baan Chidthara Co., Ltd.	Indirect subsidiary	3,531	6,420	-	9,951
Aquarius Hotel & Resort Co., Ltd.	Indirect subsidiary	3,852	3,852	-	7,704
AQ Marketing Service Co., Ltd.	Direct subsidiary	1,937	2,688	(2,057)	2,568
AQ Property Management Co., Ltd.	Direct subsidiary	654	2,770	(802)	2,622
Total		164,615	72,340	(24,622)	212,333
Less Allowance for doubtful accounts		(40,928)	(15,344)	3,976	(52,296)
Net		123,687	56,996	(20,646)	160,037
Long – term loans to subsidiary companies - net					
AQ Marketing Service Co., Ltd.	Direct subsidiary	251,832	29,900	(13,500)	268,232
Thanont Property Co., Ltd.	Direct subsidiary	713,096	32,200	(145,500)	599,796
AQ Village Co., Ltd.	Direct subsidiary	427,374	137,220	(7,000)	557,594
Allied Technologies International Co., Ltd.	Direct subsidiary	409,772	478,639	(540,537)	347,874
AQ Property Management Co., Ltd.	Direct subsidiary	111,339	15,430	(3,200)	123,569
Free Zone Assets Co., Ltd.	Direct subsidiary	154,000	2,200	(13,900)	142,300
Aquarius Estate Co., Ltd.	Direct subsidiary	1,165,843	524,039	(445,500)	1,244,382
Villa Nakarin Co., Ltd.	Direct subsidiary	263,549	83,500	(47,026)	300,023
Total		3,496,805	1,303,128	(1,216,163)	3,583,770
Less Allowance for doubtful accounts		(657,055)	(519,471)	38,275	(1,138,251)
Net		2,839,750	783,657	(1,177,888)	2,445,519

The Company presented loans to related companies as non-current assets in the separated statement of financial position as subsidiaries used for investments in non-current assets.

From the date sentence of the Supreme Court, the Company sold short-term investments totaling Baht 1,577.80 million and loans to its subsidiaries for the subsidiaries's working capital which bear interest at the rates 2.5% and MLR per annum.

		In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
	Relationship	2016	2015	2016	2015
Trade account payables					
- subsidiary company					
Allied Technologies International Co., Ltd.	Direct subsidiary	-	-	37,083	77,477
Other account payables					
- subsidiary companies					
AQ Marketing Service Co., Ltd.	Direct subsidiary	-	-	44,330	53,219
AQ Property Management Co., Ltd.	Direct subsidiary	-	-	24,058	23,465
Vitoonthanakorn Co.,Ltd	Indirect subsidiary	-	-	252	159
Allied Technologies International Co., Ltd.	Direct subsidiary	-	-	1,795	7,143
Thanont Property Co., Ltd.	Direct subsidiary	-	-	37,693	37,693
AQ Village Co., Ltd.	Direct subsidiary	-	-	387	330
Total		-	-	108,515	122,009
Accrued interest expense					
- subsidiary company					
Thanont Property Co., Ltd.	Direct subsidiary	-	-	24,854	24,854

The aging analyses of trade account receivables, other account receivables and advance to subsidiaries companies, loans receivable and interest receivable from subsidiaries companies As at December 31, 2016 and 2015 are as follows:-

	Separate Financial Statements	
	(In Thousand Baht)	
	2016	2015
Overdue not over 1 year	1,368,640	2,530,412
Overdue more than 1 year	3,308,015	1,888,918
Total	4,676,655	4,419,330
<u>Less</u> Allowance for doubtful accounts	(1,323,120)	(838,343)
Net	3,353,535	3,580,987

The Company provides allowance for doubtful accounts for such transactions by considering historical collection experience for each account receivable and will reverse the allowance to “Bad debt recoveries” upon collection.

Guarantee

As at December 31, 2016 the company has no guaranteed on the subsidiaries credit facilities.

As at December 31, 2015 The Company had placed a guarantee on its subsidiary’s credit facilities with a local bank approximately Baht 12.49 million. The Company was not charged for guarantee fee.

The monetary remuneration of executives , which is a related party transection for each of the years ended December 31, 2016 and 2015 are as follows:

Type of compensation	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Salaries and other benefits	14,453	25,832	12,224	16,618
Meeting allowances	366	762	366	762
Bonus	2,395	300	1,855	300
Advisory	2,485	1,020	2,485	1,020
Total	19,699	27,914	16,930	18,700

7. CASH AND CASH EQUIVALENTS

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Cash on hand	1,277	1,189	269	300
Cash at bank - current accounts	13,145	13,434	69	670
Cash at bank - savings accounts	56,409	60,041	6,317	2,475
Cash at bank - fixed accounts	7,307	-	-	-
Total	78,138	74,664	6,655	3,445

8. SHORT - TERM INVESTMENTS

	In Thousand Baht					
	Rate of interest (%)		Consolidated		Separate	
			Financial Statements		Financial Statements	
	2016	2015	2016	2015	2016	2015
Fixed deposit	2.50	2.50	50,000	50,000	-	-
Investment in						
Open ended Fund						
As at January 1,			395,155	994,064	504	994,064
Purchase during						
the year			1,009,500	1,745,000	385,000	560,000
Disposal during						
the year			(1,210,635)	(2,346,133)	(191,484)	(1,553,567)
Unrealized gain(loss)						
on revaluation of						
Investments			(32)	2,224	(32)	7
As at December 31,			193,988	395,155	193,988	504
Total			243,988	445,155	193,988	504

9. TRADE AND OTHER ACCOUNT RECEIVABLES - NET

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Other company - net				
- Trade account receivables - net	15,101	12,241	-	-
- Other account receivables-net	4,573	2,275	900	542
Trade and other account receivables	19,674	14,516	900	542
- net				

The aging analyses of trade and other account receivables - other companies as at December 31, 2016 and 2015 are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Trade account receivables - other company				
Trade account receivables within				
credit term	-	242	-	-
Overdue				
- Not over 3 months	3,698	3,940	-	-
- Over 3 months to 6 months	2,229	1,545	-	-
- Over 6 months to 12 months	2,388	2,218	-	-
- Over 12 months	6,840	4,350	-	-
Total trade account receivables	15,155	12,295	-	-
<u>Less</u> Allowance for doubtful accounts	(54)	(54)	-	-
Net	15,101	12,241	-	-
Other account receivables	128,087	125,001	124,414	123,268
Other account receivables - claim for				
litigation cases	33,600	33,600	33,600	33,600
Total	161,687	158,601	158,014	156,868
<u>Less</u> Allowance for doubtful accounts	(157,114)	(156,326)	(157,114)	(156,326)
Net	4,573	2,275	900	542
Trade and other account receivables	19,674	14,516	900	542
net				
Doubtful accounts in the year	-	-	-	-

Other account receivables - other company

Due to the Company was prosecuted for the litigation claim as sale agent of the project as discussed in Note 21, the Company recorded account receivables for the former related company as it was the owners of the land and the houses. However, such company has already discontinued its operations, the Company provided allowance for doubtful accounts at full amount.

10. INVENTORIES - NET

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Inventories in real estate business				
Cost	3,575,663	3,552,510	1,291,376	1,625,863
Less: allowance of declining value	(598,515)	(179,878)	(132,484)	(76,540)
Net	2,977,148	3,372,632	1,158,892	1,549,323
Inventories in food and beverage business	1,728	1,151	-	-
Inventories in decoration	-	96	-	-
Total	2,978,876	3,373,879	1,158,892	1,549,323

During the year ended December 31, 2016, the AQ Estate Group have following movements in real estate under development.

	In Thousand Baht	
	Consolidated	Separate
	Financial Statements	Financial Statements
Balance as at December 31, 2015	3,372,632	1,549,323
Recorded cost of construction and utility cost during the year	842,451	267,748
Borrowing costs capitalized during the year	16,051	1,927
Cost of land transfer from land held for development	96,531	-
Purchase notes during the year	4,513	-
Transferred to be cost of goods sold during the year	(951,896)	(604,161)
Write-down of merchandises recognized as a part of cost of sales during the year	(173,447)	(58,110)
Reversal of write-down inventories during the year	(229,687)	2,165
Balance as at December 31, 2016	2,977,148	1,158,892

Movements in the allowance for loss on diminution in value of projects for the year ended December 31, 2016 are summarized below.

	(In Thousand Baht)	
	Consolidated	Separate
	Financial Statements	Financial Statements
Balance as at January 1, 2016	(179,878)	(76,540)
<u>Less</u> Reversal of allowance of diminution in value of inventories	(418,637)	(55,944)
Balance as at December 31, 2016	(598,515)	(132,484)

In year 2017, the Company has hired many independent appraisers. The appraisal value appraised in real estate under development by analyzing market value and cost method and revealed that some real estate under development net book values are exceeding the appraisal value appraised. As at December 31, 2016 reversal of allowance of diminution in value of inventories amount of Baht 598.51 million in consolidated financial statements and amount of Baht 132.48 million in separate financial statements.

The AQ Estate Group have mortgaged certain land and structures thereon to secure loans as discussed in Note 22 and pledged at Court for litigation of the AQ Estate Group, of which net book values as follows:

	In Thousand Baht			
	Consolidated Financial		Separate Financial	
	Statements		Statements	
	2016	2015	2016	2015
Loans from financial institution				
(Note 22)	563,855	990,693	188,000	441,955
Pledged at Court for litigation	6,892	6,892	6,892	6,892
Total	570,747	997,585	194,892	448,847

From the current situation of the Company as discussed in Note 1 the Company's credit facilities were suspended from various financial institutions. Hence, in April 2016 the Company sold a project under development which had total cost of Baht 373 million to a non-related company amount of Baht 586 million (Consisted of selling price was Baht 444 million and advance for construction net of advance received from customer and others totaling Baht 142 million) for using as working capital of the AQ Estate group. The Company has transferred ownership to the buyer in June 2016, and the Company paid for commission expense to non - related company amount of Baht 25 million.

On April 28, 2016 and May 18, 2016, the Company has entered into the Commission Fee and the Sole Agency with a local non - related company to sell collateral land of the lawsuit as discussed in Note 1. The commission fee is 2.5% of the total agreed purchase price and the sole agent fee is 1.5% of the total agreed purchase price but not over than amount of Baht 150 million. Such company will receive the payment of those fees only when successfully sale of such land. However on June 16, 2016, this company changed the payment term of sole agent fee by asking the Company to make a payment on a monthly basis amount of Baht 1.50 million per month for 4 months since June to September 2016, totaling Baht 6.0 million. Total monthly sole agent fee is considered as a part of sole agent fee to be paid to such company.

On October 27, 2016 the company issued letter to one contractor to terminate one construction contract effective on November 1, 2016. At this present, the company does not receive any confirmation from such contractor. However, as at September 30, 2016, the Company still had a commitment with respect to the construction contract of Baht 453.41 million. On November 16, 2016, the contractor asked for a pending advance payment of Baht 80,013,403.32 (balance as at September 30, 2016) which would be treated as payments for the following items.

1. Construction works in August 2016 amount of Baht 35,867,382.16
2. Construction works in September 2016 amount of Baht 29,763,708.64
3. Accumulated retentions until September 2016 amount of Baht 11,360,420.10
4. Additional works amount of Baht 3,052,667.74

The contractor provided the details of expenses including materials, dismantling expenses, and etc. amount of Baht 23.44 million, and claimed for loss compensation amount of Baht 70.42 million. Presently, the Company is in the process of works inspection and negotiates with the contractor.

However, based on the results of works inspection, the Company will pay for Clause 2 amount of Baht 28,986,169.66 only. The pending advance will be used for net offsetting with the items in Clause 1 and 2.

For the retention noted in Clause 3 amount of Baht 11,321,543.15, the Company has not yet considered this item.

And for the additional works noted in Clause 4 amount of Baht 3,052,667.74, the Company has assigned a working team to assess the actual value of such additional works.

In addition, the board of directors had a resolution to refund reservation fees to customers who want to terminate the reservation contracts of such project.

11. DEPOSITS FOR PURCHASES OF CONDOMINIUM UNITS AND LAND - NET

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Deposits for purchases of condominium units	12,076	12,076	12,076	12,076
<u>Less</u> Allowance for doubtful account	(12,076)	(12,076)	(12,076)	(12,076)
Deposits for purchases of condominium units – net	-	-	-	-
Deposits for purchases of land	850,109	850,109	850,109	850,109
<u>Less</u> Allowance for doubtful account	(850,109)	(850,109)	(850,109)	(850,109)
Deposits for purchases of land – net	-	-	-	-
Total deposits for purchases of condominium units and land – net	-	-	-	-
Doubtful accounts in the year	-	12,076	-	12,076

During the year 2016, the Company not received the return of deposits for purchases of condominium units. At present, the Company is in the process to claim for the remaining amount.

12. ASSETS HELD FOR SALE

On September 22, 2014, a subsidiary company has entered into the sales agreement of land amount of Baht 30 million to a non related company and has already received in full which was presented as “Advance deposit from customer” in the consolidated statement of financial position as at December 31, 2015. A subsidiary has transferred such land to such buyer on January 19, 2016.

13. LAND HELD FOR DEVELOPMENT - NET

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Balance as at January 1,	590,373	244,433	158,568	158,568
Addition	1,106	305,782	-	-
Transferred In(out) from inventory (Note 10)	(96,530)	40,158	-	-
Balance as at December 31,	494,949	590,373	158,568	158,568
Allowance for declining value	(124,769)	(124,769)	(120,690)	(120,690)
Net	370,180	465,604	37,878	37,878
Write-down of merchandises recognized				
as a part of expense during the year	-	4,079	-	-

As at December 31, 2016 and 2015, the partial of land held for development at cost amount of Baht 5.02 million with net book value amount of Baht 5.02 million are pledged at the Court for litigation.

14. RESTRICTED DEPOSITS WITH BANKS

As at December 31, 2016 and 2015, the AQ Estate Group had fixed deposits with certain banks that have been pledged as collaterals for letters of guarantee issued by the banks as presented in the consolidated financial statements amount of Baht 95.47 million and Baht 144.98 million, respectively. (The separate financial statements amount of Baht 57.27 million and Baht 56.84 million, respectively.)

15. INVESTMENTS IN SHARES OF SUBSIDIARIES - NET

Investments in subsidiaries as at December 31, 2016 and 2015 were as follows:

	Paid-up	Separate Financial Statements			
	Share Capital	Percentage of Ownership		(In Thousand Baht)	
	(In Million	(%)		Cost Method	
	Baht)	2016	2015	2016	2015
Allied Technologies International Co., Ltd.	100	99.90	99.90	100,315	100,315
Thanont Property Co., Ltd.	25	99.80	99.80	23,612	23,612
AQ property management Co., Ltd.	1	99.93	99.93	1,000	1,000
AQ Marketing Services Co., Ltd.	1	99.94	99.94	1,000	1,000
AQ Village Co., Ltd.	1	99.94	99.94	999	999
Free Zone Asset Co., Ltd.	1	99.98	99.98	42,105	42,105
Aquarius Estate Co., Ltd.	54	99.99	99.99	480,998	480,998
Villa Nakarin Co.,Ltd.	270	99.99	99.99	170,232	170,232
Total				820,261	820,261
<u>Less</u> Allowance for impairment					
of investments				(820,261)	(339,696)
Net				-	480,565

During the year 2016, the Company recognized impairment loss of investment in Thanont Property Co., Ltd. Amount of Baht 23.61 million, Allied Technologies International Co., Ltd. Amount of Baht 88.03 million, Aquarius Estate Co., Ltd. Amount of Baht 198.69 million and Villa Nakarin Co.,Ltd. amount of Baht 170.23 million.

In November 2015, the Company engaged an independent financial advisor firm to perform the impairment test of goodwill, fixed assets, inventory of real estate under development for sale and investment in a subsidiary company by using Income Approach method and discounted cash flow to the present value totalling Baht 277.7 million. Subsequently in July 2016, the Company requested such independent advisor to revise the assumptions of estimated revenues and expenses. This assumption was expected that the Company shall settle the damages of the lawsuit as discussed in Note 1 within 2016 and the operation shall be continued as the business plan. The Company expected to develop 4 real estate projects during 2016 – 2020 consisted of 2 ongoing projects and 2 under consideration and planning projects. The revision present value amount of Baht 198.30 million. The AQ Estate Group recognized impairment loss on goodwill, inventory of real estate under development for sale and fixed assets in the consolidated statement of comprehensive income for the year ended December 31, 2015 amount of Baht 202.98 million, Baht 0.62 million and Baht 78.70 million, respectively.

INVESTMENT IN SUBSIDIARY (AQUARIUS ESTATE CO., LTD.)

On July 12, 2013, the Company has acquired a business of Aquarius Estate Co., Ltd. which was unanimously approved by the Board of Directors' Meeting no. 7/2013 held on June 25, 2013, from former shareholder by 85 percent of the share capital of Aquarius Estate Co., Ltd. in value of Baht 400 million. The Company has paid the shares on July 11, 2013 at amount of Baht 54 million and the rest was paid on July 19, 2013 at amount of Baht 346 million. Aquarius Estate Co., Ltd. has invested in shares in Aquarius Hotel and Resort Co., Ltd. by 100 percent of the share capital in value of Baht 1 million. As at the acquisition date, net book value of assets net from liability of indirect subsidiary company is lower than investment amount of Baht 0.28 million.

On February 11, 2014 the Company obtained additional control of Aquarius Estate Co., Ltd. (Aquarius) a real estate trading company, by acquiring 15% of the shares and voting interests in the company at total amount of Baht 81.00 million. As a result, the Group's equity interest in Aquarius increased from 85% to 99.99%. The Company paid for the shares on February 12, 2014.

Taking control of Aquarius will enable the Group to have efficiency in management control.

INVESTMENT IN SUBSIDIARY (VILLA NAKARIN CO., LTD.)

The Board of Directors' meeting No. 9/2014 held on September 26, 2014, has approved the investment in Villa Nakarin Co., Ltd. amount of 2.70 million shares, with totaling approximately amount of Baht 170 million or price per share of Baht 62.96, from its former shareholders representing 99.99% of the total paid-up shares. Costs consisted of first payment at Baht 124.06 million and the compensation from operation result afterwards the Company agreed to pay the compensation to the seller at 80% of profit after deducting cost of goods sold, selling and administrative expenses as specified in the agreement. which shall be determined when the project is completed and sold or not more than 30 months commencing from the agreement date. Due to on March 31, 2017 (At present during under negotiation extend for a while.) The management of the Company has estimated such compensation to former shareholders of at amount of Baht 46.17 million. On October 1, 2014, the Company has already paid for the shares at amount of Baht 119.79 million and recorded liabilities at amount of Baht 50.44 million and registered the transfer of shares with the Ministry of Commerce on October 6, 2014.

The Company recorded such investment as a business acquisition in the preparation of the consolidated financial statements for the year ended December 31, 2014. Subsequently to the meeting with the Office of the Securities and Exchange Commission, it was concluded that such acquisition of investment should be treated as an asset acquisition. The following summarizes the major classes of consideration transferred for such asset acquisition.

	In Thousand Baht
Cash paid	119,786
Provision for indemnity guarantee	4,278
Estimate liabilities payable to former shareholders	46,168
Total Consideration transferred	170,232

The carrying amount of assets and liabilities that consideration transferred to the Company as at the assets acquisition date are as below;

	In Thousand Baht		
	Net carrying amount as at acquisition date	Adjust valuation of purchasing price	Book value as at acquisition date
Assets			
Cash and cash equivalents	30,092	-	30,092
Other account receivables	23,102	-	23,102
Inventories	424,000	(61,477)	362,523
Other current assets	695	-	695
Assets held for sale	30,000	-	30,000
Restricted deposit with bank	4,697	-	4,697
Equipment	13	-	13
Total assets	512,599	(61,477)	451,122
Liabilities			
Trade account payables	72,760	-	72,760
Advances received from customers	30,000	-	30,000
Other current liabilities	6,250	-	6,250
Loans from financial stitution	171,880	-	171,880
Total liabilities	280,890	-	280,890
Assets net	231,709	(61,477)	170,232

16. INVESTMENT PROPERTY - NET

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2016	2015	2016	2015
Land and building - Krisada Doi	-	-	287,121	278,172
Leasehold right on warehouse - Bangkok				
Free Trade Zone	148,370	155,400	-	-
Total	148,370	155,400	287,121	278,172

The changes in net of carrying value of investment property, which presented as consolidated financial statement during the years 2016 and 2015 were as follows:

	In Thousand Baht	
	Consolidated Financial	
	Statements	
Leasehold right in warehouse - Bangkok Free Trade Zone		
At Fair value		
As at January 1, 2015		262,914
Additions		908
As at December 31, 2015		263,822
Additions		163
(Decrease)		(7,256)
As at December 31, 2016		256,729
Allowance for loss from fair value adjustment		
As at January 1, 2015		74,914
Loss from fair value adjustment for the year		33,508
As at December 31, 2015		108,422
Loss from fair value adjustment for the year		-
As at December 31, 2016		108,422
Net Book Value		
As at December 31, 2015		155,400
As at December 31, 2016		148,307

Investment property in the consolidated financial statements represented leasehold right on warehouse obtained from acquisition of Free Zone Asset Co.Ltd., As at December 31, 2016 and 2015 has fair value appraised value based on the report of an independent appraisal firm dated February 7, 2017 and January 29, 2016 by using Income Approach method using discounted cash flow to be amount of Baht 152.00 million and Baht 155.40 million respectively, by General Valuation and Consultants Co., Ltd. an independent appraiser firm. The leasehold right has remaining period of 20.5 years and 21.4 years respectively, The subsidiary company recognized loss from revaluation on such appraisal value in the consolidate statement of comprehensive income for the year ended December 31, 2016 amounting to Baht 24.86 million.

The changes in net of carrying value of investment property, which presented as Separated financial statement during the years 2016 and 2015 were as follows:

	Separate Financial Statements (In Thousand Baht)				
	Leasehold right	Freehold land	Land improvement	Assets under installation	Total
Leasehold Right on Land					
in Project Krisada Doi					
At Fair value					
As at January 1, 2015	109,098	-	4,983	45,962	160,043
Additions	-	84,479	-	43,523	128,002
Transfer in (out))109,098)	100,349	-	-	(8,749)
As at December 31, 2015	-	184,828	4,983	89,485	279,296
Additions	-	-	-	10,826	10,826
Transfer in (out)	-	-	100,311	(100,311)	-
As at December 31, 2016	-	184,828	105,294	-	290,122
Accumulated Amortization					
As at January 1, 2015	6,444	-	620	-	7,064
Amortization charge for the year	2,305	-	504	-	2,809
Transfer out	(8,749)	-	-	-	(8,749)
As at December 31, 2015	-	-	1,124	-	1,124
Amortization charge for the year	-	-	1,877	-	1,877
Transfer out	-	-	-	-	-
As at December 31, 2016	-	-	3,001	-	3,001
Allowance for Impairment Loss					
As at January 1, 2015	-	-	-	-	-
Write-off	-	-	-	-	-
As at December 31, 2015	-	-	-	-	-
and 2016	-	-	-	-	-
Net Book Value					
As at December 31, 2015	-	184,828	3,859	89,485	278,172
As at December 31, 2016	-	184,828	102,293	-	287,121

17. PROPERTY, PLANT AND EQUIPMENT - NET

Consolidated Financial Statements (In Thousand Baht)

	Land	Buildings and building improvements	Sport club and others	Furniture, fixtures and office equipment and vehicles	Asset under installation	Total
Cost						
As at January 1, 2015	148,493	461,174	25,784	140,643	52,301	828,395
Additions	84,479	8,217	716	19,741	218,047	331,200
Transferred from leasehold right						
- Krisadadoi (Note 16)	94,210	-	-	-	-	94,210
Transfer in (out)	-	6,741	877	1,810	(9,428)	-
Disposals	-	-	-	(8,273)	-	(8,273)
As at December 31, 2015	327,182	476,132	27,377	153,921	260,920	1,245,532
Additions	-	8,519	-	18,202	230,892	257,613
Transfer in (out)	(32,077)	278,405	-	44,321	(331,690)	(41,041)
Disposals	-	(7,182)	-	(3,121)	-	(10,303)
As at December 31, 2016	295,105	755,874	27,377	213,323	160,122	1,451,801
Accumulated Depreciation						
As at January 1, 2015	-	118,556	12,512	88,602	-	219,670
Depreciation charge for the year	-	20,757	1,040	16,892	-	38,689
Disposals	-	-	-	(6,025)	-	(6,025)
As at December 31, 2015	-	139,313	13,552	99,469	-	252,334
Depreciation charge for the year	-	22,552	1,083	23,116	-	46,751
Transfer in (out)	-	19	-	(19)	-	-
Disposals	-	(2,410)	-	(2,698)	-	(5,108)
As at December 31, 2016	-	159,474	14,635	119,868	-	293,977

Consolidated Financial Statements (In Thousand Baht)

		Buildings and	Sport club	Furniture, fixtures and office equipment and vehicles	Asset under installation	Total
	Land	building improvements	and others			
Allowance for Impairment						
As at December 31, 2015	-	78,700	-	5,248	-	83,948
(Reversal of) impairment loss during the year	-	-	-	(1,295)	-	(1,295)
As at December 31, 2016	-	78,700	-	3,953	-	82,653
Net Book Value						
Owned assets	327,182	258,119	13,825	37,598	260,920	897,644
Assets under finance lease	-	-	-	11,606	-	11,606
As at December 31, 2015	<u>327,182</u>	<u>258,119</u>	<u>13,825</u>	<u>49,204</u>	<u>260,920</u>	<u>909,250</u>
Owned assets	295,105	517,700	12,742	75,882	160,122	1,061,551
Assets under finance lease	-	-	-	13,620	-	13,620
As at December 31, 2016	<u>295,105</u>	<u>517,700</u>	<u>12,742</u>	<u>89,502</u>	<u>160,122</u>	<u>1,075,171</u>

Separated Financial Statements (In Thousand Baht)

	Land	Buildings and improvements	Sport club and others	Furniture, fixtures and office equipment and vehicles	Asset under installation	Total
Cost						
As at January 1, 2015	6,754	65,071	25,463	54,878	3,761	155,927
Additions	-	853	716	5,604	3,857	11,030
Transfer in (out)	-	6,741	877	-	(7,618)	-
Disposals	-	-	-	(29)	-	(29)
As at December 31, 2015	6,754	72,665	27,056	60,453	-	166,928
Additions	-	1,811	-	1,120	-	2,931
Transfer in (out)	-	-	-	-	-	-
Disposals	-	(7,182)	-	(1,065)	-	(8,247)
As at December 31, 2016	6,754	67,294	27,056	60,508	-	161,612
Accumulated Depreciation						
As at January 1, 2015	-	54,677	12,453	40,673	-	107,803
Depreciation charge for the year	-	2,255	975	3,865	-	7,095
Disposals	-	-	-	(29)	-	(29)
As at December 31, 2015	-	56,932	13,428	44,509	-	114,869
Depreciation charge for the year	-	2,263	1,019	4,520	-	7,802
Disposals	-	(2,410)	-	(924)	-	(3,334)
As at December 31, 2016	-	56,785	14,447	48,105	-	119,337
Net Book Value						
Owned assets	6,754	15,733	13,628	11,112	-	47,227
Assets under finance lease	-	-	-	4,832	-	4,832
As at December 31, 2015	6,754	15,733	13,628	15,944	-	52,059
Owned assets	6,754	10,509	12,609	8,865	-	38,737
Assets under finance lease	-	-	-	3,538	-	3,538
As at December 31, 2016	6,754	10,509	12,609	12,403	-	42,275

As at December 31, 2016, and 2015 the net carrying amount of Krisada Doi project in the consolidated statement of financial position amounted to totaling Baht 481.73 million and Baht 394.48 million and in the separate statement of financial position presented as investment property amounted to Baht 287.12 million and Baht 278.2 million respectively.

Then in April 2017, the Company engaged an independent appraiser to re-appraise this project with the income approach method and then discounted to present value to be Baht 520 million.

Such appraisal was based on the following assumptions;-

- ☐ Ability of property to generate income over the period of 10 years based on financial projection of investment period to discounted cash flow.
- ☐ Occupancy rate from 1st year to 11th year which determined at 40% - 60% based on the Tourism Industry.
- ☐ Discounted rate at 11% which refers from return on investment in government bond terms 10 years with risk premium in Hotel business.
- ☐ Terminal value at the year ended of 10th year at the return of 10% from net cash flow of 11th year.
- ☐ Other assumptions relevant to estimated revenues and expenses.

The management of the Company has expected that this project is worth for investment and has no any impairment indication. This project has already been opened July 2016. The Company, however, did not recognize gain on adjustment of fair value in investment property because currently the project has just operated, financial institutions have temporarily suspended all credit facilities and material uncertainty about ability of the Company to continue its operation as a going concern as discussed in Note 1. These factor may have significant negative effects to this project, hence, there was material uncertainties of fair value measurement of these assets at the present.

In July 2016, the subsidiary company engaged an independent appraiser to appraise the Shasa Retreat Hotel project, which started to be developed in 2015, using the income approach and residual method and noted that the appraisal value was higher than the carrying amount the board of directors meeting No 12/2016 dated October 13, 2016 acknowledged that the company will terminate the management agreement of Shara project with the owner.

As at December 31, 2016 and 2015 certain building and equipment items of the Company have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amount to Baht 97.06 million and Baht 97.44 million respectively, (The AQ Estate Group: Baht 114.30 million and Baht 112.13 million, respectively).

Certain vehicles of the AQ Estate Group are under finance lease contracts as discussed in Note 23

18. LEASEHOLD RIGHTS - NET

The change in net carrying value of leasehold rights for the each of years ended December 31, 2016 and 2015 were as follows:

	In Thousand Baht
	Consolidated
	Financial Statements
Cost	
As at January 1, 2015	361,776
Additions	28,890
Transferred to be cost of fixed assets - Krisada Doi (Note 17)	(102,424)
As at December 31, 2015	288,242
Additions	10,000
As at December 31, 2016	298,242
Accumulated Amortization	
As at January 1, 2015	22,927
Amortization charge for the year	13,154
Transferred to be cost of fixed assets – Krisada Doi (Note 17)	(8,214)
As at December 31, 2015	27,867
Amortization charge for the year	7,425
As at December 31, 2016	35,292
Allowance on Impairment	
As at December 31, 2015	143,730
Impairment loss during the year	-
As at December 31, 2016	143,730
Net Book Value	
As at December 31, 2015	116,645
As at December 31, 2016	119,220

As at December 31, 2016 and 2015, leasehold rights consisted of:

	In Thousand Baht	
	Consolidated Financial Statements	
	2016	2015
Leasehold rights of land		
A) Leasehold right of land in Koh Larn, Chonburi	87,439	80,700
B) Leasehold right of land in project the Malibu Beach Resort - Koh Samui	23,112	26,964
C) Leasehold right of land in project Shasa Retreat Hotel (Note 17)	8,669	8,981
Total	119,220	116,645

The indirect subsidiary company holds leasehold right of land approximately 81 Rais in Koh Larn, Chonburi for resort business for the remaining period 27 years at book value of Baht 248 million. Based on the appraisal report of independent appraiser in July 2013, Brooke Real Estate Co., Ltd., the appraised value of leasehold right is Baht 275 million. And the second method which is Income Approach As the limitation of land cost information, the independent appraiser determined that Income Approach method is appropriate. This method is calculated basing on the discounted cash flow of the revenues for the period of leasehold right with additional investment cost to develop as resorts which no revenue generated in the 1st and 2nd years (as the project is under resort construction). On May 4, 2016 The Company entered into the contract with non-related party to transfer a leasehold right of beach front amounting to Baht 10 million. The hold management contract requires the company to provide beach front area for hotel customer. Then the company complied to the contract. At The present is in transferring process. On February 5, 2015 the indirect subsidiary company entered into Letter of intent with a foreign company for entering into a hotel management agreement.

However on March 24, 2016, such foreign company postponed to enter into a hotel management agreement until the Stock of Exchange of Thailand lifts its suspension of trading of the Company's shares. This matter caused the project has been suspended. on September 22, 2016 then refunded deposit payment of us 60,000 dollars. The Indirect subsidiary recorded loss on deposit of Baht 2.04 million. In March 2017, the indirect subsidiary company has engaged an independent appraiser to re-appraised the leasehold right, using Income Approach on Profit Rent Method determined by renting such leasehold right at the market rental rate, discounted to present value to be Baht 79.40 million. Such appraisal was based on the assumptions that the Company's the credit facilities were suspended from various financial institutions and there were material uncertainties about the Company's ability to continue to develop the project as planned as discussed in Note 1(A). The market information of comparative land was not have the same area as the Company and there was no historical rental rate to compare. The discounted rate was determined at 12% referred to return from investment in government bond terms 23.3 years plus risk premium in investment in assets. The AQ Estate Group recognized the impairment loss on such leasehold right in the consolidated statement of comprehensive income for the year ended December 31, 2016 amounting to Baht 143.70 million.

On July 3, 2015 a subsidiary company entered into transferring leasehold right on land and structure thereon with a non related person for hotel business for period of 7 years and 6 months at amount of Baht 28.90 million as discussed in Note 32.

19. INTANGIBLE ASSETS - NET

	Consolidated Financial Statements (In Thousand Baht)			
	Software licences	Franchise contract	Assets under installation	Total
Cost				
As at January 1, 2015	734	-	4,023	4,757
Additions	1,942	1,000	1,196	4,138
Transfer in (out)	4,601	-	(4,601)	-
As at December 31, 2015	7,277	1,000	618	8,895
Additions	330	-	-	330
As at December 31, 2016	7,607	1,000	618	9,225
Accumulated Amortization				
As at January 1, 2015	206	-	-	206
Amortization charge for the year	1,276	53	-	1,329
As at December 31, 2015	1,482	53	-	1,535
Amortization charge for the year	1,489	206	-	1,695
As at December 31, 2016	2,971	259	-	3,230
Net Book Value				
As at December 31, 2015	5,795	947	618	7,360
As at December 31, 2016	4,636	741	618	5,995

	Separate Financial Statements (In Thousand Baht)		
	Software licences	Assets under installation	Total
Cost			
As at January 1, 2015	-	4,023	4,023
Additions	-	578	578
Transfer in (Out)	4,601	(4,601)	-
As at December 31, 2015	4,601	-	4,601
Additions	-	-	-
As at December 31, 2016	4,601	-	4,601
Accumulated Amortization			
As at January 1, 2015 and as at December 31, 2015	894	-	894
Amortization charge for the year	923	-	923
As at December 31, 2016	1,817	-	1,817
Net Book Value			
As at December 31, 2015	3,707	-	3,707
As at December 31, 2016	2,784	-	2,784

On September 25, 2015, the subsidiary company has entered into the development agreement with Pizza 31 Co., Ltd. which will grant the subsidiary company the exclusive development right and operating right to carry on the trademark "Pepina" business in Koh-Samui, Surathani Province, Thailand. In consideration thereof, the Company will be charged the following:

- The development right in a sum of Baht 1 million plus value added tax. The Company already paid the development fee to Pizza 31 Co., Ltd. in 2015.
- The outlet opening right fee in a sum equivalent to Baht 600,000 per outlet and such outlet is available to opening only in Koh-Samui.
- The service fee for each monthly accounting period in a sum amount equivalent to 6% of the gross network revenue.

The term of development right shall be effective for 5 years starting on September 25, 2015. The term of operating right, in respect of each outlet, is for a period of 5 years from the date of such outlet is approved to operate by Pizza 31 Co., Ltd.

Such development and operating rights can be automatically extended for subsequent periods of 5 years each if the Company gives the written notice of such desire to Pizza 31 Co., Ltd. no less than 6 months prior to the expiry date.

20. DEFERRED INCOME TAX ASSETS AND LIABILITY

Income tax income (expenses) for each of the years ended December 31, 2016 and 2015 consisted of:

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2016	2015	2016	2015
Income tax expense - current tax	-	-	-	-
Tax effects from deferred income tax				
of temporary differences				
- Loss carry forward	3,146	(13,936)	-	-
- Unrealized gain on revaluation				
of short-term investment	125	(125)	-	-
- Inventory	-	(950)	-	-
- Estimate compensate for housing				
estate juristic	73	23	-	-
- Customer down payments	-	(1,002)	-	-
- Investment property	-	(1,722)	-	-
- Property, plant and equipment	266	17,202	-	-
Income tax income (expense)	3,610	(510)	-	-

Reconciliations between income tax income (expense) and accounting loss multiplied by the applicable tax rate for each of the years ended December 31, 2016 and 2015 are as follows:

	In Thousand Baht			
	Consolidated Financial		Separated Financial Statements	
	Statements			
	2016	2015	2016	2015
Accounting loss before tax	(3,748,119)	(2,216,304)	(3,936,605)	(2,305,656)
Income tax rate at 20%	749,624	443,261	787,321	461,131
Add (less) : Tax effect of exempted income and non-deductible expenses	(52,365)	26,058	(62,943)	(37,129)
Unrecognition of deferred income tax assets	(693,649)	(469,829)	(724,378)	(424,002)
Income tax income (expense)	3,610	(510)	-	-

The details of deferred income tax assets and liability as at December 31, 2016 and 2015 are as follows:

Consolidated Financial Statements (In Thousand Baht)				
	(Charged) / Credited to			
			Other	
	December 31,	Loss	comprehensive	December 31,
	2015	for the year	income	2016
			for the year	
Deferred income tax assets				
- Loss carry forward	4,700	3,146	-	7,846
- Unrealized gain on revaluation of short-term investment	(125)	125	-	-
- Estimate compensate for housing estate juristic	300	73	-	373
- Employee benefit retirement obligation	6	-	-	6
Total	4,881	3,344	-	8,225
Deferred income tax liability				
- Property, plant and equipment	(3,119)	266	-	(2,853)

Unrecognized Deferred Income Tax Assets

As at December 31, 2016 and 2015, the AQ Estate Group did not recognize deferred income tax assets from loss carry forward and certain temporary differences totaling Baht 1,766.12 million and Baht 1,079.20 million, respectively (for the separate amount of Baht 1,638.59 million and Baht 914.20 million, respectively) since it is not probable that future taxable profit will be available against which the AQ Estate Group and the Company can utilize the benefit therefore.

21. PROVISION FOR LITIGATION

On December 17, 2009, the Court of First Instance passed a verdict ordering the Company to compensate for the claim amount together with interest of approximately as at December 31, 2016 and 2015 amount of Baht 26.07 million and Baht 26.58 million, respectively for breaching of the sale and purchase land and land development contract and the house building contract. (Interest that calculated up to December 31, 2016 and 2015 was Baht 15.60 million and Baht 15.57 million, respectively). On March 1, 2012 the Appeal Court made a verdict as the Court of First Instance. The case is in process of considering by the Supreme Court.

As discussed in Note 1, on November 16, 2015, the Board approved the management of the Company estimated compensation on such damage and recorded in the consolidated and separate statements of comprehensive income for the year ended December 31, 2015 at amount of Baht 1,630.50 million (net of the collateral value). As the actual compensation will substantially depend on the Company's ability to sell such collateral land at the estimated price. During of 2016 the company recorded additional permutation of Baht 3,056.20 million per selling this pledged land.

22. LOANS CONSIDERED AS DEFAULT, LIABILITIES UNDER DEBT RESTRUCTURING AND LONG - TERM LOANS - NET

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial statements	
	2016	2015	2016	2015
<u>Liabilities under debt restructuring agreements</u>	992	972	992	972
<u>Less</u> Current portion of liabilities under debt restructuring agreements	(992)	(972)	(992)	(972)
Long - term liabilities under debt restructuring agreements - net	-	-	-	-
<u>Long - term loans</u>	189,358	205,721	30,000	33,841
<u>Less</u> Amortization of deferred loan arrangement fee	(3,282)	(3,820)	(3,282)	(3,820)
	186,076	201,901	26,718	30,021
<u>Less</u> Loans considered as default	(26,718)	(30,021)	(26,718)	(30,021)
Current portion of long - term loans	(119,358)	(171,880)	-	-
Net	40,000	-	-	-

Movements in the loans considered as default, liabilities under debt restructuring and long - term loans for the year ended December 31, 2016 are summarized below:

	In Thousand Baht	
	Consolidated	Separate
	Financial Statements	Financial Statements
Balance as at January 1, 2016	202,873	30,993
Increase	40,559	559
Decrease (Repayment)	(56,364)	(3,842)
Balance as at December 31, 2016	187,068	27,710

During the year 2015, the AQ Estate Group and the Company obtained an additional credit facilities from certain local financial institutions of Baht 1,694.70 million and Baht 1,644.70 million, respectively, which will be repayable between 2.5 to 5 years and certain loans shall be repayable when release a mortgage. As at December 31, 2015, the Company drew down such loan of Baht 30 million.

As at December 31, 2016 and 2015, the AQ Estate Group's credit facilities bear interest at the rates ranging between MLR+0.25% to MLR+0.5% and MLR+0.25% to MLR+0.5% per annum, respectively.

23. LIABILITIES UNDER FINANCE LEASE CONTRACTS - NET

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial statements	
	2016	2015	2016	2015
Liabilities under finance lease contracts	7,969	6,858	1,842	2,895
<u>Less</u> Deferred interest	(418)	(438)	(69)	(166)
	7,551	6,420	1,773	2,729
<u>Less</u> Current portion of liabilities				
under finance lease	(3,414)	(2,390)	(997)	(956)
Net	4,137	4,030	776	1,773

The Company has entered into various finance lease contracts with two local companies for purchasing of certain assets as discussed in Note 17. These contracts are repayable in 48 equal monthly installments.

24. PROVISION FOR EMPLOYEE RETIREMENT BENEFIT

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial statements	
	2016	2015	2016	2015
Provision for employee retirement benefit as at January 1,	4,077	4,118	3,508	2,857
Current service costs	208	558	147	510
Interest expense	80	162	68	141
Reversal of provision during the year	-	(761)	-	-
Actuarial (gain) loss	3,110	-	3,510	-
Payment of employee benefits	(3,759)	-	(3,759)	-
Provision for employee retirement benefit as at December 31,	3,716	4,077	3,474	3,508

Expenses recognized in the loss for each of the years ended December 31, 2016 and 2015 and as follows;

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial statements	
	2016	2015	2016	2015
Current service costs	208	558	147	510
Interest expense	80	162	68	141
Reversal of provision during the year	-	(761)	-	-
Provision for employee retirement benefit	288	(41)	215	651

Actuarial assumptions for each of the years ended December 31, 2016 and 2015 are as follows;

	Consolidated Financial	Separate Financial
	Statements	Statements
Discount rate	2.20 - 3.40%	2.20%
Future salary increase rate	6.25%	6.25%
Employee turnover rate	25 - 67%	25 - 67%
Mortality rate	Thai Mortality Table Year 2008	Thai Mortality Table Year 2008

25. SHARE CAPITAL, DISCOUNT ON COMMON SHARE AND STOCK WARRANTS

1. Authorized share capital, Issued and paid - up share capital

1.1 According to the resolution of General Meeting of shareholders for year 2014 of the Company on April 24, 2014 approved a decreased in capital by reducing the par value of Baht 20 per share to Baht 0.50 per share to reduce the discount of share capital and the accumulated deficit and approve the amendment of the Memorandum of Association to comply with the decreasing of resisted capital and register with the Department of Business Development, Ministry of Commerce of March 3, 2015.

1.2 The Annual General Meeting of Shareholders for the year 2015 held on April 20, 2015, the meeting resolved the resolution to

a) Decreased the authorized capital from Baht 8,160.22 million (16,320.44 million shares, at Baht 0.50 per share) to be Baht 8,109.55 million (16,219.10 million shares, at Baht 0.50 per share).

b) Increased the authorized capital amount of Baht 3,549.63 million from Baht 8,109.55 million (16,219.10 million shares, at Baht 0.50 per share) to be Baht 11,659.18 million (23,318.36

million shares, at Baht 0.50 per share) by issuing new ordinary shares totaling 7,099.26 million shares, at Baht 0.50 per share.

c) To allocate newly issued ordinary shares as following:

- ☐ General Mandate amount not exceed 3,000 million shares, Baht 0.50 par value for offering to the existing shareholders in the proportion.
- ☐ Total amount not exceed 99.26 million shares, Baht 0.50 par value for reserve to adjust the additional right as warrant that will purchase (AQ-W2 total 25.77 million shares and AQ-W3 total 73.48 million shares)
- ☐ Total amount not exceed 4,000 million shares, Baht 0.50 par value both full amount or any part in the same time or different time to private placement investors and/or institutional investors of private placement in the offering price not less than 90 % of market price but the offering price not less than Baht 0.50 per share In addition, the Board of Directors or the people who is assigned by the Board of Directors are able to consider the allocation of newly issues common shares as mentioned above.

1.3 On July 15, 2015, the Company registered the change in paid-up capital to increase from the original amount of 8,614 shares, which made paid-up capital to be Baht 6,336,985,976.50, (divided into ordinary shares 12,673,971,953 shares at Baht 0.50 par value).

1.4 On June 6, 2016, the Company registered the change in paid-up capital to increase from the original amount of 711,582 shares, which made paid-up capital to be Baht 6,337,341,767.50, (divided into ordinary shares 12,674,683,535 shares, at the par value of Baht 0.50).

2. Warrants

2.1 Warrants of the Company 1,030,912,398 units, total number of warrants (AQ-W2) issued by the Company is 1,030,899,500 units on June 20, 2012. The warrants were registered as listed securities in the stock exchange of Thailand ("SET") on July 16, 2012. The warrants are in registered form and transferable. The terms of the warrants is not exceed to three years from the date of issuing the warrants No.2 (June 20, 2012) and warrants can be exercised in every three-month which will be on last working day of March, June, September and December of each year, the first exercise date will be September 28, 2012 and the last exercise date will be June 19, 2015.

On September 16, 2014, the Company amended of the exercise price of warrant (AQ-W2). Because of the change in par value of common share Baht 10 to Baht 20.

- ☐ Old ratio: The warrant No. 2 (AQ-W2) 1 Unit has the right to purchase 1 common share (1:1:1) exercise price 1 Baht per 1 common share.
- ☐ New Ratio: The warrant No. 2 (AQ-W2) 1 Unit has the right to purchase 0.918 common share (1:0.918:1) exercise price Baht 1.090 per 1 common share.

2.2 Warrants of the Company 2,624,626,283 units, total number of warrants (AQ-W3) issued by the Company is 2,624,546,758 units on May 20, 2013. The warrants were registered as listed securities in SET on June 24, 2013. The warrants are in registered form and transferable. The term of the warrants is equal to three years and warrants have no exercise price. The warrants can be exercised in every one year which will be on last working day of December of each year, the first exercise date will be December 30, 2013 and the last exercise date will be May 19, 2016.

Warrants of the Company 2,624,626,283 units, warrants shall be offered to the existing shareholders and existing shareholders who subscribe for as follows:

- ☐ The rights of existing shareholders in the ratio of 10 shares per 1 unit of warrant (AQ-W3) total 211,176,828 units, with free of charge. The one unit of warrant is exercisable to purchase one share of common stock at a par value of Baht 0.60.
- ☐ The right of existing shareholders who subscribe to newly issued shares in the ratio of 7 new shares to 4 warrants total of 2,413,449,455 units, with free of charge. The one unit of warrant is exercisable to purchase one share of common stock at a par value of Baht 0.60.
- ☐ New Ratio: 1 Unit has the right to purchase 1.028 common share (1:1.028:1) exercise price Baht 0.584 per 1 common share.

2.3 Warrants (AQ-W2) have number of warrant holder's application 1 person, number of exercised warrants 9,384 units, the remaining warrants have not been exercised were 1,030,890,116 units, number of share derived from this exercise 8,614 shares, number of remaining share reserved for warrants 946,286,216 shares. The warrants (AQ-W2) that have not exercised in full amount as above will be terminated on June 20, 2015 from the registered securities.

2.4 Warrants (AQ-W3) have number of warrant holder's application 27 persons, number of exercised warrants 692,209 units, the remaining warrants not yet been exercised were 2,697,322,486 units, number of share derived from this exercise 711,582 shares, number of remaining share reserved for warrants 2,697,393,397 shares. The warrants (AQ-W3) that have not exercised in full amount as above will be terminated on May 20, 2016 from the registered securities.

26. OTHER INCOME

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial statements	
	2016	2015	2016	2015
Gain on sales of short-term investments				
for trading	3,597	20,953	21	18,518
Unrealized gain(loss) of short-term				
investments	(32)	2,224	(32)	7
Rental income	5,755	4,033	10,971	3,425
Revenue from cancellation contract	406	4,243	284	2,187
Revenue from sale of merchandises				
in convenient store	13,010	11,113	-	-
Reversal of debt forgiveness	-	8,139	-	-
Others	41,191	27,558	29,061	6,295
Total	63,927	78,263	40,305	30,432

27. EXPENSES BY NATURE

Significant expenses by nature for each of the years ended December 31, 2016 and 2015 are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial statements	
	2016	2015	2016	2015
Change in costs of property development	395,485	(47,409)	390,431	(85,000)
Subcontractor wages	959,545	1,105,880	280,501	563,520
Advertisement and sales expenses	142,780	159,494	94,634	89,018
Salary and other benefits of staffs	119,133	186,162	69,725	81,873
Premises and equipment expenses	37,807	46,762	11,876	13,078
Depreciation and amortization	46,005	53,172	10,600	10,798
Doubtful debts	30,685	13,710	484,778	367,067
Impairment loss of investments in subsidiaries	-	-	480,565	314,034
Impairment loss of goodwill	-	202,981	-	-
Impairment loss of leasehold rights	-	143,730	-	-
Loss reserve for litigation claim	3,057,273	1,631,743	3,057,237	1,631,672
Impairment loss of land held for development	-	4,079	-	-
Impairment loss of fixed assets	-	77,408	-	-
Impairment loss of investment property	-	33,508	-	-
Other expenses	115,110	140,041	38,628	47,939
Total	4,903,823	3,751,261	4,918,975	3,033,999

28. REGISTERED PROVIDENT FUND

The Company has established a contributory registered provident fund in accordance with the Provident Fund Act B.E. 2530 based on the approval from the Securities and Exchange Commission Thailand in 2003. Under the plan, members contribute to the fund at 5% of the employees' basic salaries. The Company contributes to the fund at 5% of the employees' monthly salaries, depending on the length of employment. The Company appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Ministerial Regulation No. 2 (B.E. 2532) issued under the Provident Fund Act B.E. 2530.

The Company's contribution for the years 2016 and 2015, which was charged to the consolidated statements of comprehensive income, amounted to Baht 2.72 million and Baht 3.10 million, respectively. (The Company amounted to Baht 2.01 million and Baht 2 million, respectively).

29. BASIC LOSS PER SHARE

Basic earnings per share for year ended December 31, 2016 and 2015 were based on the profit for the year attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the periods of each years as follows:

	(Thousand shares)			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Gain (loss) attributable to equity holders of the Company (basic)	(3,744,509)	(2,216,814)	(3,936,605)	(2,305,656)
Number of ordinary shares as at January 1,	12,673,972	12,673,963	12,673,972	12,673,963
Effect of shares issued and the changes in par values of during years	406	4	406	4
Weighted average number of ordinary shares outstanding (basic)	12,674,378	12,673,967	12,674,378	12,673,967
Gain per share (basic) (in Baht per share)	(0.2954)	(0.1749)	(0.3106)	(0.1819)
Par value (Baht per share)	0.50	0.50	0.50	0.50

Diluted loss per share

The Company did not calculate diluted loss per share for each of the years ended December 31, 2016 and 2015 because the average fair value of an ordinary share is lower than the exercised price of warrant.

30. DISCLOSURE OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash and cash equivalents, short-term investments, trade and other account receivables, restricted deposits with banks, loans to subsidiaries, long-term loan to other, interest receivables from subsidiaries, trade and other account payables, customer down payments, retention payables, current portion of long-term liabilities under debt restructuring agreements, loans considered as default, long-term loans from financial institutions, liabilities under finance lease contracts, and accrued interest. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies in Note 5.

Liquidity Risk

Liquidity risk arises from the problem in raising funds adequately and in time to meet commitments as indicated in the consolidated financial statements. From the current situation, as described in Note 1 indicates that the AQ Estate Group may suffer from liquidity problems.

Foreign Currency Risk

The AQ Estate Group do not have commercial transactions in foreign currency, giving rise to exposure risk from changes in foreign exchange rates.

Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter party to settle their financial and contractual obligations to the AQ Estate Group as and when they fall due. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. Management does not anticipate material losses from its debt collection.

Interest Rate Risk

Interest rate risk arises from the fluctuation of market interest rates, which may have an impact to current and future operations of the AQ Estate Group. The AQ Estate Group's exposure to interest rate risk relates primarily to their cash and cash equivalents, restricted deposits with banks, loans to subsidiaries and interest receivable, loan to other, long - term liabilities under debt restructuring agreements, loans considered as default, loans from financial institutions, and liabilities under finance lease contracts, which bear interest. However, since financial assets and liabilities bear floating interest rates which are close to the market rates. The management considers that the interest rate risk is minimal, hence, the AQ Estate Group has no hedging agreement to protect against such risk.

Significant financial assets and liabilities as at December 31, 2016 and 2015, classified by type of interest rates are summarized in the table below:

2016 Consolidated Financial Statements (In Thousand Baht)							
	Fixed interest rates				Non- interest bearing	Total	Effective interest rates (% p.a.)
	Within 1 year	1- 5 years	Over 5 years	Floating interest rate			
Financial assets							
Cash and cash equivalents	-	-	-	63,716	14,422	78,138	0.375
Short-term investments	-	-	-	50,000	193,988	243,988	2 - 2.50
Trade and other account receivables and advances	-	-	-	-	19,674	19,674	-
Advance payment to contractors	-	-	-	-	66,906	66,906	-
Restricted deposits with banks	-	-	-	95,467	-	95,467	0.875 - 2.50
Loan to third party	-	-	-	-	-	-	-
Total	-	-	-	209,183	294,990	504,173	
Financial liabilities							
Trade and other account payables	-	-	-	-	49,395	49,395	-
Customer down payments	-	-	-	-	16,568	16,568	-
Retentions payable	-	-	-	-	84,459	84,459	-
Long - term liabilities under debt restructuring agreements	-	-	-	992	-	992	3
Loans considered as default	-	-	-	26,718	-	26,718	6.25 - 6.525
Liabilities under finance lease contracts	3,414	4,137	-	-	-	7,551	3.8 - 6.67
Long - term loans	-	-	-	159,358	-	159,358	7.25 - 7.5
Total	3,414	4,137	-	187,068	150,422	345,041	

2015 Consolidated Financial Statements (In Thousand Baht)

	Fixed interest rates						
	Within	1- 5	Over	Floating	Non-		Effective
	1 year	years	5 years	interest rate	interest bearing	Total	interest rates
							(% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	60,041	14,623	74,664	0.10 - 0.50
Short-term investments	-	-	-	50,000	395,155	445,155	2.50
Trade and other account							
receivables and advances	-	-	-	-	14,516	14,516	-
Advance payment to contractors	-	-	-	-	324,229	324,229	-
Restricted deposits with banks	-	-	-	144,981	-	144,981	0.80 - 2.50
Loan to third party	-	30,085	-	-	-	30,085	2
Total	-	30,085	-	255,022	748,523	1,033,630	
Financial liabilities							
Trade and other account							
payables	-	-	-	-	103,053	103,053	-
Customer down payments	-	-	-	-	120,532	120,532	-
Retentions payable	-	-	-	-	69,001	69,001	-
Long - term liabilities under debt							
restructuring agreements	-	-	-	972	-	972	3
Loans considered as default	-	-	-	30,021	-	30,021	7.5 - 7.75
Liabilities under finance lease							
contracts	2,390	4,030	-	-	-	6,420	4.2 - 6.67
Long - term loans	-	-	-	171,880	-	171,880	7.5
Total	2,390	4,030	-	202,873	292,586	501,879	

	2016 Separate Financial statements (In Thousand Baht)						
	Fixed interest rates				Non-		Effective
	Within	1- 5	Over	Floating	interest		interest rates
	1 year	years	5 years	interest rate	bearing	Total	(% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	6,317	338	6,655	0.375
Short-term investments	-	-	-	-	193,988	193,988	-
Trade and other account							
receivables and advances	-	-	-	-	404,154	404,154	-
Accrued interest income from							
subsidiaries - net	-	-	-	-	504,763	504,763	-
Advance payment to contractors	-	-	-	-	29,362	29,362	-
Restricted deposits with banks	-	-	-	57,273	-	57,273	1.1 - 2.50
Loan to subsidiary companies - net	-	-	-	2,445,519	-	2,445,519	6.75
Total	-	-	-	2,509,109	,132,605	3,641,714	
Financial liabilities							
Trade and other account							
payables	-	-	-	-	156,143	156,143	-
Customer down payments	-	-	-	-	1,868	1,868	-
Retentions payable	-	-	-	-	28,547	28,547	-
Long - term liabilities under debt							
restructuring agreements	-	-	-	992	-	992	3
Loans considered as default	-	-	-	26,718	-	26,718	6.25 – 6.525
Liabilities under finance lease							
contracts	997	776	-	-	-	1,773	4.20
Total	997	776	-	27,710	186,558	216,041	

2015 Separate Financial statements (In Thousand Baht)							
	Fixed interest rates				Non- interest bearing	Total	Effective interest rates (% p.a.)
	Within 1 year	1- 5 years	Over 5 years	Floating interest rate			
Financial assets							
Cash and cash equivalents	-	-	-	2,475	970	3,445	0.375 – 0.50
Short-term investments	-	-	-	-	504	504	-
Trade and other account receivables and advances	-	-	-	-	375,756	375,756	-
Accrued interest income from subsidiaries - net	-	-	-	-	366,023	366,023	-
Advance payment to contractors	-	-	-	-	172,736	172,736	-
Restricted deposits with banks	-	-	-	56,839	-	56,839	1 – 2.50
Loan to subsidiary companies - net	-	-	-	2,839,750	-	2,839,750	6.75
Total	-	-	-	2,899,064	915,989	3,815,053	
Financial liabilities							
Trade and other account payables	-	-	-	-	223,409	223,409	-
Customer down payments	-	-	-	-	61,935	61,935	-
Retentions payable	-	-	-	-	28,465	28,465	-
Long - term liabilities under debt restructuring agreements	-	-	-	972	-	972	3
Loans considered as default	-	-	-	30,021	-	30,021	7.75
Liabilities under finance lease contracts	956	1,773	-	-	-	2,729	4.20
Total	956	1,773	-	30,993	313,809	347,531	

Fair Value of Financial Instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction. The following methods and assumptions are used to estimate the fair value of each class of financial instruments by AQ Estate Group.

The fair value of cash and cash equivalents, restricted deposits with banks - the aggregate carrying values are insignificantly different from their aggregate fair value because these financial assets have floating interest rates, which approximate market rates.

Trade and other account receivables, - the carrying value approximate their fair values due to the relatively short-term maturity of these financial assets.

Current portion of long-term liabilities under debt restructuring agreements, loans considered as default, - the carrying values approximate their fair values because these financial liabilities have floating interest rate, which approximate market rates.

Trade and other account payables, customer down payments, retention payables - the carrying value approximate their fair values due to the relatively short-term maturity of these financial liabilities.

Long-term loans financial institutions - the carrying values approximate their fair values because these financial liabilities have floating interest rates, which approximate market rates.

Liabilities under finance lease contracts carrying interest at fixed rates - the fair value could not be calculated appropriately because the market floating rate could not be determined.

Loans to subsidiaries and third party and accrued interest income - fair value cannot be reliable estimated since the specific repayment term is not known.

31. OPERATING SEGMENTS

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the Board of Directors in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the AQ Estate Group is organized into business units based on their businesses and has 4 reportable segments as follows:

- 1) Property development low rise
- 2) Property development high rise
- 3) Services
- 4) Property rental and service

AQ Estate Group operates in Thailand only as a result, all of the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

The Board of Directors monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

For the years 2016 and 2015, the AQ Estate Group has no major customer with revenue of 10 percent or more of revenues.

Inter-segment revenues and expenses are eliminated on consolidation.

The following table presents revenue and profit (loss) information regarding the AQ Estate Group's operating segments for the year ended December 31, 2016:

	In Thousand Baht					
	Property Development	Property Development	Services	Property Rental and Services	Elimination	Total
	Low Rise	High Rise				
Revenues from sales and services	538,085	550,281	75,776	13,993	(152)	1,177,983
Costs of sales and services	(871,237)	(492,650)	(113,355)	(10,570)	7,978	(1,479,834)
Gross profit (loss)	(333,152)	57,631	(37,579)	3,423	7,826	(301,851)
Management fee income						13,514
Interest income						3,416
Other income						63,927
Profit(loss) before expenses						(220,994)
Selling expenses						(142,780)
Administrative expenses						(295,977)
Doubtful accounts						(30,685)
Loss reserve from litigation claim						(3,057,273)
Finance cost						(410)
Loss before income tax						(3,748,119)
Income(expense) tax expense						3,610
Loss for the year						(3,744,509)

Note : The hotel business is included in services segment.

The following table presents revenue and profit (loss) information regarding the AQ Estate Group's operating segments for the year ended December 31, 2015:

	In Thousand Baht					
	Property Development	Property Development	Services	Property Rental and Services	Elimination	Total
	Low Rise	High Rise				
Revenues from sales and services	563,618	934,405	71,467	32,765	(154,539)	1,447,716
Costs of sales and services	(554,059)	(676,538)	(92,723)	(37,173)	165,865	(1,194,628)
Gross profit (loss)	9,559	257,867	(21,256)	(4,408)	11,326	253,088
Management fee income						12,122
Interest income						8,517
Other income						78,263
Profit before expenses						351,990
Selling expenses						(171,915)
Administrative expenses						(392,554)
Doubtful accounts						(13,710)
Impairment loss on goodwill						(202,981)
Impairment loss on leasehold rights						(143,730)
Loss reserve from litigation claim						(1,631,743)
Finance cost						(11,661)
Loss before income tax						(2,216,304)
Income tax expense						(510)
Loss for the year						(2,216,814)

Note : The hotel business is included in services segment.

The following table presents segment assets and liabilities of the AQ Estate Group's operating segments as at December 31, 2016.

	In Thousand Baht					
	Property Development	Property Development		Property Rental and Services	Unallocated	Total
	Low Rise	High Rise	Services			
Assets	7,120,913	1,900,743	327,291	159,365	609,131	10,117,443
Elimination						(4,780,310)
Total						5,337,133
Liabilities	7,252,413	1,880,726	721,238	217,465	1,291,482	11,363,324
Elimination						(6,218,218)
Total						5,145,106
Depreciation and amortization	13,688	15,760	4,318	7,657	4,582	46,005
Adjustment for fair value						-
Total						46,005

The following table presents segment assets and liabilities of the AQ Estate Group's operating segments as at December 31, 2015.

	In Thousand Baht					
	Property Development	Property Development		Property Rental and Services	Unallocated	Total
	Low Rise	High Rise	Services			
Assets	7,614,763	3,045,341	687,433	167,422	390,496	11,905,455
Elimination						(5,685,781)
Total						6,219,674
Liabilities	2,573,503	654,963	538,725	217,297	4,138,231	8,122,719
Elimination						(5,842,275)
Total						2,280,444
Depreciation						
and amortization	12,640	11,602	13,475	350	9,837	47,904
Adjustment for fair value						5,268
Total						53,172

32. OTHERS

1) BANK GUARANTEES

As at December 31, 2016 and 2015, the AQ Estate Group had obligations under bank guarantees approximately Baht 95.79 million and Baht 86.81 million, respectively, (The Company: Baht 54.14 million and Baht 54.14 million, respectively), which concerning obligation under normal businesses. The bank guarantees are collateralized by the Company's fixed deposits with the banks and also guaranteed by directors of the AQ Estate Group.

2) COMMITMENTS AND CONTINGENT LIABILITIES

2.1) As at December 31, 2016 and 2015, the AQ Estate Group had outstanding litigation claims from customers and creditors for breaching of the agreements to buy and to sell, the hire of work agreements and repayments retention for a total amount of Baht 34.50 million and Baht 35.56 million, respectively. The outcome of these litigations could not presently be determined. In addition, the AQ Estate Group are in the process of negotiating with certain customers claiming for repayments of cash paid in advance to the AQ Estate Group. The AQ Estate Group, however, believes that the provisions made in the accounts are adequate to cover any damage for such litigation. As the ex-shareholder of indirect-subsiary also guaranteed for the contingent liability of the indirect subsidiary at approximately Baht 0.68 million.

2.2) Commitments

2.2.1) The AQ Estate Group had pledged fixed deposits with bank, most of their inventories, which represent immovable properties for sale, construction in progress and land and buildings as collaterals for credit facilities granted by financial institutions.

2.2.2) Direct subsidiaries' credit facilities from financial institutions have been guaranteed by the Company.

2.2.3) As at December 31, 2016 and 2015, the AQ Estate Group had commitments under construction contracts amounting to Baht 994.39 million and Baht 2,120.6 million, respectively. (The Company : Baht 174.95 million and Baht 805.90 million, respectively), which were utilities and condominium units amounting to Baht 637.68 million and houses construction amounting to Baht 356.71 million (2015 : utilities and condominium units amounting to Baht 1,504.90 million and houses construction amounting to Baht 615.60 million) and of the Company, utilities and condominium units amounting to Baht 31.12 million and houses construction amounting to Baht 143.83 million (2015 : utilities and condominium units amounting to Baht 546.40 million and houses construction amounting to Baht 259.50 million). As at December 31, 2016 and 2015, total contract price amounted to Baht 2,353.90 million and Baht 3,186.10 million, respectively, and of the Company amounted to Baht 525.87 million and Baht 1,299.10 million, respectively.

2.2.4) As at December 31, 2016 and 2015, the AQ Estate Group has entered into several operating lease. The terms of the agreements are generally between 1 – 6 years. The future minimum payments required under these non-cancellable operating leases were as follows.

	In Thousand Baht	
	2016	2015
Payable with in less than 1 year	4,056	15,674
Payable with in 1- 5 years	16,868	56,590
Payable over 5 years	92,878	97,206
Total	113,802	169,470

2.2.5) As at December 31, 2016 and 2015, a subsidiary company had sub - lease commitment to pay for land rental for the period of 30 years at amount of Baht 15.46 million and Baht 16.42 million, respectively.

2.2.6) As at December 31, 2015 the AQ Estate Group has unused facilities with financial institutions at Baht 1,700 million (The company: Baht 1,610.40 million). From the date sentenced by the Supreme Court up to the present, all the financial institutions of the Company and the subsidiaries have temporarily suspended all credit facilities.

2.2.7) As at December 31, 2016 and 2015, a subsidiary company has commitment under sub-lease contract with a non - related person to pay for land rental for the period of 5 years and 19 days at Baht 12.21 million and period of 6 years and 11 months at Baht 14.41 million respectively.

33. SUBSEQUENT EVENTS

The Board of Director of Company Meeting 7/2560 on May 26,2017 approved to schedule for the Extraordinary General Meeting of Shareholders no.1/2017 on Friday, 30 June 2017, 10 a.m. , Golden Tulip Hotel Jaturatid Room, 3rd Fl., 92 Soi Sang Cham, Rim Klong Bangkapi Rd., Bangkapi, Huay Kwang, Bangkok 10320 and determined the meeting agendas as following:

- Agenda 1 To consider and certify the minute of the Annual General Meeting of Shareholders of 2017.
- Agenda 2 To consider and approve the decrease of registered capital of the Company.
- Agenda 3 To consider and approve the additional amendment of the memorandum of association in accordance with the decrease of the registered capital.

- Agenda 4 To consider and approve the alternative of capital increase of the Company.
- Agenda 4.1 To consider and approve the capital increase - Option 1 which is the capital increase for right offering prior to the capital increase for private placement.
- Agenda 4.2 To consider and approve the capital increase - Option 2 which is the capital increase for private placement prior to the capital increase for right offering.
- Agenda 5 To consider and approve the capital increase - Option 1 which is the capital increase for right offering prior to the capital increase for private placement. The detail of related agenda is:
 - Agenda 5.1 To consider and approve the increase of registered capital of the Company.
 - Agenda 5.2 To consider and approve the additional amendment of the memorandum of association in accordance with the increase of the registered capital.
 - Agenda 5.3 To consider and approve the issuance and offering of warrants to subscribe the ordinary shares of AQ Estate Plc. no. 4 (AQ-W4) of not exceeding 68,837,341,768 unit.
 - Agenda 5.4 To consider and approve the allotment of the newly issued ordinary shares of the Company of 293,837,341,768 shares
- Agenda 6 To consider and approve the capital increase – Option 2 which is the capital increase for private placement prior to the capital increase for right offering. The detail of related agenda is:
 - Agenda 6.1 To consider and approve the increase of registered capital of the Company.
 - Agenda 6.2 To consider and approve the additional amendment of the memorandum of association in accordance with the increase of the registered capital.
 - Agenda 6.3 To consider and approve the issuance and offering of warrants to subscribe the ordinary shares of AQ Estate Plc. no. 4 (AQ-W4) of not exceeding 56,337,341,768 unit.
 - Agenda 6.4 To consider and approve the allotment of the newly issued ordinary shares of the Company of 281,337,341,768 shares
- Agenda 7 Others (if any)

The Company has been required for the funding to pay damages in accordance with the verdict of the Supreme Court's Criminal Division for Persons Holding Political Positions in the amount of Baht 10,004.47 million to Krungthai Bank Plc. and also required the funding of approximately Baht 2,000 million for the development of existing projects and future projects for expansion and continuing business. In the past, the Company has limited access for credits from the financial institutions as a result of the verdict mentioned above. The Company has not had sufficient funds to develop and

complete the existing projects or to expand for the future projects. Therefore, the Company is required for both funds in the total amount of Baht 12,004.47 million. The Board of Directors has considered for the alternatives to successfully secure the large amount of funds and at present, the alternative is limited to the capital increase.

From the reason above, the Board of Directors supported for the capital increase - option 2 (Agenda 4.2). However, the Board of Directors proposed the alternatives of capital increase to the shareholders for consideration and determined the capital increase as option 1 (Agenda 4.1) and option 2 (Agenda 4.2). This is to provide the power and decision making back to the shareholders.

34. LONG - TERM LOAN TO THIRD PARTY

In 2016, the subsidiary recognised allowance for doubtful debt of long - term loan to third party amount of Baht 30 million due to Anti - Money Laundering Office informed the subsidiary to explain for transaction of freeze asset which the borrower use for such loan guarantee.

35. CAPITAL MANAGEMENT

The primary objective of the AQ Estate Group's capital management is to ensure that it has sustained good cash flows management and preserves the ability to continue its business as a going concern.

According to the statement of financial position as at December 31, 2016 and 2015, the AQ Estate Group's debt-to-equity ratio was 26.79 and 0.58, respectively (and of the separate of financial statement's debt-to-equity ratio was 20.25 and 0.49, respectively).

No changes were made in the AQ Estate Group's objectives, policies or processes during the years ended December 31, 2016 and 2015.

36. FAIR VALUE MEASUREMENT

The AQ Estate Group uses the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or a quoted market price is not available.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

As at December 31, 2016, the AQ Estate Group had the following assets that were measured at fair value using different levels of inputs as follows:

Consolidated Financial Statements (In Thousand Baht)				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Short-term investment				
- Open End fund	243,988	-	-	243,988
Investment property	-	-	148,307	148,307
		-	148,307	392,295
Total	243,988			

Separate Financial Statements (In Thousand Baht)				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Short-term investment				
- Open End fund	193,988	-	-	193,988
Investment property	-	-	287,121	287,121
Total	193,988	-	287,121	481,109

Valuation techniques and inputs to Level 1 and 3 valuations

The fair value of investments in unit trusts that are not listed on the Stock Exchange of Thailand is determined by using the net asset value per unit as announced by the fund managers.

Investment properties are presented at fair values, which are appraised by an independent value using the income approach. The key assumptions used in such appraisal are yield rate or discounted rate based on the turnover rate of government bonds, occupancy rate, long-term vacancy rate and long-term growth rate in revenue.

During the current year, there was no transfer within the fair value hierarchy.

37. RECLASSIFICATION

Certain transactions of financial statements for the year ended 2015 were reclassified to be comply with the presentation of the financial statements for the period ended 2016.

38. APPROVAL OF FINANCIAL STATEMENTS

The Company's director has authorized these financial statements for issue on June 13, 2017.



AQ ESTATE

