



ANNUAL REPORT 2018

AQ ESTATE PUBLIC COMPANY LIMITED

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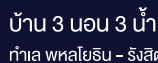


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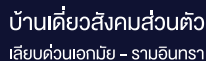


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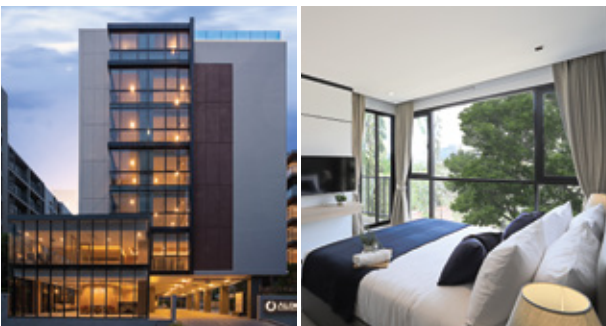


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Contents

	<u>Page</u>
Message from the Board of Directors	2
1. Policy and Overview of the Business	3-32
2. Type of Business	32-41
3. Risk Factors	41-45
4. General information and other important information	45-50
5. Securities and Shareholders Information	50-53
6. Dividend Policy	53
7. Management Structure	53-61
8. Corporate Governance	61-71
9. Information about Directors, Executive, Control Authority and Company Secretary	72-78
10. Corporate Social Responsibilities: CSR	78-82
11. Internal Control and Risk Management	82-88
12. Related Party Transaction	88-89
13. Key Financial Information	90-98
14. Management Discussion and Analysis	99-159
15. Report of Audit Committee	160-162
16. Report of the Board of Directors' Responsibility in Financial Statements	163
17. Independent Auditor's Report	164-174
18. Financial Statements and Notes	175-254

Message from the Board of Directors

Dear Shareholders

In 2018, the Company had resolved uninterruptedly regarding the issue of the Supreme Court's judgment in the criminal department of the political incumbent. The Board of Directors had devoted their efforts to solve the problem by attempting to negotiate with the bank to find a solution on the issue of execution against the Company's assets. Eventually, it had succeeded. All parties cooperated and especially the shareholders had resolved to approve the Company to increase the capital into limited individuals. The Company took some of the capital increase to pay debts to the bank, as a result, the bank delayed the confiscation of the Company. Moreover, some of the capital increase had been used carefully to invest in the Company's projects as the Company still had another debt burden which required the collaterals to be sold at auction. In the auction of collaterals, the auction had been opened for three times. The first and second time, there was an objection to the sale therefore on the announcement date of the sale of property for the first and second time must be terminated. Afterwards, the third time announced the auction No. 1 in October 2018, there were assessors to purchase successfully. After the auction No.1 ended, there was an objection to this auction and therefore the buyer was not able to pay the entire price. Consequently, the delivery of land has not been completed yet. Once the land has been delivered to the buyer successfully and the bank receives the money from the auction of the property successfully and also the criminal case of the political incumbent has been terminated, the Company is able to run the business to its full potential from the remaining capital increase in order to raise the Company's performance and will gain returns to shareholders in the future.

The Board of Directors would like to thank to all shareholders as well as related parties together solved the problems. As a result, the Company is able to pass all of the obstacles.



Mr. Auychai Kultiptomtre

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 147,006,012,651.50, Fully paid Baht 42,662,405,722.00 divided into 85,324,811,444 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. The Legal Execution Department has set a date for the sale of collateral on December 27, 2017 however on that date, the Enforcement Officer has been notified of the order refraining from enforcement of the Supreme Court Criminal Division of Political Position ("Supreme Court"), dated December 25, 2017. The abstention of the case will be effective until the Supreme Court to change the order so that the Enforcement Officer has rescinded the sale of collateral under the order of the

Supreme Court. The Supreme Court has no order to enforce the case because the third defendant filed a petition to stay execution to the Supreme Court on December 21, 2017. The Supreme Court held a hearing on the petition on December 25, 2017 and has ordered the copy of the petition to the Enforcement Officer and all stakeholders for acknowledge and they can filing an objection period related parties know the partner involved to object to the petition within 15 days from the date of receiving a copy of the petition and also to postpone the hearing of case to investigate the petition on 5 and 8 March 2018 and ordered to stop the execution during the Supreme Court ruling on the petition until the Supreme Court orders otherwise changed. The Supreme Court Criminal Division politicians had canceled the execution of the lawsuit on that day (March 5, 2018) in accordance with the docket on December 25, 2017 and cancel hearing date on March 8, 2018. On April 9, 2018, the Legal Execution Department has set a date for the sale of collateral on the first times - June 6, 2018 and second on June 27, 2018, the third on July 18, 2018 and the forth on August 8, 2018. The initial price, is set by the Committee of set the price of assets, amounted to Baht 8,950.78 million. The initial price will be equal to the price set by the committee in the first auction. If anyone bid, the Legal Execution officer will reduce the initial price 10% at each times but will not be lower than 70% of the first price. In case of sale with collateral, the Legal Execution officer will deduct the current debt form the referred price and round up as the announcement. On July 26, 2018, the Supreme Court's Criminal Division for Persons Holding Political Position ordered for the black case no. Aor Mor Kor 1/2018 to cancel the suspension order for legal execution according to the report of the proceeding dated May 15, 2018 and to allow the legal execution officer to process for the land auction except for the disputed land. On September 14, 2018, that Company received the announcement from the Legal Execution Department dated August 17, 2018 and the Legal Execution officer announced the public auction for the assets in the case for 4 schedules as following schedules 1 on October 17, 2018, schedules 2 on November 7, 2018, schedules 3 on November 28, 2018 and schedules 4 on December 19, 2018, On October 17, 2018, the public auction washeld and it sold the collateralized assets to the purchaser at the price of Bath 8,914.07 million. At the present, the Legal Execution officer is preparing of accounts and the Biddere has filed an application for the postponement of the peried of payment to be on February 1, 2019. Subsequently on 24 January 2019, the bidder paid Baht 3,819 million to the Legal Execution Department according to the property sold at the auction of the criminal case of a person holding a political position, the decided case no.Or Mor 55/2558. The remaining property of the civil case, decided case 4007/2552 and the case of the central bankruptcy court, decided case no. Lor 1249/2555, are under objection petition of 3 cases.

Undecided case no. Sor Lor 365/2561 regarding order revocation by the officer, a petitioner appealed to the court to revoke the order of the official receiver. The petitioner has submitted the revocation of the auction as an unlawful auction. The court accepted the objection petition and named Golden Company (Limited), the third objector and then proceeded to witness examination and scheduled to hear the order on March 5, 2019.

Undecided case no. Sor Lor 438/2561, regarding revocation of the auction of the second debtor's land (K and V S R S Garden Home Company Limited). In this case, the objector has submitted a request to revoke the auction as an unlawful auction and requested to temporarily suspend execution. On February 4, 2019, the court ordered the lawyer of the Company to be a stakeholder lawyer and named the Company as the second objector and scheduled the witness examination date on April 25 and 26, 2019.

Civil Court Case no. Tor 59/2561 regarding revocation of the auction. In this case, the petitioner requested to revoke the auction due to the auction is unlawful. The Company submitted an objection dated January 24, 2019, since the case has not been submitted appointment and copy of petition to the custodian officer to acknowledge. In addition, Krung Thai Bank Plc. is mortgaged banker of this disputed land therefore there is a reason to postpone the case for a new appointment on March 20, 2019.

- (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.

On June 22, 2017, the Company was filed the lawsuit in the civil court and the plaintiff filed (1) to nullify the Asset Management and Profit Sharing Agreement dated October 16, 2015 (2) to nullify the appointment and registration of directors (3) to nullify the resolution of the Board of Directors from April 8, 2016 and (4) to nullify the resolution of the Board of Directors from October 19, 2015. The Court scheduled to settle issues in court and to determine the litigation process guideline on August 28, 2017. The legal advisor of the Company has the opinion for this litigation that the purpose of the Asset Management and Profit Sharing Agreement is for the Company to have the right to manage for the 3rd Defendant in order for the debt restructuring and the sale of land for payment of damage to the Bank and to minimize the impact from the capital increase to pay for the damages to the Bank. However, after the date of the Agreement in October 2015, there has not

been any impact. In consideration for the fact that the land is mortgaged to the Bank, the sale of land depends on (1) the 3rd Defendant as the owner of the land can process with the consent from the Bank as the creditor or (2) the Bank can enforce the asset seizure and sale of land according to the Supreme Court's judicial order which is final and enforceable. From the past, the Company has negotiated with the Bank and mutually agreed for the guideline for debt restructuring including the sale of land without the consent from the 3rd Defendant. Even if the Agreement is nullified, it will not affect the debt restructuring plan or the status financial of the Company. In addition, it will release the Company from the profit sharing under the Agreement. Due to the appointment On May 21, 2018 the plaintiff filed a petition to withdraw the lawsuit and the court allowed the plaintiff to withdraw the lawsuit and distribute the case from the directory.

On January 17, 2018, according to Case No. P. 240/ 2561, requesting to cancel the Asset management profit sharing between the Company and Progressive Company. The Company proposes that the three defendants did not default the contract. The contract has the above mentioned conditions of clear duty for each party. The Court's hearing will be hold on November 23, 2018. Lawyer opinion is that company did not breach that asset management contract. The contract described role of the company and the company complied to all term and conditions. Therefore the civil court should dismiss the lawsuit. The court has finished appointment of witnesses. The court schedules the judgement date on 18 March 2019 at 10:00 am.

- (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, such default loans amounting to Baht 26.72 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. At the present, the Company paid loans from financial institutions in full.

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 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 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.

On August 10, 2017, the Company has issued a letter to the financial institution. It concludes with the following key common agreements:

1. The company will pay for damages to Bank in accordance with the judgment of Supreme Court in amount of Baht 1,635,735,380 (Paid on August 17, 2017).
2. The bank will execute the lawsuit according to the judgments of Supreme Court to all of properties, which is the cause of damage to bank. The proceeds from the execution of this case will be paid for damages in accordance with the judgment of the Supreme Court and the bank will not execute the lawsuit against the company.
3. In case of the execution of lawsuit against the properties as mentioned above does not fully pay the damages in accordance with the judgment of Supreme Court, the company will continue to supply funds to pay damages to the bank.

The attorney general has filed a request for confiscation at Supreme Court on August 24, 2017, and the court issued the enforcement order to seize and freeze the defendant's property. The plaintiff has investigated the defendant's property and found the nineteenth defendant (Golden Technology Industrial Park Co., Ltd.), which the court sentenced to joint liability in the amount of Baht 8,368.73 million holds ownership of land located in Samutprakarn province, totaling 97 plots. However, the legal advisor of company explained that the enforcement is just one step in the execution of this case because the process will also require a collateral land survey, draw map of property, set the final auction date and open auction. In this case, the collateral land is located in the jurisdiction of Samutprakarn province. Therefore, the plaintiff must ask the court to have order to court of Samutprakarn for taking action instead. By lawsuit has ended, the debt or owed amount that the court sentenced the company to repay the debt to the financial institution is the same amount with civil case. This amount is the balance that the financial institution has been filed at the Civil Court according to the report of proceedings. In case of selling collateral, the money must be paid to settle the judgment of court first because the court issue writ of execution. When the financial institutions receive such funds, it must be offset against the debt on the part of civil litigation which is considered that financial institution has been partially paid off.

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. 268/2549, 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 at the rate of 15% per annum, since the date after filling date until completion of debt repayment and on September 28, 2017 Sentenced Golden Technology Industrial Park Company Limited to pay 8,409,601,319.09 plus 10% interest on the principal amount of Baht

8,368,732,100 from May 31, 2004 until payment is completed and bring Golden Technology Industrial Park Company Limited money paid on November 1, 2004 amounting to Baht 39 million deducted by the amount of interest first. In case of there is any remaining balance, the principal will be deducted and bring money to pay management fee of Baht 9,700,000 plus 10% of interest on the principal as mentioned above starting from the next date of filing (February 9, 2006) until payment is completed. In case of not paid or not fully amount, it will bring mortgage property at auction. In case of this is not enough, it make another confiscation of Golden Technology Industrial Park Company Limited. The Company's lawyer has an opinion that this case has no any effect to the Company because they are separate entities. Golden Technology Industrial Park Company Limited filed an appeal on February 9, 2018.

As disclosed in Note 23 to the financial statements, at the Extraordinary General Meeting of the Company's shareholders held on June 30, 2017, the shareholders approved the increase of Baht 140,668.67 million. The Company received partial capital increase of Baht 1,707 Million on July 12 - 14, 2017 and Baht 1,925 million on July 17 - 21, 2017.

The management of the Company estimated the damage from this court case as at December 31, 2018 as follows:

	(Unit: 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	128.21
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*	(5,800.00)
Compensation for damages	(1,635.74)
Estimated the damage - net	3,056.95

* The Company appraise the valuation of collateral land by appraisal report of SL. Standard Appraisal Co., Ltd. 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 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 and the value

of the collateral will be deducted from the value of damages, according to the judgment of the Criminal case of politician. The Company will deduct no more than Baht 8,368.73 million.

On October 17, 2018, the Company sold the collateral. Bidders are bidding for Baht 8,914.07 million which is higher than the estimated sales force. Currently, the Company can not reverse its provisioning provision. Because enforcement officer is preparing account. Therefore, the Company can not finalise the profit from the reversal.

1.3 Goals and Strategies for Operation

Visions

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.

Missions

- 1) To develop finest real estate projects to serve the current needs of market and those of the future.
- 2) To be amongst Thailand's leading real estate public listed companies.
- 3) 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 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).

Year 2016

- ☐ 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 holds the Extra General Meeting of shareholders No. 1/2017 on June 30, 2017 as following :
 - 1) Approve by decreasing the unsold and unpaid of the registered capital of Baht 5,321,839,806.50, divided into 10,643,679,613 ordinary shares, Baht 0.50.
 - 2) Approve the amendment of the company's memorandum of association in item 4 regarding the registered capital to comply with the capital reduction in accordance with agenda 1. The details are as follows. Item 4 Registered Capital Baht 6,337,341,767.50, Divided into Baht

12,674,683,535 shares par value Baht 0.50 per shares Divided into 12,674,683,535 ordinary shares ,Preference Shares -None-

- 3) The capital increase- option 2, in case of the company increases the capital to private placement prior to the capital increase for right offering.The details are as follows:

- ☐ Approve the capital increase in the amount of Baht 140,668,670,884 by issuance of newly issued ordinary shares of 281,337,341,768 shares at the par value of Baht 0.50. After the capital increase, the Company will have the registered capital of Baht 147,006,012,651.50 comprised of ordinary shares in total of 294,012,025,303 shares at par value of Baht 0.50.
- ☐ Approved to amend the memorandum of association in item 4: Item Registered Capital, to comply with the increase of the registered share capital by cancelation of the previous sentences and use these new sentences as following: Item 4 Registered Capital Baht 147,006,012,651.50 Comprised of 294,012,025,303 shares par value Baht 0.50 Comprised of: Ordinary Shares 294,012,025,303 shares Preferred shares -None-
- ☐ Approved to consider the issuance and offering the warrants to purchase ordinary shares of AQ Estate Plc.no. 4 (AQ-W4) for not exceeding 56,337,341,768 unit.
- ☐ Approved to consider the allotment of newly issued ordinary shares of the Company of 281,337,341,768 shares at par value of Baht 0.50 per share in the following order:
 - (1) Allotment of newly issued ordinary shares of 100,000,000,000 shares, Baht 0.50 par value for private placement by empowerment the Board of Directors or the person assigned by the Board of Directors to determine offering price and number of allocated shares for one year. However, the offering price must be (1) the price calculated by weighted average in the past consecutive 7 working days but not more than 15 consecutive working days prior to the date to determine the offering price with the price discount of not more than 10% . At present, the company has no reference price because in the period of trading suspension (SP).Therefore, the company must have to find next price. (2) The company conducts a price determination through a process that allows institutional investors to express their wish to acquire newly issuance shares at book building price. At the date of the Board of Directors approved the share allotment and pricing, the company will take book building price to consider in the allocation. In case of the price according to

(1) and book building according to (2) does not reflect the true value of shares, the company will use the appraised value by the Financial Advisor Company for consideration. The company will employ S14 Advisory Company Limited, the financial advisor in the list of the SEC. to appraise preliminary information for shareholders acknowledge and the appraised value is Baht 0.05.

(2) Allotment of newly issued ordinary shares of not exceeding 56,337,341,768 shares at par value of Baht 0.50 per share to reserve for the exercise of warrants to subscribe the ordinary shares of AQ Estate Plc. no. 4 (AQ-W4).

(3) Allotment of newly issued ordinary shares of not exceeding 125,000,000,000 shares, Baht 0.50 par value for existing shareholders in proportion to each existing shareholding.

(4) Allotment of remaining newly issued ordinary shares from the existing shareholders in (3) and remaining newly issued ordinary shares for private placement in (1) to the existing shareholders as right offering again and empowerment the Board of Directors or the person assigned by the Board of Directors to determine all related details such as the ratio of allotment, the offering price, the subscription period, the Record date, and etc. which details and conditions will be informed to the shareholders in advance. However, the offering price for the right offering, specified by the Board of Directors or the person assigned by the Board of Directors will not exceed the offering price for private placement in 1 and not exceed the offering price for right offering in 3

- ☐ Board of Directors' meeting no. 10/2017 on July 11, 2017, Approved for the allotment of newly issued ordinary shares for private placement no. 1 "(No.1)" and Board of Directors' meeting no. 11/2017 on July 14, 2017, Approved for the allotment of newly issued ordinary shares for private placement no. 2 "(No.2)" as detail shown below:

Reference is made to the approval from the Extraordinary General Meeting of Shareholders no. 1/2017 on June 30, 2017 for the allotment and offering of the newly issued ordinary shares of the Company for the amount of 100,000,000,000 shares for private placement. The Shareholders' meeting empowered the board of directors of the Company to determine the offering price at the market price. However, due to :

- (1) The market price calculated from the weighted average of share price of not less than the past consecutive 7 working days but not more than 15 consecutive working days prior to the date to determine the offering price as specified in item 8(1) of The Notification of the Capital Market Supervisory Board no. Tor Jor 72/2558, Re: Approval for the Listed Company to offer new shares to specific investors ("The Notification - Tor Jor 72/2558"), does not reflect the true value of shares of the Company because the shares of the Company has been suspended from trading in the Stock Exchange of Thailand; and
- (2) The offering price cannot be determined by the opened process to the institutional investors who intend to subscribe for the newly issued shares at the preferred price level (book building) processed by the securities company as specified in item 8(2) of The Notification - Tor Jor 72/2558 because of no proposed bidding price from the institutional investors to purchase newly issued shares of the Company. Therefore, the fair value is appraised by S14 Advisory Co., the financial advisor approved in the list of the SEC consideration which appraised from the latest financial Statement on December 31, 2016, on July 11, 2017 equal to Baht 0.04 and it can be regard as substitution of market price equal to Baht 0.04.

In accordance with the Notification of the SET, Re: Listing of ordinary shares or preferred shares as listed securities, B.E. 2558 (2015), the Company shall disclose the weight average share price of 7-15 consecutive business days prior to the first date of subscription payment of investors or the fair value of share price as appraised by the financial advisor approved in the list of the SEC in case that the shares are not traded in the SET. Therefore, the Company shall use the fair value from the report of the financial advisor, S14 Advisory Co., Ltd., appraised on July 11, 2017 using the same criteria as the report dated May 31, 2017. The latest report, the financial advisor adjusted the appraisal to reflect the current situation based on the financial statement as at December 31, 2016, the updated financial statement, and the appraised share price is Baht 0.04 per share.

Thus, the Board of Directors determined the offering price at Baht 0.05 per share which is higher than the fair price as appraised by S14 Advisory Company Limited, the financial advisor approved in the list of the Securities and Exchange Commission (the "SEC") instead of the offering price in (1) and (2) mentioned above and according to item 8 second paragraph of The Notification - Tor Jor 72/2558.

The share offering price of newly issued ordinary shares for private placement at Baht 0.05 per share when compared to the fair value at Baht 0.04 per share is not considered as the offering price lower than 90 percent of the market price according to the Rules, Conditions and Procedures

Governing the Listing of Ordinary or Preferred Shares Issued for Capital Increase B.E. 2558 (2015). Therefore, the mentioned newly issued ordinary shares are not subjected to the silence period.

In addition, the Board of Directors has the guideline to determine the specific investors by considering the investors who submitted the letter of intent to subscribe the newly issued ordinary shares for the allotment to private placement which has the large number of shares and for the Company to raise sufficient fund from capital increase and the detail is as following:

- (1) The offering price for the specific investors is Baht 0.05 per share and is considered as the allotment at price instead of market price in accordance with the Notification - Tor Jor 72/2558 which is the fair price as appraised by the financial advisor approved in the list of the SEC because the shares of the Company has been suspended from trading in the SET since November 16, 2015, and there has no bidding from the institutional investors from book building processed by Country Group Securities Plc. as appointed by the company to manage and process for book building to the institutional investors. Therefore, the fair price, appraised by the financial advisor approved in the list of the SEC, is considered as the price instead of market price. The allotment at the offering price of Baht 0.05 per share is considered as the allotment at the market price according to the resolution from the Extraordinary General Meeting of Shareholders no. 1/2017.

Effect to shareholders (Dilution Effect) (No.1):

Effects from the allotment for private placement when the investors subscribe for the newly

issued ordinary shares of	34,140,000,000 shares are:
No. of existing shares :	12,674,683,535 shares
Allotment shares :	34,140,000,000 shares
Total shares :	46,814,683,535 shares

Effect to shareholders (Dilution Effect) (No.2):

Effects from the allotment for private placement when the investors subscribe for the newly

issued ordinary shares of	38,500,000,000 shares are:
No. of existing shares :	46,814,683,535 shares
Allotment shares :	38,500,000,000 shares
Total shares :	85,314,683,535 shares

The offering price for private placement is Baht 0.05 which is the appraised fair price from S14 Advisory Co., Ltd., the financial advisor approved in the list of the SEC appraisal on May

31, 2017, using the Financial Statement on September 30, 2016, (prior to market price of capital increase equal to Baht 0.05), the price dilution is 0% and the control dilution is 72.933%. The reason of no price dilution to the existing shareholders is that the weighted average of share price in the SET of the past 7-15 consecutive business days prior to the date to determine the offering price, cannot be determined because the shares of the Company has been suspended from trading (SP). At present, the Company used the price of Baht 0.05 which is the substitution of market price to provide the current valuation information on July 11, 2017 appraised price from S14 Advisory Co., Ltd., using the latest Financial Statement on 31 December, 2016 and appraised at Baht 0.04. The Board of Directors approved the price allotment of Baht 0.05 which is higher than the latest fair price.

(2) The Company is required to raise fund for the debt payment and for the future operation and development which needs large amount of fund. Therefore, when receipt the intention for capital from 15 investors, the Company approved for shares offering to those investors.

(3) Detail and schedule for use of fund :

3.1 The company will raise capital increase in amount of Baht 3,632 million (PP#1 of Baht 1,707 million and PP#2 Baht 1,925 million) to negotiate with Krung Thai Bank for damages according to the Supreme Court's judicial order.

3.2 For development of projects of the Company.

Detail and schedule for use of fund from capital increase for Private Placement (PP)

Period	Detail	Amount (million Baht)
2017	Payment for damages from judicial order	10,004.47
2017	Development of Estes Rattanathibet project	976.90
2017	Development of Chonburi – Bypass project	457.37
2017	Development of AQ Welle	81.93
2017	Development of AQ ARBOR	397.79
2017	Development of AQ ALIX	303.89
2017	Purchase of the collateralized land	1,500.00
2018 - 2019	Investment in new projects	1,500.00
2018 - 2019	Working capital	500.00
		<hr/> 15,722.35 <hr/>

- (4) For the offering price for private placement, the Board of Directors considered and approved the offering price at Baht 0.05 from the fair price appraised by S14 Advisory Company Limited on May 31, 2017. The number of shares offered for sale No. 1 34,140,000,000 shares in the amount of Baht 1,707,000,000 and payment within July 14, 2017. And the number of shares offered for sale No. 2 38,500,000,000 shares in the amount of Baht 1,925,000,000 and payment within July 19, 2017. The offering price is fair value, higher than the latest fair price which appraised price from S14 Advisory Co., Ltd., on July 11, 2017, at Baht 0.04, using the latest financial statements published to investors.
- (5) Terms, conditions or other agreement with investors:
The company allotted shares to the investors without any terms, conditions or other agreement.
- (6) From the issuance and allotment for private placement of 100,000 million shares, the Company allotted No. 1 34,140 million shares for this time and the remaining un-allotment is 65,860 million shares and allotted No. 2 38,500 million shares for this time and the remaining un-allotment is 27,360 million shares allotted No. 1 and No. 2 Total 72,640,000,000 shares are as listed securities on July 17, 2017.

The Company paid the commission fee for issuing the increase share capital to 4 non – related companies totaling Baht 62.61 million.

On October 6, 2017 the Board of Director meeting of company No. 14/2017 had approved the canceled the allocation of 27,360,000,000 new ordinary shares to private placement the allotment to shareholders and has resolved to determine the names of shareholders who will be entitled to allotment of warrants No. 4 (AQ-W4) on Tuesday, October 24, 2017.

Year 2018

- ☐ Warrants (AQ- W4) have number of warrant holder's application 48 persons, number of exercised warrants 10,127,909 units, the remaining warrants not yet been exercised were 42,646,721,758 units, number of share derived from this exercise 10,127,909 shares. Ordinary shares allocated to support the use of the right balance amount 42,646,721,758 shares. The warrants (AQ- W4) that have not exercised in full amount as above will be terminated on November 1, 2018 from the registered securities.

Movements share capital during for the year ended December 31, 2018 of share capital was as follows:

		Consolidated Financial Statements/ Separate Financial Statements	
	Par value per share (Baht)	2018	
		Number of share (Thousand share)	Amount (Thousand Baht)
Authorized share capital			
As at January 1	0.50	294,012,025	147,006,013
Increase in common shares		-	-
Capital reduction		-	-
As at December 31	0.50	294,012,025	147,006,013
Issued and paid - up share capital			
As at January 1	0.50	85,314,683	42,657,341
Increase in common shares	0.50	10,128	5,064
Capital reduction		-	-
As at December 31	0.50	85,324,811	42,662,405

1.4.2 Change in Shareholding Structure

Year 2017

11-14 July 2017 The Board of Director's meeting of AQ Estate Plc. no. 10/2017 and 11/2017 had a resolution to allot the increase in stock capital by 72,640 million shares to private placement after the registration paid-up capital in allocation of shares to the private placement. The top ten shareholders structure of the company are as follows:

No.	Top Ten Shareholders	Before Share allotment	%	After Share allotment	%
1	Zico Allshores Trust(S) Pte,Ltd.	-	-	17,000,000,000	19.93%
2	Mr. Nathasa Chalermtiarana	-	-	8,400,000,000	9.85%
3	Mr. Palin Lojanagosin	-	-	4,000,000,000	4.69%
4	Mrs. Sirikarn Jaroensahayanon	-	-	4,000,000,000	4.69%
5	Mr. Somyot Vongtongsalee	-	-	4,000,000,000	4.69%
6	Ms. Thanuchtar Sueverachai	-	-	3,900,000,000	4.57%
7	Mrs Chiratha Wattanavekin	-	-	3,900,000,000	4.57%
8	Ms. Supparuk Settapanich	-	-	3,510,000,000	4.11%
9	Mr. Boyorn Rungruangnavat	-	-	3,300,000,000	3.87%
10	Mr. Chanon Wangtal	-	-	3,300,000,000	3.87%

Zico Allshores Trust(S) Ptl.,Ltd is Trustee of Wisdom & Virtue Fund which management Banjaran Asset Management Pte.,Ltd by the Zico Allshores Trust(S) Shareholder are as the follows.

- | | |
|--|------------|
| 1) Jamil Bin Mohamed –Singaporean ID NO.S7319075D held | 24% |
| 2) Peh Ee Hong- Singaporean ID NO.S2598959G held | 25% |
| 3) <u>Zico Consultancy Limited Held</u> | 51% |
- ☐ Certificate of incorporation
 - ☐ Memorandum and articles of association
 - ☐ Register of directors
 - ☐ Register of shareholders-shareholder is another corporate, Zico Malaysia Sdn Bhd.

Zico Malaysia Sdn Bhd:

- ☐ Certificate of incorporation
- ☐ Memorandum and articles of association
- ☐ Register of directors
- ☐ Register of shareholders-shareholder is Zico Holdinas (a public listed company)

ZICO Allshores Trust (S) Pte. Ltd., acting in its capacity as Trustee of Wisdom & Virtue Fund, together with Banjaran Asset Management Pte. Ltd. as the Fund Manager of Wisdom & Virtue Fund are unable to disclose the unitholder(s) of Wisdom & Virtue Fund in compliance with the following confidentiality obligations:

- 1) Licensed trust companies in Singapore must at all times comply with, inter alia, the confidentiality provisions under Section 49 of the Trust Companies Act (Chapter 336) (Original Enactment: Act 11 of 2005) REVISED EDITION 2006 (31st July 2006) which prohibits disclosure of information regarding a “protected party” (which includes beneficiaries under a trust) by a licensed trust company (or any of its officers) to any other person, except as expressly provided in the Act;
- 2) Investment Management Association of Singapore’s Code of Ethics & Standards of Professional Conduct (“the Standards”) (May 2010) are applicable to all Investment Managers in Singapore and under Chapter 2.5 of the Standards, investment managers shall maintain proper procedures to ensure the confidentiality of client information;
- 3) Wisdom & Virtue Fund is an open-ended fund;
- 4) There are various investors/unitholders in Wisdom & Virtue Fund which consist of institutional investors, fund of fund, high net worth individuals and family offices; and

- 5) The Fund Manager and Trustee have the experience and expertise on investments in the South East Asian region.

However, the private placements were not involved in the management or take a position of Director or Management. Therefore, it has no effect on the Company's management policy according to the Company's Articles of Association; non-Thai shareholders will hold shares no more than 49%.

Year 2018

-No change in shareholding structure-

1.4.3 The Key Development

Year 2018

- 7 March 2018 as judgment of the Supreme Court Criminal Division politicians. The company must share responsibility for damage to the plaintiff until the case finally reached. The plaintiff is Krung Thai Bank that has confiscated as collateral and selling by auction in the 1st day of 27 December 2017, 2nd day of 17 January 2018, 3rd day of 7 February 2018 and the 4th day of 28 February 2018. On 25 December 2017, Mr. Viroj Nualkha, as the petitioner, requested the court to order the executing officer to stay execution for all 215 plots of land due to the sale of land is not simultaneously that make price inappropriately. On 25 December 2017, Mr. Viroj Nualkha sent a letter to all stakeholders. Therefore, the Supreme Court Criminal Division politicians have ordered a hearing the petition on 5 and 8 March, 2018. The Supreme Court Criminal Division politicians had canceled the execution of the lawsuit on that day (5 March 2018) in accordance with the docket on 25 December 2017 and cancel hearing date on 8 March 2018.
- 5 June 2018 the law enforcement officer had announced the auction of land 4,300 rai on 9 April 2018, which scheduled four auctions as follow. (1) The first will be on 6 June 2018 (2) the second will be on 27 June 2018 (3) The third will be on 18 July 2018 and (4) The fourth will be on 8 August 2018. Subsequently, Miss Charoen Yukhongthrum had filed a petition to the Supreme Court's Criminal Division for politicians of black case No. OrMor.Kho 1/2018 and lawsuit on 31 May 2018 which is a joint ownership of title deed 610, No.79 (old No.58), survey pages 276, Ban Ra Kat Sub-district, Bang Bo District, Samutprakan in order to leave the property as joint ownership of the petitioner and require to divide the deed of the

petitioner before the auction and disputed the confiscated land which is taken over including confiscated land on the part of the petitioner with an area of 60 square wah. On 15 May 2018, the Supreme Court had received a petition and suspended the execution until the court ruled or any other ruling which shall be scheduled hearing on 11 September 2018. The Golden Technology Industrial Park Company Limited had received such copy on 31 May 2018. However, the law enforcement officer has ordered the suspension of sales property especially on 6 June 2018 in accordance with investigation at the law enforcement office in Samutprakarn. Miss Charoen Yukhongthrum had filed a petition to the Central Bankruptcy Court with black case No. SorLo. 122/2018 and lawsuit on 28 May 2018 which is a joint ownership of title deed 610, No.79 (old No.58), survey pages 276, Ban Ra Kat Sub-district, Bang Bo District, Samutprakarn in order to leave the property as joint ownership of the petitioner and require to divide the deed of the petitioner before the auction and disputed the confiscated land which is taken over including confiscated land on the part of the petitioner with an area of 60 square wah. The Central Bankruptcy Court has ordered the suspension of sales property especially on 6 June 2018 and appointment the petition hearing on 14 June 2018.

31 July 2018 on 26 July 2018, the Supreme Court's Criminal Division for Persons Holding Political Position ordered for the black case no. Aor Mor Kor 1/2561 to cancel the suspension order for legal execution according to the report of the proceeding dated 15 May 2018 and to allow the legal execution officer to process for the land auction except for the disputed land, title deed no. 610, Tumbon Baan Rakas, Amphur Bang Bor, Samutprakarn Province which was ordered to suspend for auction until further change of court order.

18 September 2018 The Supreme Court's Criminal Division for Persons Holding Political Position ordered for the black case no. Aor Mor Kor 1/2561 to cancel the suspension order for legal execution according to the report of the proceeding dated 15 May 2018 and to allow the legal execution officer to process for the land auction except for the disputed land, title deed no. 610, Tumbon Baan Rakas, Amphur Bang Bor, Samutprakarn Province which was ordered to suspend for auction until further change of court order. On 14 September 2018, the Company received the

announcement of the Legal Execution Department dated 17 August 2018 that the legal execution officer announced the schedule for the public auction of assets in this court case for 4 days as following: No. 1 on 17 October 2018, No. 2 on 7 November 2018, No. 3 on 28 November 2018, and No. 4 on 19 December 2018.

17 October 2018 on 14 September 2018 that the Company received the announcement from the Legal Execution Department dated 17 August 2018 and the Legal Execution officer announced the public auction for the assets in the case for 4 schedules as following: Schedule 1: On 17 October 2018, Schedule 2: On 7 November 2018, Schedule 3: On 28 November 2018, and Schedule 4: On 19 December 2018. On 17 October 2018, the public auction was held and it sold the collateralized assets to the purchaser at the price of THB 8,914.07 million.

Progress on deposit of bill of exchange and loans

As AQ Estate Plc. (AQ) increased and allotted the shares to the private placement on July 2017 for the amount of 3,632 million Baht in order to use the increased capital to pay debt to Krungthai Bank Plc. (KTB) according to the order from the Supreme Court's Criminal Division for Persons Holding Political Position and it has already paid for 1,636 million Baht and the remaining increased capital is 1,996 million Baht. During the same period, the Board of Directors approved for the investment in the bill of exchange (B/E) for 1,600 million Baht and empowered the Board of Executive Directors to consider the investment in debt instruments in the companies that have good financial status with the limit of each investment of not greater than 500 million Baht and it can roll the B/E of the companies which have already approved by the Board of Directors. The Board of Executive Directors has the power to consider the investment in the corporate bonds of the companies which have clear source of fund to repay and low risk and to consider the extension of the investment for 15-30 days of each period in order for the Company to redeem the fund to pay for debt in time. The Company has invested in the B/E of 5 companies and when due, it has extended the investment in B/E every time.

On 30 June 2018, the B/E of Krugthai Land Development Co., Ltd. and Thai Filatex Plc. was due. The Board of Directors approved to change the investment in B/E to the loan agreement with those companies for the amount of 719 million Baht and the maturity date of the principal and interest is 28 December 2018. In addition, the BE of Planet Energy Holding Pte Ltd. in total of 1,143 million Baht which the amount of 115 million Baht was due and the remaining amount of 1,028 million Baht will be due in August and September 2018.

Nevertheless, the source of fund for investment in B/E and the lending to those mentioned companies was from the capital increase for the private placement which is reserved to pay for the different amount of the proceed from land sale collateralized with KTB. The next schedules for the land auction dates are 18 July 2018 and 8 August 2018. Should the Company need to pay KTB for the different amount of land sale, the Company may not have enough liquidity for payment to KTB. In addition, the loan to the third parties is accounted for 20% of the net tangible assets which is significant amount and it is not the normal business of the Company.

Loan to Krungthai Land and Thai Filatex in the amount of 719 million Baht

The Board of Directors considered that the Company the change in the form of investment in bills of exchange is a loan agreement with conditions like the original bill. The reason for the two loans is because the company has no need to use the funds after the suspension of auction on August 8, 2018, the date is not set. Also consider that the two companies have the potential to repay. The loan is considered appropriate.

The payment for damages to KTB according to the Supreme Court – Criminal Division for Persons Holding Political Position will follow after the auction process of the 4,300 rai of land. The sale proceed from the auction tends to be more than the remaining damage amount of 8,368.73 million Baht from the reason that the legal execution department determined the starting auction price at 8,850 million Baht. The Company believes that the selling price could be higher than the starting auction price.

For 2016 financial statement, the Company made the reserve for liability with KTB using the appraised price from S.L. Standard Appraisal Co.,Ltd. As of May 2017 at 11,600 million Baht and forced sale price at 5,800 million Baht. Previously in the same year. The Company held the land auction and there were 3-4 interested purchases submitted for the bid but the highest bidding price was lower than the forced sale price. Therefore, the Company deems it appropriate to use the forced sale price as the base for the reserve. If the land auction price is lower than 8,368.73 million baht, the Company is still able to pay for damages to KTB from other investments (Fixed Income Fund Bank deposits of Baht 321 million and project assets of Baht 1,607 million). In addition, the Company can call for early repayment from Krungthai Land Development Co., Ltd. and Thai Filatex Plc. by giving 30 day notice in advance.

The Board of Directors has considered the financial status of Krungthai Land Development Co., Ltd. and Thai Filatex Plc. as acceptable and is confident that Krungthai Land Development Co., Ltd. and Thai Filatex Plc. have the ability to repay loan under the loan agreements.

From legal consideration, the change from the purchase of B/E to the short term lending does not have an impact to the status of the Company and its subsidiaries compared to the previous status. For placing collateral and guaranty, Right to call for early repayment, risk management in case of payment default is detailed as follows.

Collateral and guaranty

Krungthai Land Development Co., Ltd (krungthai Land) :	None
Thai Filatex Plc :	None

Right to call for early repayment

Krungthai Land Development Co., Ltd (krungthai Land): Loan agreement specified that AQ has the right to call for early repayment by given notice for 30 days in advance.

Thai Filatex Public Company Limited: Loan agreement specified that Aquarius Estate Co.,Ltd has the right to call for early repayment by given notice for 30 days in advance.

Risk management in case of payment default

The Company has policy to follow up with the borrower and for risk management, the Company is negotiating for additional collaterals such as assets or assignment of receivables which it is expected to conclude the negotiation by 3rd quarter of 2018.

The investment in B/E of Planet in the amount of 1,143 million Baht

For two B/Es of PEH due on 30 April 2018 in the amount of 30.5 million Baht and due on 29 May 2018 for the amount of 74.7 million Baht, PEH had requested for the rolling of those B/Es for 6 months. In the Board of Executive Directors' Meeting no. 2/2018 on 24 April 2018, the Board of Executive Directors (empowered by the Board of Directors) considered that the Company has not required to use the fund. The payment for damages to KTB according to the Supreme Court – Criminal Division for Persons Holding Political Position will follow after the auction process of the 4,300 rai of land. The sale proceed from the land auction tends to be more than the remaining damage amount of 8,368.73 million Baht. If the selling price of the land is lower than 8,368.73 million Baht, the Company still has the liquidity from other investments to pay for the shortfall of damages (if any). The Board of Executive Directors considered the financial status of PEH as acceptable credit and was confident that PEH has the ability to repay the extended B/E.

The Board of Directors considered that the Company has not required to use the fund. The payment for damages to KTB according to the Supreme Court – Criminal Division for Persons Holding

Political Position will follow after the auction process of the 4,300 rai of land. The sale proceed from the land auction tends to be more than the remaining damage amount of 8,368.73 million Baht. Should the proceed from land auction be lower than 8,368.73 million Baht, the Company still has the liquidity from other investments to pay for the shortfall of damages (if any). In addition, the Board of Directors considered the financial status of PEH as acceptable credit and was confident that PEH has the ability to repay the rolling B/E as shown in Attachment (2) and therefore approved for the rolling B/Es for the principal and interest due for the period of 6 months but no later than 28 December 2018 with the interest rate of 6.5% p.a.

The Board of Directors will consider the progress of 4,300 rai land auction which is scheduled on 8 August 2018 whether the Company will be responsible to pay for the shortfall of damages to KTB and at what amount, although the current land price tends to be more than the remaining damages of 8,368.73 million Baht. Should after the payment for damages and the investment in the core business of the Company and the Company still has excess liquidity, the Company may consider to continue for the short term investment opportunity. It may consider to invest in the existing companies already invested or change to other alternative investments upon the appropriateness at that time and the management will analyze and propose to the Board of Directors to consider in due course.

Furthermore, In the Board of Directors' Meeting on 19 July 2018, the board meeting assigned to the management for additional risk management including the follow up for the operation performance of the companies that the Company has invested in or provided the loan to, the negotiation for additional collaterals and/or the guarantees from those 3 companies invested by the Company, and the study from management for other alternative investments for consideration in the next meeting.

Return received during the investment period

The Company invested in bill of exchange (BE) and loans with details as follows.

No.	Issuers/Loan agreement	Issued Number	Issue Date	Maturity Date	Yield	Amount (Baht)
1	Krungthai land development Co., Ltd.	Loan	28 Dec 2018	31 Jan 2019	6.00	447,398,226.33
2	Planet Energy Holding Pte.,Ltd(PEH)	PLN30/2018	28 Dec 2018	31 Jan 2019	6.50	10,245,459.16
		PLN23/2018	30 Nov 2018	31 Jan 2019	6.50	418,312,115.21
		PLN24/2018	30 Nov 2018	31 Jan 2019	6.50	253,395,985.72
		PLN29/2018	30 Nov 2018	31 Jan 2019	6.50	59,235,425.23
		PLN26/2018	30 Nov 2018	31 Jan 2019	6.50	96,104,750.88
		PLN25/2018	30 Nov 2018	31 Jan 2019	6.50	85,253,763.04
		PLN27/2018	30 Nov 2018	31 Jan 2019	6.50	74,926,652.64
		PLN28/2018	30 Nov 2018	31 Jan 2019	6.50	69,419,466.64

No.	Issuers/Loan agreement	Issued Number	Issue Date	Maturity Date	Yield	Amount (Baht)
3	Thaifilatex Public Company Limited	Loan	28 Dec 2018	31 Jan 2019	5.5	41,260,012.00
Total						1,555,551,856.85

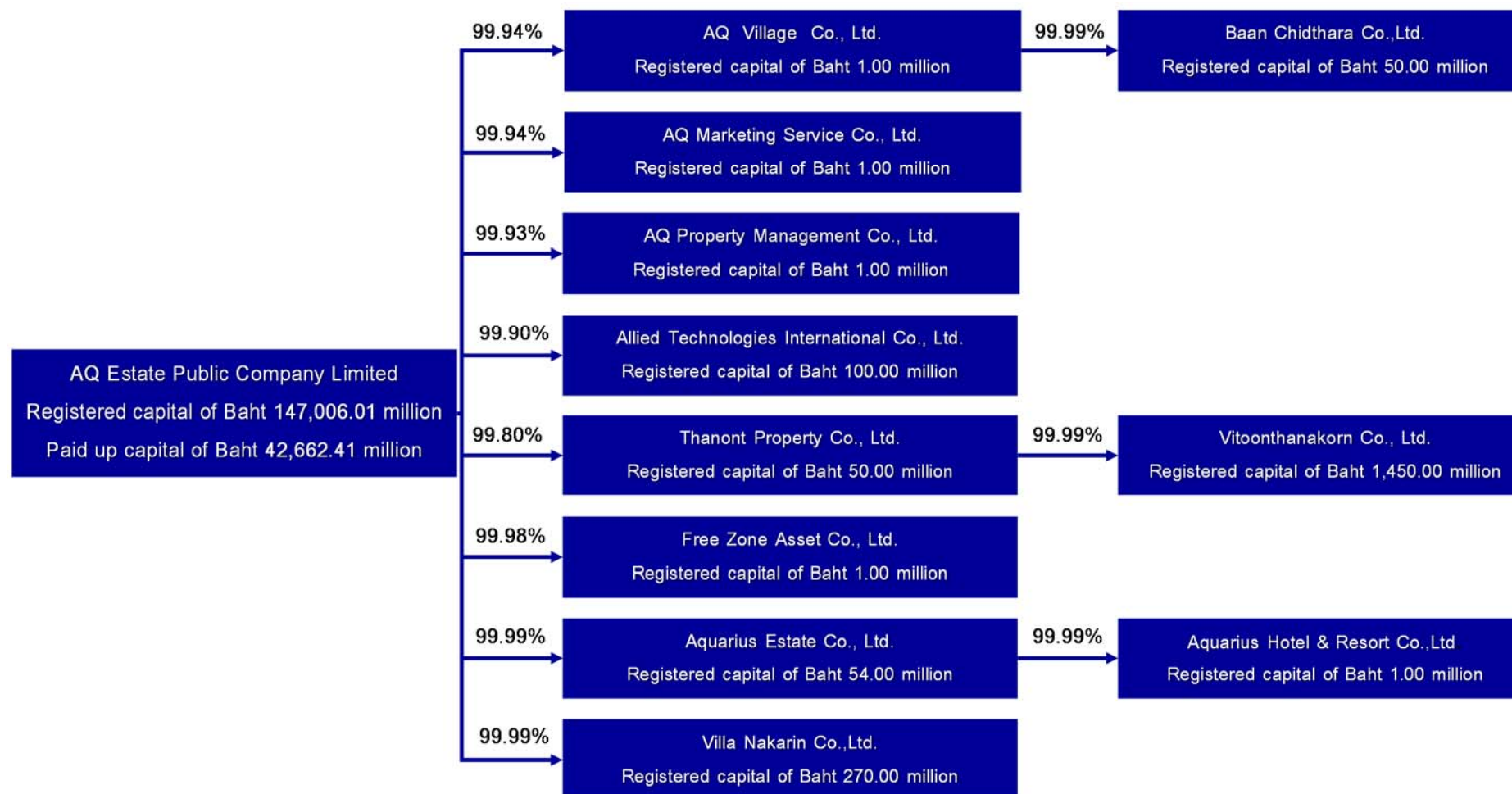
Return on bills of exchange and loans as of December 31, 2018. The details are as follows.

No.	Companies	Return on Investment (Baht)
1	Krung Thai Land Development Co., Ltd.	44,061,134.93
2	Thai Filatex Public Co., Ltd.	12,899,136.97
3	Vintage Engineering Public Co., Ltd.	16,716,725.95
4	Planet Energy Holdings Pte. Ltd.	66,604,758.31
5	East Coast Furnitech Public Co., Ltd.	7,147,894.28
Total		147,429,650.44

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, 2018



List of subsidiaries as at 31 December 2018

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."

Impact of economic conditions

In 2018, the business operations under the production line of the Company and its subsidiaries have limitations on investment because the company has a burden to pay for Krung Thai Bank. However, the Company is still operating carefully and there is a limitation on the expansion of work by aiming to generate more income which is divided into the following major production lines.

1. Commercial and real estate development business, the Company and its subsidiaries focus on selling products in the existing projects due to the limitations mentioned above. The Company and its subsidiaries' products is resident that build before selling. There are single houses, townhomes and condominiums. From such restrictions, the Management expects that when the case is completed, the company and its subsidiaries will be able to develop the project to its full potential to increase revenue.
2. Accommodation and hotel services, The Company and its subsidiaries have hotels service businesses. In 2018, the Company opened 1 additional hotel with 2 buildings as Alix Hotel Soi

Soonwijai which is located in Soi Soonwijai near Bangkok hospital. There are target customers such as foreign customers who come to the hospital. The hotel was opened in September 2018 with strategy is penetrate customers who want to stay for medical treatment. The Management is of the opinion that due to the increasing competition in the hotel business that is not much impact on the Company because the company has adjusted the hotel management strategy.

1.6 Relationship with the major shareholder's business

-None-

2. Type of Business

2.1 Revenue Structure

Revenue from business operations of the Company and subsidiaries during the year 2016 - 2018 could be classified by business segment as follows.

Product line / Business Group	Operated by	% Shareholding	Revenue (Million Baht)					
			2018	%	2017	%	2016	%
Revenues from sales of property	Thanont Property	99.80	399.82	48.50	538.91	70.37	1,088.37	86.46
	Allied Technologies	99.90						
	Vitoonthanakorn	99.99						
	Aquarius Estate	99.99						
	Villa Nakarin	99.99						
	Aquarius Hotel	99.99						
Income from hotel business	AQ Village	99.94	100.73	12.22	82.23	10.74	75.30	5.98
	Aquarius Estate	99.99						
	Aquarius Hotel*	99.99						
	Baan Chidthara*	99.99						
Revenues from property rental operations and related services	AQ Property	99.93	20.51	2.49	17.54	2.29	13.99	1.11
	Free Zone Asset	99.98						
Revenues from consult and sales management	AQ Estate PLC	-	-	-	-	-	0.33	0.03
	AQ Marketing Service	99.94						
	Aquarius Estate	99.99						
Total revenues from sales and services	-	-	521.05	63.20	638.67	83.40	1,177.98	93.58
Other income	AQ Estate PLC	-	303.38	36.80	127.12	16.60	80.86	6.42
Grand total		-	824.43	100.00	765.79	100.00	1,258.84	100.00

Note * Startted in September 2018

2.2 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., Viton 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.

Real estate that is currently in operation

Project	Project owner	Location	Product Categories in the project
Krisda Marina (Project 27)	The Company	Pinklao Road - Nakhon Chaisri, Entrance to Wat Rai Khing	Houses - Land
Krisda City Lake & Park (Project 30)	The Company	Theparak Road Km 16 Bangpla Sub-district, Bangplee District, Samutprakarn	Houses - Land
The Kris 6 (Last transfer in 2017)	Thanont Property	Huai Khwang sub-district, Huai Khwang District	8-storey condominium 170 units
The Kris 7 (Last transfer in 2017)	The Company	Huai Khwang sub-district, Huai Khwang District	8-storey condominium 178 units
Krisda Lagoon (Project 41) (Last transfer in 2018)	Thanont Property	Rama 5 Road, Ku Wiang, Bang Kruay, Nonthaburi	House
Krisda Grand Park (Project 42)	Allied Technologies	Phaholyothin – Rangsit Road, Klongnueng, Klongluang, Pathumthani	House
AQ Shadi	Allied Technologies	Phaholyothin – Rangsit Road, Klongnueng, Klongluang, Pathumthani	Semi-detached 2 storey 86 units
Garden Rama 9	Vitoonthanakorn	Jaturatis Rd., Rama IX Rd.	7 storey condominium 4 building

Project	Project owner	Location	Product Categories in the project
AQ Welle	Vitoonthanakorn / Thanont Property / Allied Technologies	Jaturatis Rd., Rama IX Rd.	3-storey house of 18 houses.
Estate Rattanathibet	Aquarius Estate	Rattanathibet Road	36-storey condominium 475 units
Project 15 Gate	Aquarius Estate	Yothinpattana Road, Soi Yotin Pattana 11, Klongjan, Bangkok	3 detached houses, 15 units
Rangsit BIZ Park	The Company	Paholayothin road, Rangsit	498 detached house
AQ VIRAR	The Company	Siam Park 24	54 townhouses
Phureesala Project	The Company / Allied Technologies	Thalang District, Phuket Province	Detached house 18 plots
AQ Shadi - Chon Buri - Bypass	The Company	Muang District, Chonburi	Detached house 262 Plot
AQ Aria* Selling whole project Jun 16	The Company	Phetchaburi Road	Condominium 315 units
AQ ARBOR	Villa Nakarin	Suan Luang R 9 - Pattanakarn	3-storey house 114 units
ShaSa Resort & Residences, Koh Samui	Aquarius Estate	Casa Vela Hotel Condominium, Laem Set Road, Maret sub-district, Koh Samui, Surat Thani	Villas and there are 32 suites. (5 Star Hotel)
Krisdadoi Chiang Mai (Renovation in Progress)	AQ Village	Samoeng Road away from the Lanna park	Resort 60 rooms
Malibu (Renovation in Progress)	Aquarius Estate	Phuket	Resort 32 rooms
ALIXE	Aquarius Hotel / Allied Technologies	Soi Soonwijai	Condominiums and hotels

Project Progress in Real Estate Group

Project Name	Project owner	Year started	Status	Project area (rai)	Products for sale		Value Million Baht 1	Cumulative sales		Sales for the year 2018		Investment value in project (Million Baht) 4	Construction progress		Sales value of Product sold but not yet transferred as of Dec 31, 2018 (Million baht)
					unit	Area (Square wah)		Value Million Baht 2	% of Product value available for sale $3=(2/(1))*100$	units	Product Value (Million Baht)		Money invested (Million Baht) 5	% of Finished work $(6)=(5)/(4)*100$	
Krisda Royal Park (Project 19) 3	The Company	1993	Still Available	34	127	14,171	310.64	238.07	76.64			147.00	147.00	100.00%	-
Thanont Golf View & Sports Club (P 25)	The Company	2006	Still Available	17	58	5,926	267.34	151.03	56.49			100.51	100.51	100.00%	-
Krisda Marina (Project 27) 3	The Company	1995	Still Available	134	206	28,085	905.88	548.42	60.54			811.66	706.31	87.02%	-
Krisda City Lake & Park (Project 30) 3	The Company	1995	Still Available	559	1189	172,225	3,348.07	1,035.80	30.94			2,820.00	2,756.00	97.73%	-
Rangsit - Phahon Yothin project 35	The Company	2014	Not available yet	82.2.77	498	33,077	1,785.63					1,540.19	413.59	26.85%	-
Krisda Lagoon (Project 41)	Thanont Property	2004	Still Available	69	166	17,626	692.38	692.38	100.00			750.75	750.75	100.00%	-
Krisda Grand Park (Project 42)1. 2	Allied Technologies	2004	Still Available	65.0.48	224	22,319	1,625.28	1,593.79	98.06	12	118.66	1,150.72	1,149.45	99.89%	
Krisda Grand Park (Project 42) 3	Allied Technologies	2014	Still Available	15.0.48.62	86	3,210	355.90	149.69	42.06	7	39.50	302.43	290.49	96.05%	4.80
Phureesala Phuket Project 51	The Company	2014	Still Available	11.3-22	18	2,163	330.33	18.90	5.72			259.87	123.57	47.55%	-
Chonburi Bypass Project 52	The Company	2014	Still Available	48.0.36.8	262	19,237	978	229.26	23.44	10	39.78	835.17	519.73	62.23%	25.20
Siam park Project	The Company	2014	Not available yet	5.3-86	54	2,386	306.21	112.24	36.65	16	96.20	242.32	225.54	93.08%	33.32
ARBOR, Chalerm Phra Kiat Road	Villa Nakarin	2015	Not available yet	28-0-2	114	7,061	989.84	280.05	28.29	7	76.37	896.40	679.36	75.79%	12.13
15 Gate	Aquarius Estate	2014	Still Available	3-175.2	15	903.3	326.00	312.00	95.70			269.12	269.12	100.00%	-
AQ Welle	Thanont , Allied, Vitoon	2016	Still Available	4-1-16	32	1,637	690.00	76.00	11.01	1	35.82	580.96	464.39	79.93%	
The Kris Garden	Vitoonthanakorn	2013	Still Available	4	479	16,991	957.8	758.99	79.23	6	15.05	829.63	826.18	99.58%	
Estets Ratanathibet	Aquarius Estate	2014	Closed sales	1.3.47	475	15,626	1,390.45					1,241.12	518.93	41.81%	
AQ ALIX	Aquarius Hotel	2016	Still Available	0-2-62	67	1,909	258.08	230.04	89.14			162.74	162.74	100.00%	

2.3 Market and Competition

In the overall world economy of 2018, the growth slowed down after a significant acceleration in the previous year, especially in the second half of the year. Partly as a result of the US trade barrier policy and the counterattack of trading partners, the Eurozone economy grew at a slower pace as private consumption became more important from the political uncertainty in the EU increased. For the Japanese economy, growth slowed down as a result of natural disasters. The Chinese economy grew at a slower pace. Due to the tight financial condition as the bank is more stringent in granting loans Financial stability policy of the authorities to reduce debt in the economy Including the impact of US trade barrier policy which clearer at the end of the year. For the Asian economy (Excluding Japan and China) grew at a slower pace due to tightening financial conditions in some countries Confidence decreased from policy to prevent US trade Including the fiscal stimulus that has declined in some countries. Continued to expand well Based on strong economic fundamentals Reflecting from the labor market that is in good condition, along with ongoing fiscal support While implementing monetary policy in many countries, especially the US Began to reduce the level of monetary policy relaxation to normal (normalization) In the next phase, the global economy is expected to expand at a slower pace. Returning to the growth rate as potential, with risk factors that need to be tracked as follows :

1. Uncertainty of US international trade policies and the response of trading partners.
2. Uncertainty of the conclusion of the EU exit of United Kingdom (Brexit).
3. Geopolitical risks (geopolitical risks) that may affect Growth of the world economy.

For the Thai economy, the year 2018 continued to grow at 4.1%, driven mainly by spending. The private sector expanded well both in consumption and investment. Private consumption continued to expand well, partly due to the end of the commitment of the first car project which have to be held until the end of the fifth year, as well as the supporting factors for the private sector purchasing power which improved according to outside household income. The agricultural sector expanded well and spread more thorough high level of household confidence together with additional support from government policies. Private investment improved both in investment to increase efficiency and capacity expansion according to the business confidence that is in good condition including receiving good results from relocating production bases in certain industries that are produced for Exported to Thailand at the end of the year. For government spending, it also helps stimulate the economy especially investment to develop infrastructure for rail transport systems. Even though some projects still have some delays. On the export side, the product growth slowed down from the previous year. In line with the economic growth direction, trade partners and world trade volumes that have been affected by trade

conflicts between the US and China, including the slowdown in electronic product cycles. In addition, some export products are affected. Directly and indirectly from US trade barrier policies such as washing machines, solar cells and integrated circuits, however, at the end of the year, some industrial exporters, such as electrical appliances and car tires, received more benefits from the move of orders to Thailand. For service exports, growth slowed down in line with the number of Chinese tourists significantly. Partly as a result of the incident in Phuket in July, resulting in Confidence in the safety of Chinese tourists decreases including the slowdown of the Chinese economy. However, tourists from other countries continued to expand well.

The overall picture of the tourism business expanded in all regions, both from Thai and foreign tourists. Although Chinese tourists are still shrinking but the situation began to improve from the previous quarter. The real estate business grew well in Bangkok and its vicinity, as well as major tourist provinces.

With information from the Real Estate Information Center Has shown an overview in the year 2018, the whole year, the housing market situation both in demand and supply increased when compared to 2017 as a result of the expansion of the overall economic fundamentals of the country both the export sector and tourism including investment in the government's mega project whether it is a project of the MRT line high speed train. In addition, the results of the Bank of Thailand's credit supervision measures Has resulted in the end of the year with a special increase in demand And resulting in new supply to replace the original supply that has already been sold.

1. Housing supply situation

New residential project for sale In Bangkok and its vicinity

Overview of new residential projects launched in 2018, with a total of 404 projects with 118,271 units in the plan and a total project value of 538,767 million baht. The number of projects decreased by 2.7% but the number of units and value increased by 3.6% and 10.3%, respectively, compared to 2017, which has 415 projects, 114,194 units and the project value is 488,537 million baht.

<u>Housing</u>	There are 244 projects (9.0% decrease.) and 45,063 units (8.5% decrease) but the project value was 217,811 million baht (3.8% increase) compared to 2017, with 268 projects, 49,241 units and project value of 209,905 million baht.
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<u>Condominium</u>	There are 160 projects, 73,208 units and the project value is 320,956 million baht, increasing the whole number of projects, number of units and project value which increased by 8.8%, 12.7% and 15.2% , respectively, compared to
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the year 2017, which had 147 projects, 64,953 units and the project value 278,632 million baht

For housing trends, the REIC estimated new housing sales opened in 2019 approximately 112,044 units, housing approximately 41.1%, and 58.9% condominiums with an estimated range of 100,800 to 123,250 units which decreased 5.3% compared to 2018, which has 118,271 units.

Newly registered housing in Bangkok and its vicinity.

Year 2018, the whole year, the number of newly registered are 122,877 units, an increase of percentage is 7.3 compared to the year 2017, which is 114,501 units, which is the horizontal housing, both housing and houses that the people build themselves, up 11.5% While condominiums increased by 3.9%

2. Housing demand situation

The transfer of ownership of residences in Bangkok and its vicinity

In terms of ownership transfer, in the year 2018, there were 196,630 units of residential ownership transfer in Bangkok and its vicinity, and a value of 565,112 million baht. With the ownership transfer of 163,468 units and a value of 427,728 million baht. (Or house transferred from juristic person) 123,664 units and transfer of ownership of second-hand houses (Houses transferred from natural persons) approximately 72,966 units, resulting in the proportion of units transferred to new houses built in 2018, equal to 63: 37.

Private housing loans released nationwide

Year 2018, the whole year, new housing loans for individuals nationwide worth 702,900 million baht, an increase of 10.9% compared to 2017, which is worth 633,990 million baht. Real estate is expected to have a value of approximately 697,814 million baht, with an estimated range of 692,600 to 701,900 million baht, down 0.7 percent compared to 2018. With a value of 702,900 million baht due to the reduction of ownership transfer in 2019.

Private housing loans outstanding nationwide

However, at the end of the year 2018, the total outstanding housing loans in the country were 3,795,058 million baht, an increase of 7.7 percent over the same period in 2017, which is worth 3,525,103 million baht. At the end of 2019, the real estate information center is expected to have a value of approximately 4,145,000 million baht, with an estimated range of 4,102,700 to 4,187,600 million baht. Increased 9.2 percent compared to 2018, which is worth 3,795,058 million baht.

3. The situation in the tourism and hotel part.

According to a report from the Ministry of Tourism and Sports, the tourism situation in Thailand for the first 7 months of 2018 has continued to grow well. The number of foreign tourists from January to July 2018 totaled 22,657,730 people - an expansion of 11.00 percent from the same period last year. Total revenue from foreign tourists in the first 7 months reached 1.18 trillion baht, expanding by 14.44 percent from the same period last year. Revenue from tourists that grew well include China, Russia, India and Malaysia. For the Thai tourist market, Thailand is still expanding well. In the first half of 2018, Thai tourist arrivals in Thailand amounted to 74.96 million people - expanded by 4.68 percent, resulting in revenue of 519 billion baht, resulting in total revenue to the tourism sector from foreign tourists visiting Thailand for the first 7 months. And Thai tourists traveling to Thailand for the first 6 months of 2018 with a value of 1.701 trillion baht, expanding by 12.87 percent from the same period of the past year.

For the direction of the tourism business in the next phase Kasikorn Research Center believes that tourism business will continue to expand. In the last quarter from entering the high season and various supporting factors However, from competing to attract Foreign tourists enter their country more fiercely and the trend of new forms of tourism occurs, including travel technology, which currently plays a role in the tourism sector. Make entrepreneurs Related to the need to adjust the strategy to cope with the challenge from more intense competition.

Factors that may create challenges to the tourism business

However, despite various supporting factors that creates opportunities for entrepreneurs involved in the tourism business But at the same time, there are some factors that create challenges for entrepreneurs such as

1. The increasingly fierce competition of the tourism industry at the national level Seen from Supported by governments of various countries With tourism stimulus measures such as visa exemption Travel in various countries To attract foreign tourists Including investing in infrastructure and basic transportation systems, public relations and advertising through various online media Or even a VAT refund policy From the purchase of goods for tourists traveling in their country By countries in Asia Which is regarded as a major competitor of Thailand such as Japan, South Korea, Taiwan, Malaysia, Lao PDR and Vietnam, etc. which is a challenge that affects the number of foreign tourists traveling to Thailand.

2. The role of OTA is increasing, affecting the hotel business and various travel companies. To be more competitive As well as allowing operators to find higher costs due to the need to pay commissions to OTA companies, with a proportion between 20-35% of room rates. Including entering

into acting as a wholesaler, where OTA will contact to request to purchase rooms from many types of service providers in advance in many units in order to get the price Cheaper than the market price, such as rooms from hotels Plane tickets, rental cars and then combined into packages for sale To tourists at a lower price than the price of the tourists booking directly with the service provider Make tourists Turned to using more OTA bookings, which is considered a challenge that affects operators in the hotel and accommodation groups.

2.4 Backlog

-None-

3. Risk Factors

3.1 Risks to business operation

3.1.1 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 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 Risk on 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 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 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 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 2018, the Company reported a net profit of Baht 74.89 million. However, the Company has a deficit of Baht (6,340.74) million at the end of 2018. In the past, 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 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.

Detail and schedule for use of fund from capital increase for Private Placement (PP)

Period	Detail	Amount (million Baht)
2017	Payment for damages from judicial order	10,004.47
2017	Development of Estes Rattanathibet project	976.90
2017	Development of Chonburi – Bypass project	457.37
2017	Development of AQ Welle	81.93
2017	Development of AQ ARBOR	397.79
2017	Development of AQ ALIX	303.89
2017	Purchase of the collateralized land	1,500.00
2018 - 2019	Investment in new projects	1,500.00
2018 - 2019	Working capital	500.00
		<u>15,722.35</u>

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 02-033-5555 Fax 02-033-5566
Website	: www.aqestate.com
Registered Capital	: 147,006,012,651.50 Baht
Paid up Capital	: 42,662,405,722.00 Baht
Number of paid up shares	: 85,324,811,444 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 02-033-5555
 Fax 02-033-5566
 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 02-033-5555
 Fax 02-033-5566
 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 02-033-5555
 Fax 02-033-5566
 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 02-033-5555
 Fax 02-033-5566
 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 02-033-5555
 Fax 02-033-5566
 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
 Nature of Business : To sell, acquire, provide service and operate in real estate
 Contact numbers : Telephone 02-033-5555
 Fax 02-033-5566
 Registered Capital : 54,000,000 Baht
 Paid up Capital : 54,000,000 Baht
 Shareholding : 99.99%
 Related status : Direct Subsidiary
- (8) **Name** : **Villa Nakarin Co.,Ltd.**
 Head office : 102 Rimklong Bangkapi Road, Bangkapi, Huai Khwang
 Bangkok 10310
 Nature of Business : Real estate trading
 Contact numbers : Telephone 02-033-5555
 Fax 02-033-5566
 Registered Capital : 270,000,000 Baht
 Paid up Capital : 270,000,000 Baht
 Shareholding : 99.99%
 Related status : Direct Subsidiary
- (9) **Name** : **Vitoonthanakorn Co., Ltd.**
 Head office : 102 Rimklong Bangkapi Road, Bangkapi, Huai Khwang
 Bangkok 10310
 Nature of Business : Real estate trading
 Contact numbers : Telephone 02-033-5555
 Fax 02-033-5566
 Registered Capital : 1,450,000,000 Baht
 Paid up Capital : 1,450,000,000 Baht
 Shareholding : 99.99%
 Related status : Indirect Subsidiary (held through Thanont Property Co., Ltd.)

- (10) **Name** : Baan Chidthara Co.,Ltd.
- Head office : 102 Rimklong Bangkapi Road, Bangkapi, Huai Khwang
Bangkok 10310
- Nature of Business : Recreational services and provides hotel and resort
- Contact numbers : Telephone 02-033-5555
Fax 02-033-5566
- 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 02-033-5555
Fax 02-033-5566
- 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 Sirirorote C.P.A. Registration No. 5113
Miss Kannika Wipanurat C.P.A. Registration No. 7305

Karin Audit Company Limited

72 CAT Telecom Building, 24th floor Charoen Krung Road,
Bang Rak District, Bangkok 10500

Phone: 0-2105-4661

Fax: 0-2026-3760

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

4.2 Other important information

Investors can find out more information on the company's Form 56-1 that show on www.sec.or.th or the Company website www.aqestate.com

5. Securities and Shareholders information

5.1 Registered capital and paid-up capital

Registered capital and paid-up capital as at December 31, 2018 as follows.

- ☐ Registered capital 147,006,012,651.50 Baht divided into
Ordinary shares of 294,012,025,303 shares
Par value of Baht 0.50 per share
- ☐ Paid-up capital 42,662,405,722.00 Baht divided into
Ordinary shares of 85,324,811,444 shares
Par value of Baht 0.50 per share

5.2 Shareholders

1) List of major shareholders

As at March 15, 2019 the Company has the list of top 10 major shareholders as follows.

No.	List of Shareholders	Number of shares	
		Shares	%
1	ZICO ALLSHORES TRUST (S) LTD. ATO WISDOM & VIRTUE FUND	17,000,000,000	19.93
2	CGS-CIMB SECURITIES (SINGAPORE)PTE., LTD.	5,100,000,000	5.98
3	Mrs Jiratha Wattanawekin	3,900,000,000	4.57
4	Mr. Baworn Rungreongnaowarat	3,582,000,000	4.20
5	Mr. Chanon Wangtaal	3,315,000,000	3.89
6	Mr. Wittaya Jakpetch	3,100,000,000	3.63

No.	List of Shareholders	Number of shares	
		Shares	%
7	Mr.Pichet Permsabhiran	2,670,000,000	3.13
8	Miss Thanutra Sueweerachai	2,226,622,600	2.61
9	Miss Supaluck Setthapanich	2,060,000,000	2.41
10	Mr. Susichtak Ajchariyasombut	2,000,000,000	2.34
	Total	44,953,622,600	

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.

3) Warrant AQ-W4

The Company issued 42,656,849,667 warrants (AQ-W4) on November 1, 2017. The warrants were listed on the Stock Exchange of Thailand on January 15, 2018. The warrants are named and transferable. The term of warrants is not more than 1 year from the date of issuance and offering of warrants. AQ-W4 determined to exercise 1 time when the warrants 1 year maturity from the date of issuing the warrants. ("Exercise Date"). The exercise date is October 31, 2018, 1 unit of warrant can purchase 1 ordinary share, exercise price is 0.05 baht per share with a par value of 0.50 Baht.

On 31 October 2018, warrants (AQ-W4) have number of warrant holder's application 48 persons, number of exercised warrants 10,127,909 units, the remaining warrants not yet been exercised were 42,646,721,758 units, number of share derived from this exercise 10,127,909 shares. Ordinary

shares allocated to support the use of the right balance amount 42,646,721,758 shares. The warrants (AQ-W4) that have not exercised in full amount as above will be terminated on November 1, 2018 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.

Dividend from annual operating results	2018	2017	2016	2015	2014
Earnings per share	0.0009	(0.0036)	(0.2954)	(0.17)	(0.04)
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 28 February 2019 Board of Directors of AQ Estate Public Company Limited consist of

1) Board of Directors

- | | | |
|----|-----------------------------|------------------------------------|
| 1. | Mr. Auychai Kultipmontre | Chairman of the Board of Directors |
| 2. | Dr. Suthad Chankingthong | Director |
| 3. | Mr. Prapat Yorkhant | Director |
| 4. | Dr. Ranchana Rajatanavin | Director |
| 5. | Mr. A Sachdev | Independent Director |
| 6. | Miss Kulchaya Wathana | Independent Director |
| 7. | Miss Papasorn Mongkholmafai | Independent Director |

2) Audit Committee

- | | | |
|----|-----------------------------|---------------------------------|
| 1. | Mr. A Sachdev | Chairman of the Audit Committee |
| 2. | Miss Papasorn Mongkholmafai | Audit Committee |
| 3. | Miss Kulchaya Wathana | 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 28 February 2019, the Company had total of 7 directors which consists of 3 Executives Directors and 4 independent Directors which is 57.14% 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 Mr. Prapat Yorkhant or Miss Ranchana Rajatanavin, 2 of these 3 directors sign together

Attending of meetings

In 2018, the Company provided the Board of Directors meeting of 13 times, and the Audit Committee meeting of 5 times with the directors attendance details as follows.

Name of Directors	Position	Meeting		Note
		Number of meeting	Number of attending	
1. Mr. Auychai Kultipmontre	Chairman of the Board of Directors	-	-	Appointed 1 Feb 2019
2. Dr. Suthad Chankingthong	Director	13	13	Appointed 9 Oct 2015
3. Mr. Prapat Yorkhant	Director	13	7	Appointed 26 Jun 2018
	Audit Committee	1	-	Appointed 26 Jun 2018 Resigned 27 Sep 2018
4. Dr. Ranchana Rajatanavin	Director	13	12	Appointed 9 Oct 2015
5. Miss Papasorn Mongkholmafai	Independent Director	13	13	Appointed 9 Oct 2015
	Audit Committee	5	5	Appointed 9 Oct 2015
6. Mr. A Sachdev	Independent Director	3	2	Appointed 27 Sep 2018
	Chairman of the Audit Committee	1	1	Appointed 27 Sep 2018
7. Miss Kulchaya Wathana	Independent Director	3	3	Appointed 27 Sep 2018
	Audit Committee	1	1	Appointed 27 Sep 2018
8. Mr. Somchai Kuvijitsuwan	Chairman of the Board of Directors	10	10	Appointed 8 Mar 2016 Resigned 1 Oct 2018
9. Mr. Apivut Thongkam	Vice Chairman of the Board of Directors	8	8	Appointed 14 Sep 2016 Resigned 29 Aug 2018
10. Mr. Somchai Meesen	Director	4	4	Appointed 13 Jan 2017 Resigned 21 June 2018
11. Mr. Pornthep Panyarachun	Director	2	1	Appointed 26 Jun 2018 Resigned 14 Aug 2018
12. Mr. Vutti Phong Issaramalai	Independent Director	9	8	Appointed 15 Feb 2017 Resigned 6 Sep 2018
	Chairman of the Audit Committee	4	4	Appointed 15 Feb 2017 Resigned 6 Sep 2018
13. Dr. Saranya Sanghiran	Independent Director	4	4	Appointed 27 Dec 2016 Resigned 25 Jun 2018
	Audit Committee	3	3	Appointed 27 Dec 2016 Resigned 25 Jun 2018

7.2 Executives

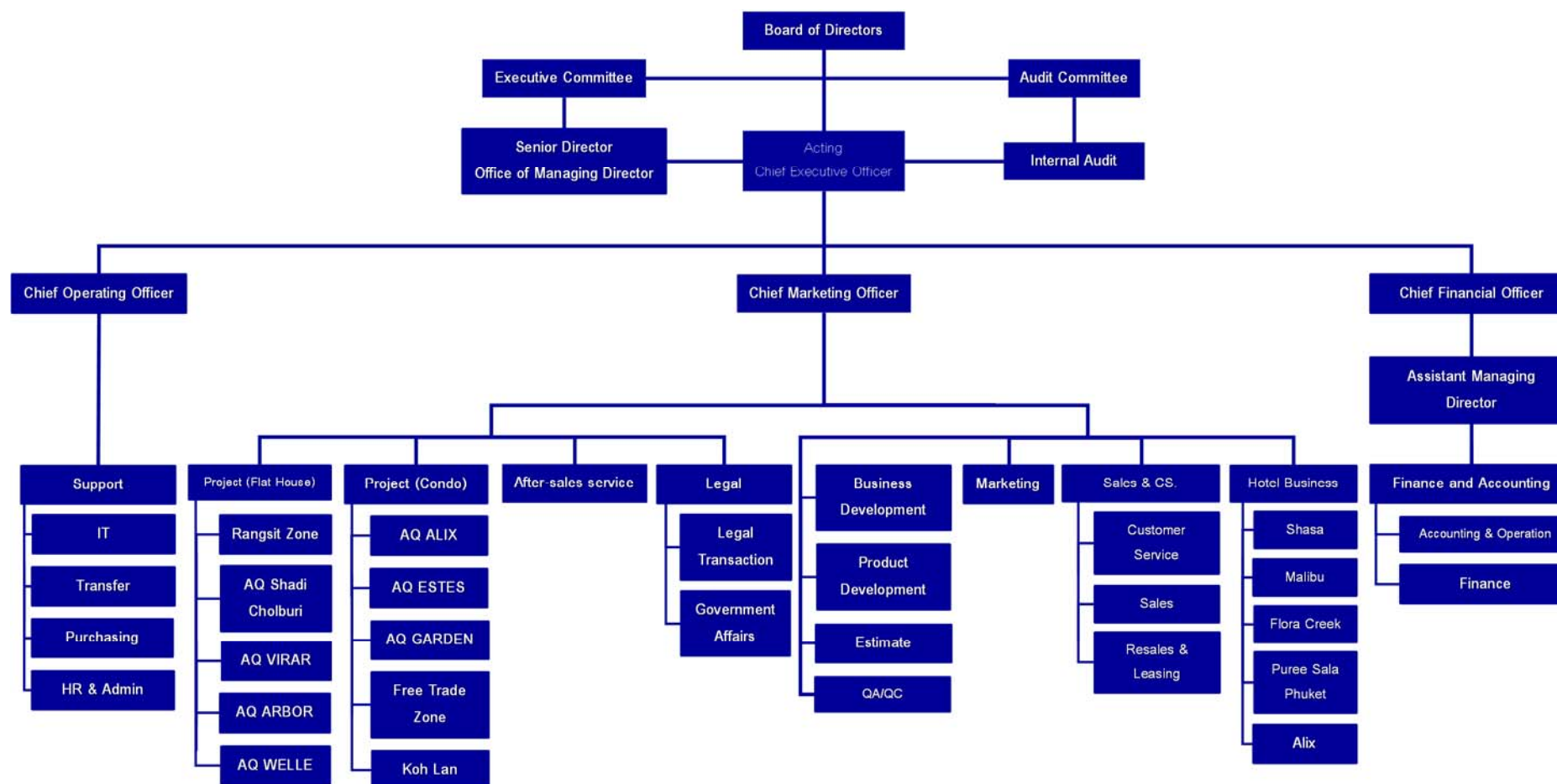
As at December 31, 2018 management team of AQ Estate Public Company Limited has 5 Executives as follows.

List of Executives	Position
1. Dr. Suthad Chankingthong	Acting Chief Executive Officer / Executive Committee / Chief Marketing Officer
2. Dr. Ranchana Rajatanavin	Executive Committee
3. Mr. Prapat Yorkhant	Executive Committee
4. Mr. Wirat Aiew-Aksorn	Chief Operating Officer
5. Mrs. Pranee Hirunbanthow	Chief Financial Officer / Assistant Managing Director of Operations / Vice president of Accounting and Finance

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 December 31, 2018



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 2018 on April 30, 2018 approved the remuneration of directors in accordance with the resolution of the Nominating and Remuneration Committee for the year 2018 of Baht 3,500,000.

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 (Baht)			Note
		attendance fee	monthly remuneration	Total	
1. Mr. Auychai Kultipmontre	Chairman of the Board of Directors	-	-	-	Appointed 1 Feb 2019
2. Dr. Suthad Chankingthong	Authorized Director Executive Committee Acting Chief Executive Officer	72,000	-	72,000	Appointed 9 Oct 2015 Appointed 3 Oct 2018 Appointed 31 Aug 2018
3. Mr. Prapat Yorkhant	Independent Director / Audit Committee Executive Committee	42,000	79,166.67	121,166.67	Appointed 26 Jun 2018 Appointed 26 Jun 2018 Resigned 27 Sep 2018
4. Dr. Ranchana Rajatanavin	Authorized Director	66,000	-	66,000	Appointed 9 Oct 2015
5. Miss Papasorn Mongkholmafai	Independent Director / Audit Committee	72,000	300,000	372,000	Appointed 9 Oct 2015

List of Directors	Position	Directors Remuneration (Baht)			Note
		attendance fee	monthly remuneration	Total	
6. Mr. A Sachdev	Independent Director / Chairman of the Audit Committee	12,000	150,000	162,000	Appointed 27 Sep 2018
7. Miss Kulchaya Wathana	Independent Director / Audit Committee	18,000	75,000	93,000	Appointed 27 Sep 2018
8. Mr. Somchai Kuvijitsuwan	Chairman of the Board of Directors	54,000	630,000	684,000	Appointed 8 Mar 2016 Resigned 1 Oct 2018
9. Mr. Apivut Thongkam	Vice Chairman of the Board of Directors / Chief Executive Officer / Authorized Director / Nomination Committee	42,000	-	42,000	Appointed 14 Sep 2016 Resigned 29 Aug 2018
10. Mr. Somchai Meesen	Director / Executive Committee/ Authorized Director	18,000	150,000	168,000	Appointed 13 Jan 2017 Resigned 21 June 2018
11. Mr. Vuttiiphong Issaramalai	Independent Director / Chairman of the Audit Committee / Nomination Committee	42,000	408,333.33	450,333.33	Appointed 15 Feb 2017 Resigned 6 Sep 2018
12. Dr. Saranya Sanghiran	Independent Director / Audit Committee	18,000	150,000	168,000	Appointed 27 Dec 2016 Resigned 25 June 2018
13. Mr. Pornthep Panyarachun	Independent Director / Audit Committee	6,000	-	6,000	Appointed 26 Jun 2018 Resigned 14 Aug 2018
Total		462,000	1,942,500	2,404,500	

(b) Executives remuneration

In 2018, the Company paid remuneration consisted of salary and bonus to 5 executives totaling Baht 17,336,378.33 as follows.

Executives remuneration	Baht
Salary	13,468,333.33
Bonus	-
Remuneration for Special Projects	180,000.00
Meeting allowance	210,000.00
Reception Expenses	246,000.00
Consulting fees (internal management)	3,232,045.00
Total	17,336,378.33

2) Other remuneration

(a) Other remuneration of Directors

In 2018, 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 2018, the Company paid contributions for provident fund and social insurance fund for the Executives of Baht 365,750 and Baht 45,000 respectively.

7.5 personnel

1) **Number of employees**

As at December 31, 2018 the Company and its subsidiaries had total staff of 396 people. The Company paid remuneration to employees that consists of salary, overtime pay, social security, provident fund, total amount of Baht 165.64 million. These include the portion that the subsidiaries has paid employees in the same way with the company totaling Baht 95.89.

Primary line	Number of employees (person)	
	The Company	11 subsidiaries
Operations / Services staff	-	219
Executive staff	29	28
Employees in Headquarters	70	50
Total	99	297
Employees remuneration (million Baht)	69.75	95.89

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;

- ☐ 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. 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 2018, the company held its annual meeting of shareholders on 30 April, 2018 which 8 directors attended in the meeting. The company deemed appropriate to hold shareholder meeting at The Golden Tulip Hotel, Jaturatis Room. 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:

☐ 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.

☐ **Social and environmental responsibility**

The Company is committed to responsible business practices, care and attention to the community, society, and the environment as a whole to comply with relevant laws and regulations.

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 28 February 2019 the Board of Directors consisted of 8 directors as follows.

No.	List of Directors	Position	Note
1.	Mr. Auychai Kultipmontre	Chairman of the Board of Directors	Appointed 1 Feb 2019
2.	Dr. Suthad Chankingthong	Director	Appointed 9 Oct 2015
3.	Dr. Ranchana Rajatanavin	Director	Appointed 9 Oct 2015

No.	List of Directors	Position	Note
4.	Mr. Prapat Yorkhant	Director	Appointed 27 Sep 2018
5.	Mr. A Sachdev	Independent Director	Appointed 27 Sep 2018
6.	Miss Papasorn Mongkholmafai	Independent Director	Appointed 9 Oct 2015
7.	Miss Kulchaya Wathana	Independent Director	Appointed 27 Sep 2018
8.	Mr. Apivut Thongkam	Director	Appointed 14 Sep 2016 Resigned 29 Aug 2018
9.	Mr. Somchai Meesen	Director	Appointed 13 Jan 2017 Resigned 21 June 2018
10.	Mr. Somchai Kuvijitsuwan	Independent Director	Appointed 8 Mar 2016 Resigned 1 Oct 2018
11.	Mr. Vuttiaphong Issaramalai	Independent Director	Appointed 15 Feb 2017 Resigned 6 Sep 2018
12.	Dr. Saranya Sanghiran	Independent Director	Appointed 27 Dec 2016 Resigned 25 Jun 2018
13.	Mr. Pornthep Panyarachun	Director	Appointed 26 Jun 2018 Resigned 14 Aug 2018

As at 28 February 2019, the Company had total of 7 directors which consists of 3 Executives Directors and 3 independent Directors which is 57.14% 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

2) Audit Committee

As at December 31, 2018 the Audit Committee consisted of 3 members as follows.

No.	List of Directors	Position	Note
1.	Mr. A Sachdev	Chairman of the Audit Committee	Appointed 27 Sep 2018
2.	Miss Papasorn Mongkholmafai	Audit Committee	Appointed 9 Oct 2015
3.	Miss Kulchaya Wathana	Audit Committee	Appointed 27 Sep 2018
4.	Dr. Saranya Sanghiran	Audit Committee	Appointed 27 Dec 2016 Resigned 25 Jun 2018
5.	Mr. Vuttiiphong Issaramalai	Chairman of the Audit Committee	Appointed 15 Feb 2017 Resigned 6 Sep 2018
6.	Mr. Prapat Yorkhant	Audit Committee	Appointed 26 Jun 2018 Resigned 27 Sep 2018

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.

3) Executive Committee

As at December 31, 2018 the Executive Committee consisted of 3 members as follows.

No.	List of Executive Committee	Position	Note
1.	Dr. Suthad Chankingthong	Acting Chief Executive Officer	Appointed 9 Oct 2015
2.	Dr. Ranchana Rajatanavin	Executive Committee	Appointed 9 Oct 2015
3.	Mr. Prapat Yorkhant	Executive Committee	Appointed 27 Sep 2018
4.	Mr. Apivut Thongkam	Executive Committee	Resigned 29 Aug 2018
5.	Mr. Somchai Meesen	Executive Committee	Resigned 21 June 2018

4) Nomination and Remuneration Consideration Committee

As at December 31, 2018 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	Note
1.	Dr. Suthad Chankingthong	Chairman of the Nomination and Remuneration Consideration Committee	Appointed 27 Sep 2018
2.	Mr. A Sachdev	Nomination and Remuneration Consideration Committee	Appointed 27 Sep 2018
3.	Miss Kulchaya Wathana	Nomination and Remuneration Consideration Committee	Appointed 27 Sep 2018
4.	Mr. Vutti Phong Issaramalai	Nomination and Remuneration Consideration Committee	Resigned 6 Sep 2018
5.	Dr. Saranya Sanghiran	Nomination and Remuneration Consideration Committee	Resigned 25 Jun 2018
6.	Mr. Apivut Thongkam	Nomination and Remuneration Consideration Committee	Resigned 29 Aug 2018

5) Risk Management Committee

As at December 31, 2018 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	Note
1.	Mr. Prapat Yorkhant	Chairman of the Risk Management Committee	Appointed 27 Sep 2018
2.	Mr. A Sachdev	Risk Management Committee	Appointed 27 Sep 2018
3.	Dr. Ranchana Rajatanavin	Risk Management Committee	Appointed 27 Sep 2018
4.	Dr. Saranya Sanghiran	Risk Management Committee	Resigned 25 Jun 2018
5.	Mr. Vutti Phong Issaramalai	Risk Management Committee	Resigned 6 Sep 2018
6.	Mr. Somchai Meesen	Risk Management Committee	Resigned 21 June 2018

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.

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 Annual General Meeting of Shareholders 2018 on 30 April, 2018 approved the appointment of Karin Audit Co., Ltd as an auditor with 3 auditors as follow.

- | | |
|-----------------------------|-----------------|
| 1. Mr. Jadesada Hungsapruek | 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 5,387,900 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	220,000	661,500	735,000	1,396,500
AQ Village Co., Ltd.	37,800	113,400	252,000	365,400
AQ Marketing Service Co., Ltd.	25,000	75,000	120,000	195,000
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.	63,000	189,000	252,000	441,000
Aquarius Estate Co., Ltd.	63,000	189,000	336,000	525,000
Villa Nakarin Co.,Ltd.	30,000	90,000	130,000	220,000
Total		2,457,900	2,930,000	5,387,900

(2) Non-audit fee

In 2018 the Company paid non-audit fee which includes transportation cost and office supplies for the auditor total of Baht 152,543.

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

Qualification List of Directors, Executives, Control authority and Company Secretary as at 1 February 2019.

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. Auychai Kultiptomontre Independent Director and Chairman of the Board of Directors Appointed 1 February 2019 3 months (As of April 2019)	61	<input type="checkbox"/> Master of Public Administration, National Institute of Development Administration <input type="checkbox"/> Bachelor of Art, Public administration, Ramkhamhaeng university <input type="checkbox"/> National Defense College, Class 2011 <u>Training / study tour</u> <input type="checkbox"/> Representatives attended the ASEAN Customs Director Meeting, Malaysia <input type="checkbox"/> Representatives attending the WCO Asia Pacific Regional Heads of Customs Administration, Republic of Fiji <input type="checkbox"/> Representatives attended the meeting of the Harmonized System Committee, Belgium <input type="checkbox"/> Asean Border Leadership Exchange Program in Singapore <input type="checkbox"/> Study the Lessons from Europe Learning Program at the European Union <input type="checkbox"/> Study the operations of the Australian Customs and Border Protection Service (ACBPS) in Australia	0.02	None	1 Feb 2019 – Present	Independent Director and Chairman of the Board of Directors	AQ Estate PLC
					2013 - 2018	Deputy Director-General	Customs Department, Ministry of Finance

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"/> Study the Law Enforcement of U.S Department of Homeland Security in the United States					
2. Dr. Suthad Chankingthong Authorized Signatory Director Appointed on 9 Oct 2015 3 years, 7 months (As of April 2019)	49	<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 2015 – Present 3 Oct 2018 - Present Present Jan 2017 – Present Jan 2017 – Present Jan 2017 - Present Mar 2017 - Present Jan 2017 – Present Jan 2017 – Present Jan 2017 – Present Jan 2017 – Present Mar 2017 - Present	Authorized Signatory Director Acting Chief Executive Officer Managing Director Chief Marketing Officer Director Director Director Director Director Director Director Director	AQ Estate PLC AQ Estate PLC SJ Capital Auto Lease Co., Ltd. AQ Estate PLC AQ Village Co., Ltd. AQ Marketing Service Co., Ltd AQ Property Management Co., Ltd. Aquarius Estate Co., Ltd. Villa Nakarin Co., Ltd. Vitoonthanakorn Co., Ltd. Baanchidtara Co., Ltd. Aquarius Hotel & Resort Co., Ltd.
3. Dr. Ranchana Rajatanavin Authorized Signatory Director Appointed on 9 Oct 2015 3 years, 7 months (As of April 2019)	49	<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 2015 – Present 2012 – present 2008 – present Nov 2017 – Present Nov 2017 – Present Nov 2017 – Present Nov 2017 – Present Nov 2017 – Present Nov 2017 - Present Nov 2017 – Present	Authorized Signatory Director Director Chairman of the Audit Committee Chief Financial Officer Director Director Director Director Director Director	AQ Estate PLC Business Plan Committee ABI Project (Authorized Business Incubators) demonstration Simat Technology PLC AQ Estate PLC AQ Village Co., Ltd. AQ Marketing Service Co., Ltd. AQ Property Management Co., Ltd. Thanon Property Co., Ltd. Free Zone Asset Co., Ltd. Aquarius Estate 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
					Nov 2017 – Present Nov 2017 – Present Nov 2017 – Present Nov 2017 - Present Dec 2017 - Present 2013-2017 Jun 2017 - Nov 2017 Feb 2015 - Feb 2016 Jun 2009 - Jan 2015	Director Director Director Director Acting Director of Business Incubator Director Head of Finance Assistant director Research and Academic Services Group Director of Business Incubator	Villa Nakarin Co., Ltd. Vitoonthanakorn Co., Ltd. Baanchid tara Co., Ltd. Aquarius Hotel & Resort Co., Ltd. Sriprathum university Business Incubation Association and Thai Science Park Sriprathum university Sriprathum university Sriprathum university
4. Miss Papisorn Mongkholmafai Independent Director / Audit Committee Appointed on 9 Oct 2015 3 years 7 months (As of April 2019)	33	<input type="checkbox"/> Master of Business Administration in Management, Ramkhamhaeng University <input type="checkbox"/> Bachelor Degree of Accounting, Loei Rajabhat University <input type="checkbox"/> Director Accreditation Program Class 140/2017, Thai Institute of Directors	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.
5. Mr. Prapat Yorkhant Authorized Signatory Director Appointed 26 Jun 2018 10 months (As of April 2019)	45	<input type="checkbox"/> Master of Business Administration City University, Vancouver, B.C. Canada <input type="checkbox"/> Bachelor of Arts, Major Econ Geography University of Victoria, Victoria, B.C. Canada <input type="checkbox"/> Associate Bachelor of Arts Capilano College, North Vancouver, B.C. Canada	None	None	26 June 2018 - Present 27 Sep 2018 - Present 26 Jun 2018 - 27 Sep 2018 2016-2018 2013-2016 2011-2013	Director Executive Committee Independent Director / Audit Committee Chief Executive Officer Managing Director General Manager	AQ Estate PLC AQ Estate PLC AQ Estate PLC One Plus International Co.,Ltd. KPN Chinese Academy Eastern Cuisine (Thailand) 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
6. Miss Kulchaya Wathana Independent Director / Audit Committee Appointed 27 Sep 2018 7 months (As of April 2019)	34	<input type="checkbox"/> Master of Arts, Marketing communication, University of Westminster, United Kingdom <input type="checkbox"/> Bachelor of Business Administration, Faculty of Commerce and Accountancy, Thammasat University <input type="checkbox"/> Certificate training course, "New Generation Leader in Democracy" (PorNorPor.) class 6, King Prajadhipok's Institute <input type="checkbox"/> New Entrepreneurship Program for Society for Executives (SEP-S), Class 4, New Investor Institute	None	None	27 Sep 2018 – Present 2017 - Present 2011 - present	Independent Director / Audit Committee Managing Director Managing Director	AQ Estate PLC Bake Cheese Tart (Thailand) Co.,Ltd. Eastern Cuisine (Thailand) Co., Ltd.
7. Mr. A Sachdev Independent Director / Chairman of the Audit Committee Appointed 27 Sep 2018 7 months (As of April 2019)	38	<input type="checkbox"/> MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University <input type="checkbox"/> Bachelor of Commerce Monash University Melbourne, Australia <input type="checkbox"/> Diploma of Science Monash University Melbourne, Australia	None	None	27 Sep 2018 - Present 2018 - present 2017 - 2018 2010 - 2017	Independent Director / Chairman of the Audit Committee Chief Executive Officer Senior Director Assistant director	AQ Estate PLC Food Capitals PLC Fico Corporation Co., Ltd. CIMB Thai Bank PLC
8. Mr. Wirat Aiew-Akson Chief Operating Officer	65	<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 30 Jan 2017 - Present 2013 – present 2013 – present 2013 – present 2013 - present May 2011 – present	Chief Operating Officer Director Director Director Director Director Director	AQ Estate PLC Vitoonthanakorn Co., Ltd. AQ Village Co., Ltd. Baan Chidthara Co.,Ltd. Aquarius Estate Co., Ltd. Aquarius Hotel & Resort Co.,Ltd. AQ Property Management 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
					May 2011 – present May 2011 - present Sep 2011 - Present Jan 2017 - Present May 2011 - 9 Oct 2015 2013 - Sep 2015 May 2011-Oct 2013 May 2011 - Jun 2012 May 2011 - Jun 2012	Director Director Director Director Executive Committee Director Director and Managing Director Acting Managing Director and Director Director	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.
9. Mrs. Pranee Hirunbanthow Assistant Managing Director of Operations / Chief Financial Officer / Director of Accounting and Finance	62	<input type="checkbox"/> Master Degree of Business Administration (MBA), Ramkhamhaeng University <input type="checkbox"/> Bachelor of Business Administration (Accounting), Ramkhamhaeng University	25,000 shares or 0.00003%	None	2018 - present 2006 – present 2005 - present	Chief Financial Officer Assistant Managing Director of Operations Director of Accounting and Finance	AQ Estate PLC AQ Estate PLC AQ Estate PLC
10. Mr. Apirath Intrachoo Company secretary Appointed on 2013	50	<input type="checkbox"/> Bachelor of Laws, Ramkhamhaeng University	None	None	2013 – Present 2013 – Present 1998 - 2013	Company secretary Assistant Legal Manager Senior lawyer	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 December 31, 2018

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. Auychai Kultipmontre	X													
2.	Dr. Suthad Chankingthong	I,II	I	I	I				I	I	I	I	I		
3.	Mr. Prapat Yorkhant	I,II	I						I			I	I		
4.	Dr. Ranchana Rajatanavin	I,II	I	I	I		I	I	I	I	I	I	I		
5.	Mr. A Sachdev	I													
6.	Miss Kulchaya Wathana	I													
7.	Miss Papasorn Mongkholmafai	I													
8.	Mr. Wirat Aiew-Akson	II	I	I	I		I	I	I	I	I	I	I		
9.	Mrs. Pranee Hirunbanthow	II													

Notes

- (1) X = Chairman of the Board Y = Vice Chairman I = Director II = Executive
- (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. | |

Responsibilities of the Company Secretary

The secretary of the company must perform the duties as specified in Section 89/15 and Section 89/16 of the Securities and Exchange Act (No. 4) BE 2551 which came into force on August 31, 2008 with responsibility. Careful And honesty Including having to comply with laws, objectives, Articles of Association, Board resolution as well as the resolution of the shareholders' meeting. The legal duties of the company secretary are as follows:

- 1) Prepare and maintain the following documents
 - A. Director registrar
 - B. Notice of the Board of Directors Meeting, Minutes, and the Company's annual report.
 - C. Notice of shareholders meeting, and minutes.
- 2) Keep the report of interest that reported by Directors or Executives and submit a copy of the report of interest under Section 89/14 to the Chairman of the Board and the Chairman of the Audit Committee within 7 working days from the date the company received the report.
- 3) Perform other activities as specified by the Capital Market Supervisory Board.

In addition, the Company secretary has other duties as the company (or the Board of Directors) assigned.

10. Corporate Social Responsibilities

10.1 Overview Policy

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 2017 , 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.

10.2 Activities for the benefit of society and environment

In 2018, the Company has activities for the benefit of society and environment as follows.

- 1) Support and participate in the Bangkok RUN in the City Mini-Marathon 2018. Supporting personnel in the organization to realize the benefits of exercise for good health.
- 2) Support the project of the Suppression Division by donating bicycles to students in the wilderness, Chantarubakasa Anusorn School, Kaset Wisai District Roi-et Province by considering the selection of students with good academic performance, good behavior, and passed the selection.

10.3 Anti-Corruption

1. Anti-Corruption Policy

Corruption means any form of bribery whether in the form of giving, demanding, or agreeing to give; or any action of offering, giving, promising, granting, or being committed to give any valuables or benefits ('bribery') to a public official, government agency, private entity or responsible individual, whether directly or indirectly, to induce favorable actions or to restrain the person or entity from performing their duties or to commit illegitimate actions. This also includes demanding, obtaining, or agreeing to obtain any illegitimate valuables or benefits for oneself or others to induce favorable actions or to restrain the person from performing either legitimate or illegitimate duties. The exceptions are for instances allowed by law, rules, announcements, regulations, local customs, or customary business practice.

2. Scope of Enforcement and Harmonization of Laws

In implementation of the Company's Anti-Corruption Program, the Company requires its directors, executives and employees, and also its representatives, agents, advisors, outsourced service providers as well as business partners, to act appropriately and in compliance with applicable laws. In addition, the Company requires that the implementation of the Anti-Corruption Program be appropriately communicated via the Company channels and operations. Those who do not adhere to the Anti-Corruption Program may ultimately be punished by dismissal or termination of contracts. Violation of laws will be subject to legal process or actions in accordance with applicable laws. The Company encourages companies in its financial business group to implement anti-corruption undertakings in line

with its anti-corruption policy and program in a manner appropriate to the situation of each company. The Company will establish channels and processes as well as co-coordinating communications as deemed appropriate.

3. Anti-corruption Policy

3.1 Objective

The Company has established this anti-corruption policy to indicate a direction and framework for its anti-corruption undertakings in accordance with principles and best practices generally accepted as being relevant to the country's economic and social environment as well as the financial business.

The Company encourages the adoption and implementation of this anti-corruption policy by companies in its financial business group as appropriate to each company.

Directors, executives, employees, and relevant parties are required to adhere to and practice this anti-corruption policy in doing business to support the Company as an organization with good and efficient business management under a code of conduct and business ethics.

3.2 Anti-Corruption Policy

- (1) The Company prohibits directors, executives and employees from engaging in corruption.
- (2) The Company supports the values of honesty and responsibility in performing duties.
- (3) The Company encourages all its concerned parties to understand and realize this policy, and to co-operate in any actions that help fight corruption.
- (4) The Company is determined to be a transparent organization which is corruption-free and never involved with any corruption.
- (5) The Company has established an anti-corruption program suited to specific situations and relevant laws.
- (6) The Company will treat its employees fairly and has established procedures to penalize personnel engaging in corruption or violating or failing to comply with the anti-corruption measures. The Company will take actions in accordance with the established procedures to investigate and levy disciplinary punishment on employees at fault in relation to corruption matters.

3.3 Operational Guidelines

The Company has included anti-corruption operational guidelines in its Code of Conduct and Business Ethics to the effect that the Company opposes corruption and will never commit bribery for business gain. The Company will co-operate with and support the anti-corruption measures of

government and the private sector. The Company will not solicit, accept, or agree to accept cash, gifts or other benefits from customers or other parties, except in the case of customary practices. The Company will co-operate with the government and private sectors in exchanging useful knowledge and experiences in anti-corruption and in joining anti-corruption activities. The Company aims at and is committed to cultivating value for concerned parties so that they continue to co-operate on anti-corruption undertakings, and are determined to put into practice the anti-corruption program.

4. Policies and Guidelines for Concerned Persons regarding Misconduct or Reporting of Fraud

The Company recognizes that understanding and cooperation between the Company and various groups of stakeholders are crucial to achieving sustainable development. Therefore, the Company has policies and guidelines in place so that various groups of stakeholders can report any suspicions and queries related to corruption. The Company will hear all such reports in a fair, transparent way and subject them to a proper investigation, which will be carried out in a confidential manner to ensure staff who make the reports will have their identities protected.

The Company shall proceed to take disciplinary actions against employees who violate or fail to comply with this policy. Such violations may ultimately lead to disciplinary actions or dismissal.

5. Channels of Communication between the Company and Various Groups of Stakeholders

Various groups of stakeholders can raise their concerns, file complaints, and report suspicions regarding corruption by sending a letter to the Company's Corporate Secretary or Compliance Unit 102 Rimklong Bangkapi Road, Bangkapi, Huai Khwang Bangkok 10310 or email : Information@aqestate.com

6. Channels of Communication between the Company and its Employees

Any employee can raise concerns, file complaints and report suspicion regarding corruption by sending a letter to their supervisor or the head of compliance.

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 2018, the company held a shareholders meeting 1 time is the annual general meeting of shareholders 2018 that the company has delivered invitation letter, 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. 1/2019 held on February 28, 2019 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 Hungsapruerk, Certified Public Accountant, Registration No. 3759 from Karin Audit Company Limited who is an auditor of quarterly and annual financial statements for 2018 **Qualified opinion with an emphasis of matters** in Independent Auditor's Report as follows.

I have audited the 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, 2018, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statement, including a summary of significant accounting policies.

In my opinion, exception for the effect of any adjustments that might opinion paragraph the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of AQ Estate Public Company Limited and its subsidiaries as at December 31, 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Qualified Opinion

- (1) As discussed in Note 16.2 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 a non-related party to transfer a leasehold right of beach front amounting to Baht 10 million. The hotel management contract requires the company to provide beach front area for hotel customer, then the Company has complied to the contract. Currently, the transfer of leasehold rights is in progress with the relevant authority. 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 partial 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 Note1 to the financial statements. The market information of comparative land of same size and condition was limited 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 as at December 31, 2018, amounting to Baht 153.73 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 indirect subsidiary 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.

- (2) As discussed in Note 13 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, 2018, 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.
- (3) As discussed in Note 8 to financial statement as at December 31, 2018, the Company has investment in bills of exchange of a company amount of Baht 1,066.89 million. Such transaction have continue changed the due date and I have continue given the emphasis of matter on my audit report since the occurred date. Last investment in bill of exchange which due date on February 28,

2019 and has postponed being June 30, 2019. As the analyst of such company's debt, the Company believe that the authorizer and the final shareholder's asset of such company is 1,617.61 million, which is over than amount of such company's bills of exchange, and the Company's management believe that able to receive by whole amount so the Company do not record for allowance for doubtful debt. I received the last financial statement of such company which was for the year ended 2016 which was not passed the auditing by auditor, total assets was amount of US Dollar 114.01 million, and shareholders' equity was amount of US Dollar 113.98 million. The Company has not gotten the financial statement for the year 2017 and 2018. I have not able use other audit procedure to satisfy how appropriate for amount of allowance for doubtful debt.

- (4) As discussed in Note 10 to financial statement as at December 31, 2018, the Company has loans to a company amount of Baht 447.40 million. Such transaction have continue changed the due date and I have continue given the emphasis of matter on my audit report since the occurred date. Loan to accompany which due date on February 28, 2019 and has postponed being April 30, 2019. The Company has received in partly in 2019, until this report dated amount of Baht 35.25 million. The Company has considered last financial statement issued to government, shareholders' equity was amount of Baht 217.85 million, and the Company's management believes that able to receive by whole amount so the Company do not record for allowance for doubtful debt. However, as such company's financial statement, it's temporary stopped the construction due to the adjusted platform and it's has to get approval from a government. Such company's assets have pledged for loans from financial institution. There has uncertainty of project value of such company's assets. I have not able use other audit procedure to satisfy how appropriate for amount of allowance for doubtful debt.

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

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 operation

The Audit Committee meeting in 2019 appointed Miss Prueksa Laopichit to serve as head of the Company's internal auditor replaces Miss Kasinee Tanyoopaiboon 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

-None-

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 2018, 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, 2016 - 2018

	In Thousand Baht					
	Consolidated Financial Statements			Separate Financial Statements		
	2018	2017	2016	2018	2017	2016
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	84,088	828,670	78,138	10,547	516,788	6,655
Current investments	1,066,894	1,426,009	243,988	1,066,894	1,115,500	193,988
Trade accounts and other current receivable	121,086	133,229	150,090	1,225,111	1,128,632	443,357
Short-term loans	488,658	-	-	2,223,648	2,550,755	-
Inventories	2,266,441	2,338,392	3,062,467	1,158,109	1,113,138	1,196,770
Current tax assets	49,800	48,012	46,604	29,858	28,217	26,704
Other current assets	-	-	-	-	-	-
Total current assets	4,076,967	4,774,312	3,581,287	5,714,167	6,453,030	1,867,474
NON-CURRENT ASSETS						
Deposits at bank pledged as collateral	-	-	95,467	-	-	57,273
Long-term loans	-	-	-	-	-	-
						2,950,282
Investments in subsidiaries	-	-	-	-	-	-
Other long-term investments	900,000	-	-	900,000	-	-
Trade accounts and other non-current receivable	14,135	5,099	5,698	1,333	1,632	1,726
Investments property	126,386	141,051	148,307	276,087	282,023	287,121
Property, plant, equipment and leasehold rights	1,164,584	1,179,751	1,194,391	29,661	35,651	42,275
Intangible assets	2,596	3,225	5,995	944	1,864	2,784
Deferred tax assets	353	353	8,225	-	-	-
Other non - current assets	826,424	833,375	297,763	51,382	61,088	-
Total non-current assets	3,034,478	2,162,854	1,755,846	1,259,407	382,258	3,341,461
TOTAL ASSETS	7,111,445	6,937,166	5,337,133	6,973,574	6,835,288	5,208,935

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (Continued)

AS AT DECEMBER 31, 2016 - 2018

In Thousand Baht

	Consolidated Financial Statements			Separate Financial Statements		
	2018	2017	2016	2018	2017	2016
LIABILITIES AND SHAREHOLDERS EQUITY						
CURRENT LIABILITIES						
Trade accounts and other current payable	379,505	244,473	244,194	365,508	243,811	209,845
Current portion of long-term debts	5,287	56,647	-	1,033	1,788	-
Current provisions for employee benefits	381	-	-	381	-	-
Other current provisions	2,996,061	2,989,194	4,650,717	2,988,681	2,988,431	4,649,990
Short term loans from financial institutions	-	-	500	-	-	10
Current portion of long - term liabilities						
under debt restructuring agreements	-	-	992	-	-	992
Loans considered as default	-		26,718	-	-	26,718
Current portion of long-term loans	-	-	119,358	-	-	-
Current portion of liabilities under finance lease contracts	-	-	3,414	-	-	997
Short-term borrowings	-	-	-	-	-	24,854
Total current liabilities	3,381,234	3,290,314	5,045,893	3,355,603	3,234,030	4,913,406
NON CURRENT LIABILITIES						
Long term debts	203	1,477	44,137	-	-	776
Trade accounts and other non current payable	2,449	2,374	2,339	-	-	-
Deferred tax liabilities	2,445	2,649	2,853	-	-	-
Non current provisions for employee benefits	1,841	1,858	3,716	1,495	1,581	3,474
Other non current provisions	55,553	46,168	46,168	46,168	46,168	46,168
Total non-current liabilities	62,491	54,526	99,213	47,663	47,749	50,418
TOTAL LIABILITIES	3,443,725	3,344,840	5,145,106	3,403,266	3,281,779	4,963,824

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (Continued)

AS AT DECEMBER 31, 2016 - 2018

	In Thousand Baht					
	Consolidated Financial Statements			Separate Financial Statements		
	2018	2017	2016	2018	2017	2016
SHAREHOLDERS EQUITY						
Share capital						
- Authorized share capital						
2017-2018 : 294,012.03 million common share, Baht 0.50 par value	147,006,013	147,006,013		147,006,013	147,006,013	
2016 : 23,318.36 million common share, Baht 0.50 par value			11,659,181			11,659,181
- Issued and paid up						
2018 : 85,324.81 million common shares, Baht 0.50 per share	42,662,405			42,662,405		
2017 : 85,314.68 million common shares, Baht 0.50 per share		42,657,341			42,657,341	
2016 : 12,674.68 million common shares, Baht 0.50 per share			6,337,341			6,337,341
Premium (Discount) on common shares	(32,759,548)	(32,754,991)	4	(32,759,548)	(32,754,991)	4
Premium on common shares from capital reduction	153,537	153,537	153,537	153,537	153,537	153,537
Discount from increase in shareholding in subsidiary	(47,939)	(47,939)	(47,939)	-	-	-
Deficit	(6,340,735)	(6,415,622)	(6,250,916)	(6,486,086)	(6,502,378)	(6,245,771)
Equity Attributable to Owners of the Parent - Net	3,667,720	3,592,326	192,027	3,570,308	3,553,509	245,111
Non - controlling interests	-	-	-	-	-	-
Equity - Net	3,667,720	3,592,326	192,027	3,570,308	3,553,509	245,111
TOTAL LIABILITIES AND EQUITY	7,111,445	6,937,166	5,337,133	6,973,574	6,835,288	5,208,935

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016 - 2018

In Thousand Baht

	Consolidated Financial Statements			Separate Financial Statements		
	2018	2017	2016	2018	2017	2016
REVENUES						
Revenues from sales of property	399,816	538,908	1,088,366	68,217	135,917	753,183
Revenues from hotel business	100,727	82,226	75,299	-	-	-
Revenues from property rental operations and related services	20,506	17,540	13,993	-	-	-
Revenues from consult and sales management	-	-	325	-	-	-
Total revenues	521,049	638,674	1,177,983	68,217	135,917	753,183
COSTS						
Costs of property sold	(274,206)	(423,190)	(1,354,885)	(51,423)	(104,712)	(660,106)
Costs of service from hotel business	(161,398)	(162,695)	(151,819)	-	-	-
Cost of property rental operations and related services	(9,713)	(10,886)	(10,570)	-	-	-
Costs of consult and sales management	-	-	(3)	-	-	-
Total cost	(445,317)	(596,771)	(1,517,277)	(51,423)	(104,712)	(660,106)
Gross profit (Loss)	75,732	41,903	(339,294)	16,794	31,205	93,077
Other income	303,379	127,120	80,857	415,262	264,076	218,487
Profit (Loss) before expenses	379,111	169,023	(258,437)	432,056	295,281	311,564
Distribution costs	(37,689)	(50,747)	(142,780)	(16,786)	(22,195)	(94,634)
Administrative expenses	(262,402)	(253,955)	(258,534)	(151,067)	(143,211)	(130,829)
Other expenses	(4,201)	(4,408)	(3,087,958)	(247,877)	(385,682)	(3,542,015)
Impairment loss of investments in subsidiaries	-	-	-	-	-	(480,565)
Total expenses	(304,292)	(309,110)	(3,489,272)	(415,730)	(551,088)	(4,248,043)
Profit (loss) before financial cost and income tax	74,819	(140,087)	(3,747,709)	16,326	(255,807)	(3,936,479)
Finance cost	(136)	(16,951)	(410)	(34)	(800)	(126)
Profit (loss) before income tax	74,683	(157,038)	(3,748,119)	16,292	(256,607)	(3,936,605)
Tax income (expenses)	204	(7,668)	3,610	-	-	-
Profit (loss) for the year	74,887	(164,706)	(3,744,509)	16,292	(256,607)	(3,936,605)
Other comprehensive income (loss)						
Components of other comprehensive income that will not be reclassified to profit or loss						
Other Components for other comprehensive income (loss)	-	-	(3,110)	-	-	(3,510)
Total components of other comprehensive income (loss) that will not be reclassified to profit	-	-	(3,110)	-	-	(3,510)
Other comprehensive income (loss) for the years, net of tax	-	-	(3,110)	-	-	(3,510)
Total comprehensive income (loss) for the years	74,887	(164,706)	(3,747,619)	16,292	(256,607)	(3,940,115)
Profit (Loss) for the year attributable to :						
Owners of the parent	74,887	(164,706)	(3,744,509)	16,292	(256,607)	(3,936,605)
Non - controlling interest	-	-	-	-	-	-
	74,887	(164,706)	(3,744,509)	16,292	(256,607)	(3,936,605)
Total comprehensive income (loss) attributable to:						
Owners of the parent	74,887	(164,706)	(3,747,619)	16,292	(256,607)	(3,940,115)
Non - controlling interests	-	-	-	-	-	-
	74,887	(164,706)	(3,747,619)	16,292	(256,607)	(3,940,115)
Basic profit (loss) per share : Owners of the parent						
(equivalent to par value of Baht 0.50 per share)	0.0009	(0.0036)	(0.2954)	0.0002	(0.0057)	(0.3106)

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016 - 2018

	In Thousand Baht					
	Consolidated Financial Statements			Separate Financial Statements		
	2018	2017	2016	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit (loss) for the year	74,887	(164,706)	(3,744,509)	16,292	(256,607)	(3,936,605)
Adjustments of reconcile net profit (loss) to cash received (paid)						
Adjusted tax (income) expenses	(204)	7,668	(3,610)	-	-	-
Adjusted financial cost	136	16,951	410	34	800	126
Adjusted interest income	(105,837)	(46,815)	(3,417)	(239,073)	(181,197)	(131,782)
Adjusted trade accounts and other current receivables (increase) decrease	15,442	20,487	234,754	(6,366)	(41,152)	109,641
Adjusted trade accounts and other non-current receivable (increase) decrease	(252)	(3,621)	-	300	93	-
Adjusted inventories decrease	275,211	366,997	241,483	33,139	86,345	363,229
Adjusted other non current assets (increase) decrease	(715)	12,005	15,151	(371)	8,261	859
Adjusted trade accounts and other payable increase (decrease)	(13,959)	(17,634)	(127,159)	(15,436)	9,112	(141,145)
Depreciation losses and amortization	83,417	88,464	65,166	13,445	19,131	10,600
Adjusted provision for liabilities	362	62	579	251	640	630
Adjusted bad debt and doubtful debts	1,056	600	30,685	200,887	381,910	484,778
Adjusted with reserve damages from lawsuits (Reversal)	2,858	(1,642,735)	3,038,956	2,858	(1,642,735)	3,038,956
Adjusted provisions for employee benefits	364	586	288	295	521	215
Adjusted with default interest payment	(38,405)	-	-	(38,405)	-	-
Adjusted with other income	(15,373)	(18,994)	(2,338)	(40)	(19,464)	(489)
Adjusted with unrealized gain on the changes in fair values of short - term investments	-	(509)	32	-	-	32
Adjusted for (Profit) Loss on disposal of non current asset	3,307	5,078	(255)	90	(5)	(42)
Adjusted by Reversal of allowance on impairment of fixed assets	-	13,302	(1,295)	-	-	-
Adjusted by Reversal of allowance of diminution in value in inventories	(151,102)	(74,757)	318,727	(59,435)	(1,847)	55,945
Adjusted by Reversal of allowance of land deposits	-	(12,076)	-	-	(12,076)	-
Loss on impairment of investments in subsidiaries	-	-	-	-	-	480,565
Loss from amortization of inventories deposit	-	-	16,942	-	-	-
Gain on sales of projects	-	-	(26,815)	-	-	(26,815)
Total adjustment of reconcile net profit (loss)	131,193	(1,449,647)	53,775	(91,535)	(1,648,270)	308,698
Cash provided by (used in) operating activities						
Cash paid for income tax	(7,565)	(6,692)	(28,298)	(1,767)	(1,513)	(6,811)
Cash paid for employee benefit	-	(2,414)	(3,759)	-	(2,415)	(3,759)
Net cash from (used in) operating activities	123,628	(1,458,753)	21,718	(93,302)	(1,652,198)	298,128

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2016 - 2018

	In Thousand Baht					
	Consolidated Financial Statements			Separate Financial Statements		
	2018	2017	2016	2018	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES						
Current investments received (Paid)	359,115	(1,181,512)	201,135	48,606	(921,512)	(193,516)
Cash paid for other long-term investment	(730,000)	-	-	(730,000)	-	-
Cash paid for investment property	-	-	(163)	-	(878)	(10,826)
Cash received from sales of property, plant, equipment and leasehold rights	184	65	(4,550)	37	15	4,955
Cash paid for property, plant, equipment and leasehold rights	(60,647)	(72,992)	(253,073)	(599)	(181)	(2,931)
Cash paid for intangible assets	(876)	(83)	(330)	-	-	-
Cash paid for short-term loans	(719,000)	-	-	(1,035,593)	(578,992)	(1,303,128)
Cash received from short-term loans	230,342	-	-	1,208,272	91,846	1,216,163
Cash received from interest income	108,665	42,766	10,547	96,620	39,277	723
Restricted deposits with banks increase (decrease)	-	-	49,514	-	-	(434)
Net cash used in investing activities	(812,217)	(1,211,756)	3,080	(412,657)	(1,370,425)	(288,994)
CASH FLOWS FROM FINANCING ACTIVITIES						
Cash received from in long- term loans	-	-	40,539	-	-	539
Cash paid for long-term loans	(50,139)	(130,189)	(56,364)	-	(30,000)	(3,842)
Cash paid for liabilities under hire-purchase and financial lease agreements	(2,495)	(3,725)	(3,409)	(776)	(997)	(956)
Interest paid	(3,866)	(10,050)	(2,506)	(13)	(1,252)	(2,081)
Cash received from capital increase	507	3,565,005	416	507	3,565,005	416
Net cash provided by (used in) financing activities	(55,993)	3,421,041	(21,324)	(282)	3,532,756	(5,924)
Net increase (decrease) in cash and cash equivalents	(744,582)	750,532	3,474	(506,241)	510,133	3,210
Cash and cash equivalents at beginning of the year	828,670	78,138	74,664	516,788	6,655	3,445
Cash and cash equivalents at end of the year	84,088	828,670	78,138	10,547	516,788	6,655
Supplemental disclosure of cash flows information :						
Non cash transactions						
1) During the year, interest capitalized to inventories	3,667	2,064	45,631	-	464	1,927
2) Fixed assets acquired by means of:						
- Liabilities under finance lease contracts	-	-	(4,540)	-	-	-
- Cash payment	(60,647)	(72,992)	(253,073)	(599)	(181)	(2,931)
Total	(60,647)	(72,992)	(257,613)	(599)	(181)	(2,931)
3) During the year, the Company has received transfer of the condominium units to settle the debt. (Notes 12)						
- Deposits for purchases of condominium units	10,076	-	-	10,076	-	-
- Interest received from default	38,405	-	-	38,405	-	-
	48,481	-	-	48,481	-	-
4) During the year, the Company a transfer condominium units for payment to subsidiary. (Notes 12)	-	-	-	29,806	-	-
5) During this year long - term loans have been reclassified to loans considered as defaultas	-	-	26,718	-	-	26,718

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016 - 2018

(Unit: Thousand Baht)

Consolidated Financial Statements

	Issued and Paid-up Share Capital	Premium (Discount) on 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	Total Share holders equity-net
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	<u>6,337,341</u>	<u>4</u>	<u>153,537</u>	<u>(47,939)</u>	<u>(6,250,916)</u>	<u>192,027</u>	<u>-</u>	<u>192,027</u>
Balance as at January 1, 2017	6,337,341	4	153,537	(47,939)	(6,250,916)	192,027	-	192,027
Increase in share capital	36,320,000	(32,754,995)	-	-	-	3,565,005	-	3,565,005
Total comprehensive loss for the year	-	-	-	-	(164,706)	(164,706)	-	(164,706)
Balance as at December 31, 2017	<u>42,657,341</u>	<u>(32,754,991)</u>	<u>153,537</u>	<u>(47,939)</u>	<u>(6,415,622)</u>	<u>3,592,326</u>	<u>-</u>	<u>3,592,326</u>
Balance as at January 1, 2018	42,657,341	(32,754,991)	153,537	(47,939)	(6,415,622)	3,592,326	-	3,592,326
Increase in share capital	5,064	(4,557)	-	-	-	507	-	507
Total comprehensive income for the year	-	-	-	-	74,887	74,887	-	74,887
Balance as at December 31, 2018	<u>42,662,405</u>	<u>(32,759,548)</u>	<u>153,537</u>	<u>(47,939)</u>	<u>(6,340,735)</u>	<u>3,667,720</u>	<u>-</u>	<u>3,667,720</u>

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2016 - 2018

(Unit: Thousand Baht)

Separate Financial Statements

	Issued and Paid-up Share Capital	Premium (Discount) on Shares	Premium on Common Shares from Capital Reduction	Deficit	Net
Balance as at January 1, 2016	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
Balance as at January 1, 2017	6,337,341	4	153,537	(6,245,771)	245,111
Increase in share capital	36,320,000	(32,754,995)	-	-	3,565,005
Total comprehensive loss for the year	-	-	-	(256,607)	(256,607)
Balance as at December 31, 2017	42,657,341	(32,754,991)	153,537	(6,502,378)	3,553,509
Balance as at January 1, 2018	42,657,341	(32,754,991)	153,537	(6,502,378)	3,553,509
Increase in share capital	5,064	(4,557)	-	-	507
Total comprehensive income for the year	-	-	-	16,292	16,292
Balance as at December 31, 2018	42,662,405	(32,759,548)	153,537	(6,486,086)	3,570,308

13.2 Financial Ratios

Key Financial Ratios as at 31 December 2016 – 2018.

Financial Ratios		2018	2017	2016
LIQUIDITY RATIO				
Current ratio	(time)	1.21	1.45	0.69
Quick ratio	(time)	0.38	0.73	0.07
Cash flow ratio	(time)	0.03	(0.30)	0.02
Accounts receivable turnover ratio	(time)	4.10	4.51	29.98
Average collection period	(day)	89.02	80.93	12.17
Inventory Turnover ratio	(time)	0.19	0.22	0.47
Average sale period	(day)	1,921.05	1,659.09	783.45
Payable turnover ratio	(time)	1.43	2.44	19.42
Repayment period	(day)	255.24	149.59	18.80
Cash Cycle	(day)	1,754.83	1,590.43	776.83
PROFITABILITY RATIO				
Gross profit margin	(%)	14.53	6.56	(25.62)
Operating profit margin	(%)	9.08	(18.29)	(318.15)
Other income ratio	(%)	36.80	16.60	6.42
Cash to profitability	(%)	165.24	N/A	N/A
Net profit margin	(%)	9.08	(21.51)	(297.46)
Return on equity	(%)	2.06	(8.70)	(181.28)
EFFICIENCY RATIO				
Return on assets	(%)	1.07	(2.68)	(64.80)
Return on fixed assets	(%)	13.51	(6.42)	(371.78)
Assets turnover	(time)	0.12	0.12	0.22
FINANCIAL POLICY RATIO				
Debt to Equity ratio	(time)	0.94	0.93	26.79
Interest coverage ratio	(time)	3.42	N/A	34.65
Debt service coverage ratio	(time)	0.08	N/A	0.23
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

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 Bath 5,800 million. The Legal Execution Department has set a date for the sale of collateral on December 27, 2017 however on that date, the Enforcement Officer has been notified of the order refraining from enforcement of the Supreme Court Criminal Division of Political Position (“Supreme Court”), dated December 25, 2017. The abstention of the case will be effective until the Supreme Court to change the order so that the Enforcement Officer has rescinded the sale of collateral under the order of the

Supreme Court. The Supreme Court has no order to enforce the case because the third defendant filed a petition to stay execution to the Supreme Court on December 21, 2017. The Supreme Court held a hearing on the petition on December 25, 2017 and has ordered the copy of the petition to the Enforcement Officer and all stakeholders for acknowledge and they can filing an objection period related parties know the partner involved to object to the petition within 15 days from the date of receiving a copy of the petition and also to postpone the hearing of case to investigate the petition on 5 and 8 March 2018 and ordered to stop the execution during the Supreme Court ruling on the petition until the Supreme Court orders otherwise changed. The Supreme Court Criminal Division politicians had canceled the execution of the lawsuit on that day (March 5, 2018) in accordance with the docket on December 25, 2017 and cancel hearing date on March 8, 2018. On April 9, 2018, the Legal Execution Department has set a date for the sale of collateral on the first times - June 6, 2018 and second on June 27, 2018, the third on July 18, 2018 and the forth on August 8, 2018. The initial price, is set by the Committee of set the price of assets, amounted to Baht 8,950.78 million. The initial price will be equal to the price set by the committee in the first auction. If anyone bid, the Legal Execution officer will reduce the initial price 10% at each times but will not be lower than 70% of the first price. In case of sale with collateral, the Legal Execution officer will deduct the current debt form the referred price and round up as the announcement. On July 26, 2018, the Supreme Court's Criminal Division for Persons Holding Political Position ordered for the black case no. Aor Mor Kor 1/2018 to cancel the suspension order for legal execution according to the report of the proceeding dated May 15, 2018 and to allow the legal execution officer to process for the land auction except for the disputed land. On September 14, 2018, that Company received the announcement from the Legal Execution Department dated August 17, 2018 and the Legal Execution officer announced the public auction for the assets in the case for 4 schedules as following schedules 1 on October 17, 2018, schedules 2 on November 7, 2018, schedules 3 on November 28, 2018 and schedules 4 on December 19, 2018, On October 17, 2018, the public auction washeld and it sold the collateralized assets to the purchaser at the price of Bath 8,914.07 million. At the present, the Legal Execution officer is preparing of accounts and the Biddere has filed an application for the postponement of the peried of payment to be on February 1, 2019. Subsequently on 24 January 2019, the bidder paid Baht 3,819 million to the Legal Execution Department according to the property sold at the auction of the criminal case of a person holding a political position, the decided case no.Or Mor 55/2558. The remaining property of the civil case, decided case 4007/2552 and the case of the central bankruptcy court, decided case no. Lor 1249/2555, are under objection petition of 3 cases.

Undecided case no. Sor Lor 365/2561 regarding order revocation by the officer, a petitioner appealed to the court to revoke the order of the official receiver. The petitioner has submitted the revocation of the auction as an unlawful auction. The court accepted the objection petition and named Golden Company (Limited), the third objector and then proceeded to witness examination and scheduled to hear the order on March 5, 2019.

Undecided case no. Sor Lor 438/2561, regarding revocation of the auction of the second debtor's land (K and V S R S Garden Home Company Limited). In this case, the objector has submitted a request to revoke the auction as an unlawful auction and requested to temporarily suspend execution. On February 4, 2019, the court ordered the lawyer of the Company to be a stakeholder lawyer and named the Company as the second objector and scheduled the witness examination date on April 25 and 26, 2019.

Civil Court Case no. Tor 59/2561 regarding revocation of the auction. In this case, the petitioner requested to revoke the auction due to the auction is unlawful. The Company submitted an objection dated January 24, 2019, since the case has not been submitted appointment and copy of petition to the custodian officer to acknowledge. In addition, Krung Thai Bank Plc. is mortgaged banker of this disputed land therefore there is a reason to postpone the case for a new appointment on March 20, 2019.

- (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.

On June 22, 2017, the Company was filed the lawsuit in the civil court and the plaintiff filed (1) to nullify the Asset Management and Profit Sharing Agreement dated October 16, 2015 (2) to nullify the appointment and registration of directors (3) to nullify the resolution of the Board of Directors from April 8, 2016 and (4) to nullify the resolution of the Board of Directors from October 19, 2015. The Court scheduled to settle issues in court and to determine the litigation process guideline on August 28, 2017. The legal advisor of the Company has the opinion for this litigation that the purpose of the Asset Management and Profit Sharing Agreement is for the Company to have the right to manage for the 3rd Defendant in order for the debt restructuring and the sale of land for payment of damage to the Bank and to minimize the impact from the capital increase to pay for the damages to the Bank. However, after the date of the Agreement in October 2015, there has not

been any impact. In consideration for the fact that the land is mortgaged to the Bank, the sale of land depends on (1) the 3rd Defendant as the owner of the land can process with the consent from the Bank as the creditor or (2) the Bank can enforce the asset seizure and sale of land according to the Supreme Court's judicial order which is final and enforceable. From the past, the Company has negotiated with the Bank and mutually agreed for the guideline for debt restructuring including the sale of land without the consent from the 3rd Defendant. Even if the Agreement is nullified, it will not affect the debt restructuring plan or the status financial of the Company. In addition, it will release the Company from the profit sharing under the Agreement. Due to the appointment On May 21, 2018 the plaintiff filed a petition to withdraw the lawsuit and the court allowed the plaintiff to withdraw the lawsuit and distribute the case from the directory.

On January 17, 2018, according to Case No. P. 240/ 2561, requesting to cancel the Asset management profit sharing between the Company and Progressive Company. The Company proposes that the three defendants did not default the contract. The contract has the above mentioned conditions of clear duty for each party. The Court's hearing will be hold on November 23, 2018. Lawyer opinion is that company did not breach that asset management contract. The contract described role of the company and the company complied to all term and conditions. Therefore the civil court should dismiss the lawsuit. The court has finished appointment of witnesses. The court schedules the judgement date on 18 March 2019 at 10:00 am.

- (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, such default loans amounting to Baht 26.72 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. At the present, the Company paid loans from financial institutions in full.

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 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 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.

On August 10, 2017, the Company has issued a letter to the financial institution. It concludes with the following key common agreements:

- 1) The company will pay for damages to Bank in accordance with the judgment of Supreme Court in amount of Baht 1,635,735,380 (Paid on August 17, 2017).
- 2) The bank will execute the lawsuit according to the judgments of Supreme Court to all of properties, which is the cause of damage to bank. The proceeds from the execution of this case will be paid for damages in accordance with the judgment of the Supreme Court and the bank will not execute the lawsuit against the company.
- 3) In case of the execution of lawsuit against the properties as mentioned above does not fully pay the damages in accordance with the judgment of Supreme Court, the company will continue to supply funds to pay damages to the bank.

The attorney general has filed a request for confiscation at Supreme Court on August 24, 2017, and the court issued the enforcement order to seize and freeze the defendant's property. The plaintiff has investigated the defendant's property and found the nineteenth defendant (Golden Technology Industrial Park Co., Ltd.), which the court sentenced to joint liability in the amount of Baht 8,368.73 million holds ownership of land located in Samutprakarn province, totaling 97 plots. However, the legal advisor of company explained that the enforcement is just one step in the execution of this case because the process will also require a collateral land survey, draw map of property, set the final auction date and open auction. In this case, the collateral land is located in the jurisdiction of Samutprakarn province. Therefore, the plaintiff must ask the court to have order to court of Samutprakarn for taking action instead. By lawsuit has ended, the debt or owed amount that the court sentenced the company to repay the debt to the financial institution is the same amount with civil case. This amount is the balance that the financial institution has been filed at the Civil Court according to the report of proceedings. In case of selling collateral, the money must be paid to settle the judgment of court first because the court issue writ of execution. When the financial institutions receive such funds, it must be offset against the debt on the part of civil litigation which is considered that financial institution has been partially paid off.

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. 268/2549, 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 at the rate of 15% per annum, since the date after filling date until completion of debt repayment and on September 28, 2017 Sentenced Golden Technology Industrial Park Company Limited to pay 8,409,601,319.09 plus 10% interest on the principal amount of Baht

8,368,732,100 from May 31, 2004 until payment is completed and bring Golden Technology Industrial Park Company Limited money paid on November 1, 2004 amounting to Baht 39 million deducted by the amount of interest first. In case of there is any remaining balance, the principal will be deducted and bring money to pay management fee of Baht 9,700,000 plus 10% of interest on the principal as mentioned above starting from the next date of filing (February 9, 2006) until payment is completed. In case of not paid or not fully amount, it will bring mortgage property at auction. In case of this is not enough, it make another confiscation of Golden Technology Industrial Park Company Limited. The Company's lawyer has an opinion that this case has no any effect to the Company because they are separate entities. Golden Technology Industrial Park Company Limited filed an appeal on February 9, 2018.

As disclosed in Note 23 to the financial statements, at the Extraordinary General Meeting of the Company's shareholders held on June 30, 2017, the shareholders approved the increase of Baht 140,668.67 million. The Company received partial capital increase of Baht 1,707 Million on July 12 - 14, 2017 and Baht 1,925 million on July 17 - 21, 2017.

The management of the Company estimated the damage from this court case as at December 31, 2018 as follows:

	(Unit: 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	128.21
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*	(5,800.00)
Compensation for damages	(1,635.74)
Estimated the damage - net	3,056.95

* The Company appraise the valuation of collateral land by appraisal report of SL. Standard Appraisal Co., Ltd. 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 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 and the value

of the collateral will be deducted from the value of damages, according to the judgment of the Criminal case of politician. The Company will deduct no more than Baht 8,368.73 million.

On October 17, 2018, the Company sold the collateral. Bidders are bidding for Baht 8,914.07 million which is higher than the estimated sales force. Currently, the Company can not reverse its provisioning provision. Because enforcement officer is preparing account. Therefore, the Company can not finalise the profit from the reversal.

Utilization of capital increase fund

The Company received the proceeds from allotment of new ordinary shares to private placement as approval by the Extraordinary General Meeting of Shareholders No. 1/2017 on 30 June 2017 that has allocated and offering of new 100,000 million ordinary shares to the private placement. The Company has increased capital of THB 72,640 million at the price of THB 0.05 per share, totaling THB 3,632 million. The total expenses and fees were THB 63.73 million. The capital increase after deducting expenses amounted to THB 3,568.27 million. Details of the utilization of capital increase fund as follows:

The proceeds from the capital increase	3,568.27	Million Baht
<u>Deduct</u> use of capital increase as of 31 December 2018		
1) Payment in accordance with judgment of KTB	(1,635.74)	Million Baht
2) Development of AQ ARBOR, Chonbuli, Chiangmai, Rangsit	(44.00)	Million Baht
3) Development of AQ ALIX	(127.00)	Million Baht
4) Working capital	(205.98)	Million Baht
Remaining capital increase fund as of 31 December 2018	<u>1,555.55</u>	Million Baht

The remaining capital increase amount THB 1,555.55 million was invested in BFixed the bill of exchange and loan.

2) Industry and economic conditions that affect the operation

2.1) Economic conditions in 2018

The Office of the National Economic and Social Development Board reported that the Thai economy in 2018 is expected to grow by 4.2 percent, with 7.2 percent growth of export value, 4.7 percent of private consumption and 3.6 percent of total investment. Headline inflation will be 1.1 percent and the current account will record a surplus of 6.4 percent of GDP.

In addition, the Bank of Thailand (BOT) reported that overall Thai economy continued to expand. Export-oriented manufacturing businesses continuously grew but domestic-oriented ones were rather stable as private consumption expanded at a slower pace in accordance with slow recovery of consumers' purchasing powers in regional areas. Tourism grew in all regions from both Thai and foreign tourists. Nonetheless, Chinese tourists still contracted but overall situation has gradually improved from the last quarter. Real estate sector expanded only in Bangkok and metropolitan areas and tourist destination provinces, and construction businesses expanded along with continuous public infrastructure projects and private-sector megaprojects especially in metropolitan areas. However, constructions in regional areas were rather unchanged because of a delay in government budget reimbursement. Most businesses still invested as usual for branch expansions or for machineries to improve production efficiency, and their investment capital remained rather the same as last year. Only some large corporates invested in long-term big projects which require great amounts of funding facility. In addition, most businesses expected their revenues to increase in the next quarter in accordance with continuously economic expansion. However, they expected growth in some sectors to slow down, especially the automobile market.

2.2) Sales of property business

The Bank of Thailand (BOT) informed that the real estate and construction sectors expanded in Bangkok Metropolitan areas and major provinces in the fourth quarter of 2018. The overall real estate business conditions continued to expand only in Bangkok and its vicinity, as well as major tourist provinces in the region. There is a good demand on high-rise residential growth in the centre of Bangkok along with the BTS line which is derived from the purchasing power of the group of middle to upper income customers that are still expanding as well as from the demand of foreigners, especially, Chinese assist to absorb the supply in some areas such as Sukhumvit and Ratchada. Moreover, there is a demand on low-rise residential expansion in the suburbs of Bangkok and surroundings including the main tourist provinces in the South. Furthermore, some of real estate entrepreneurs in Bangkok started to perform projects which are able to gain regular income, such as apartments, mixed use projects or commercial buildings instead of residential projects alone in order to take advantage of high land prices to make it worth more.

The real estate condition in the region as a whole remained stable, especially in the North and Northeast. Although there is still demand for residences, customers often experience problems, for instance, the loan approval is denied because of insufficient income. It corresponds to the regional economy which is not strong. Besides, some entrepreneurs in the Northeast found that the sales of

houses in the area started to slow due to concern about the regulatory measures for residences loans to prevent systemic risks of the BOT (LTV measures) which leads customers to delay the decision to buy because they need to study the required information and some customers may have to take longer to collect deposits for residence.

In the overall of construction business has grown continuously from the construction of large-scale projects of the Government sector such as the orange and pink BTS line, the infrastructure in the Eastern Economic Corridor (EEC) and also from the large private projects such as Mixed Use projects in Bangkok and tourist districts. As a result, it leads to the high revenue growth of large piling companies which build the utility construction projects and building construction. However, the construction business in the region continues to experience many obstacles in ongoing operations such as the city planning law, performing the Environmental Impact Assessment report (EIA) and including the limitations of the procurement and parcel management of the Government sector Act, 2017. Even though there is a better trend in Bangkok and its vicinity due to the fact that the central authorities have already begun to understand the new procurement process, there are still the problems of late disbursement and lack of liquidity in the regions. In addition, the high competition among entrepreneurs combined with the electronic price auction (e-bidding) can cause the local entrepreneurs, especially small, are unable to compete with large entrepreneurs from the center and thus have to shut down.

In the first quarter of 2019, entrepreneurs anticipated that the real estate business is likely to continue to expand in Bangkok and its vicinity which is reflected by the launch of new projects, ongoing backlog and also the competition of entrepreneurs release intensive promotions to urge sales and transfers before the LTV measures will become effective in April. However, entrepreneurs predicted that such measure, together with the rising interest rate trend. Consequently, some buyers will delay a decision to buy residences in the next phase as it may take time to collect more deposits from the the down payment ratio that will be increased according to the number of real estate loan agreement. Besides, there are more restrictions for those who want to find co-borrowers due to the fact that the loan agreement will be counted as the main loan agreement of the co-borrowers. Nevertheless, many entrepreneurs have extended the down payment period for longer by allowing the buyer to live free during the installments period for high-rise residences as well as use the pre-sale booking strategy instead of ready-to-sell homes for low-rise residences. In the construction business, the trend will continue to grow from the large projects of both the Government and private sectors.

2.3) Hotel business

Kasikorn Thai Research Center reported that although the hotel business in Thailand is growing continuously, but the overall of competition is still serious. Both competing in the three-star hotel segment and below to compete for a large number of middle-class tourists and the competition in the four-star hotel segment and above that has started to increase the number of players from the construction of hotels by real estate developers. However, in 2018, the hotel business should still benefit from the expanding tourism sector.

The value of hotel business market has continued to grow in the past, attracting new entrepreneurs to continue to enter the market in accordance with the statistics of hotels and rooms that are constantly increase as well as an intermediary that provides accommodation sharing platforms like Airbnb results in the increase in the number of rooms that are an alternative to using services for tourists. Reflecting the competition between hotel business operators that are likely to be more severe which is an important factor that still pressures the average occupancy rate and room rate to remain stable from the previous period.

Hotel business operators may analyze the behavior and demand for accommodation services for tourists as alternative travel groups by dividing tourists into various segments then offer accommodation services. Including marketing in addition to advertising and promotion through both offline and online channels, the Entrepreneurs also have to market to penetrate each segment of tourists with different marketing methods and marketing channels.

It cannot deny that Small and medium sized hotel businesses still rely on room sales via OTA (Online Travel Agency or selling rooms through intermediaries that provide travel transactions via the internet) to expand the room sales channel to reach the maximum tourist base. While operators must also control the cost of sales to the lowest level simultaneously and still have to pay commission to OTA for every room sale which results in lower profit margins of operators. Kasikorn Thai Research Center that the operators may encourage booking through hotel channels by adding special offers to reduce the commission paid to OTA, such as Add special offers that tourists will receive like breakfast, late checkout, and give souvenirs when booking a room through the hotel website, Loyalty Program etc.

Hotels and restaurants sector

In the third quarter of 2018, hotels and restaurants sectors expanded by 6.5 percent, slowed down from a 9.4 percent increase in the previous quarter. The total number of foreign tourists was at 9.06 million persons, increased by 1.9 percent, decelerated from 8.4 percent in the previous quarter. This was mainly due to the contraction in the number of tourists from China (8.8 percent), affected by

the impact of the capsized boat near Phuket island on 5 July 2018, Russia (7.2 percent) as a result of the 21st FIFA World Cup in Russia during 14 June to 15 July 2018, led to a lower in the number of outbound Russia travelers. Likewise, the majority of European tourists switched their destinations toward Russia; reflecting the deceleration in the number of tourists from Europe that contracted by 1.5 percent in the third quarter 2018, and a 1.9 percent contraction in the second quarter 2018. On the other hand, the number of tourists from other countries expanded favorably, mainly attributed by the number of tourists from Malaysia (26.3 percent), Hong Kong (27.5 percent), Japan (8.5 percent), Taiwan (19.9 percent), and Vietnam (10.1 percent). Foreign tourism receipts stood at 474.6 billion baht which grew by 0.5 percent, decelerated from a 13.7-percent growth in the previous quarter, mainly contributed by the contraction of travel receipts from Chinese and Russian tourists, together with lower growth rate of travel receipts from European tourists. Nonetheless, the travel receipts from major countries continued to expand favorably, including Malaysian, Hong Kong, Indian, Japanese, and Vietnamese tourists. The average occupancy rate was at 65.38 percent, increased from 63.71 percent in the same quarter last year.

Tourism

Tourism expanded from the previous year, both Thai and foreign tourists although Chinese tourists are still shrinking. In the fourth quarter of 2018, tourism expanded in all regions, reflected by the increase in revenue of most operators from the previous year in accordance with the number of Thai and foreign tourists growing up although the impact of foreign tourists will be reduced compared to the first half of the year from shrinking Chinese tourists.

Entrepreneurs in tourism-related businesses agree that the number of foreign tourists in the overall picture expanded from ASEAN and East Asian tourists primarily. The tourists from the ASEAN region grew quite a lot from increased Malaysian tourists according to confidence in political and economic stability in Malaysia that has improved continuously. And the Islamic religious holidays this year are faster that makes it stop longer compared to the previous year comply with the improved view of revenue of entrepreneurs in the south which rely mainly on Malaysian tourists. For Asian tourists, other countries such as Hong Kong, Japan and India grew well, partly from opening more direct flights to Thailand and India also have additional benefits from temporary visa waivers (Visa on Arrival: VOA) as well.

However, some group of foreign tourists decreased, especially Chinese tourists that still shrink continuously. Since the boat incident occurred in Phuket that gives confidence in safety greatly reduced. Moreover, the Chinese government ordered to reduce the number of flights to Thailand including

arranging the remaining flight time to be in a time that is not conducive to travel. In addition, it was also affected by the slowdown in the Chinese economy and the weak CNY after a trade dispute with the United States. However, entrepreneurs saw that the overall situation began to improve since November. After the result of various negative factors such as news of the epidemic of dengue fever in Thailand and the physical assault event of Chinese tourists gradually eased and also received additional benefits from the VOA fee waivers and partly from the adaptation of entrepreneurs. For some European tourists, there are redirects to other countries that doing more aggressive marketing instead such as Russian and German tourists. At the same time, British tourists delayed travel abroad from Brexit situation that is not clear.

For the number of Thai tourists increased from the same period last year, especially in the region. Partly as a result of the secondary tourism promotion policy that helps Thai tourists to spread outside the main tourist provinces. The province that has outstanding tourist attractions will receive good results quite clearly. For provinces that do not have major tourist attractions, they do not receive very good results. But have adapted by creating a new landmark or activity comply with the increased income of tourism entrepreneurs in the northern region which often rely on Thai tourists as the main driver in the last quarter of the year and the income of entrepreneurs in the expanding northeastern region although there are negative factors from the flood news In the Mekong River area at the beginning of the quarter. In terms of revenue from organizing seminars, both from the public and private sectors, improved in all regions.

2.4) Property rental operations and related services business

Office rental

For the overall market, the office rental group still grows well because there is still a high demand from the renters in the IT business group as Online, E-commerce, Co-work space that are constantly expanding. In the first half of the year, there are new office building completed, increased by 9 thousand square meters resulting in a total of 8.9 million square meters of supply in the market with an average rental rate of 8.7%

From the demand factor expanding as a result, the office rental rate has increased continuously for more than 8 years. At present, the rental rate for the Grade A office is at an average of 881 Baht per square meter per month. The average general office is 668 Baht per square meter per month, Gaysorn Tower, the highest rent average at 1,300 -1,350 Baht per square meter per month, Park Ventures Ecoplex Building, average rental rate not less than 1,300 baht. At the same time, it is expected that the

rental rates in the Office of Business Sector will increase continuously by an average of 3 -5% per year until 2022 or increase the average rental rate at 1,000 baht per square meter per month.

While the popular location is the office building that is adjacent to the BTS and MRT lines. The tenant group still has various elements in choosing to rent each office. Regardless of location, toilet, parking, and design characteristics of each project floor (Floor plate) and also began to develop trends in new products to meet the new generation lifestyle such as creating a napping room, screaming room to relax work stress.

Shopping center group

At present, there are shopping centers in Bangkok representing a total area of approximately 6.5 million square meters with 6 shopping centers opened during the first half of the year, representing a rent area of 4.8 thousand square meters. And the second half of the year will open 17 more projects representing a total area of over 4.75 hundred thousand square meters. From large projects such as icons Siam, The Market Bangkok with the average vacancy rate in the market for rent in the market is relatively low at 5 -8%.

At the same time, the trend of shopping center operators will gradually increase and expand the lifestyle zone in order to compete with the growing e-commerce trend in the same direction as the global image which looks at the fashion zone, and the bank zone of each shopping center will be adjusted to a smaller area. In the past, there was a clear example of Mega Bangna from the original 20% fashion zone area was reduced to 12% and increase food and beverage zones from 22-23% to 30% to attract people into the mall and spend more time in the mall.

Source: JLL Thai Property Information Center

3) C sign posted on AQ securities by the SET

C sign posted on AQ securities by the Stock Exchange of Thailand because shareholders' equity < 50% of paid-up capital for the following financial statements.

- ☐ Financial Statements Quarter 2 Ending 30 June 2018
- ☐ Financial Statements Quarter 3 Ending 30 Sep 2018
- ☐ Financial Statement Yearly 2018 Ending 31 Dec 2018

Reference is made to the public presentation by AQ Estate Plc. for the correction of the "C" sign from the case that the Company's equities fell below 50% of the paid-up capital of annual financial statement 2018 ending 31 December 2018, held on 15 March 2019 at 14 pm. at Alix Bangkok Hotel,

Building B, Meeting room on 2nd Fl., 31 Soi Soonvijai 7, New Petchburi Road, Bangkok, Bangkok. The summary of result from the meeting as follows:

The large amount of net loss of the Company was the result from the reserve for liabilities of 3,056.95 million Baht that the Supreme Court's Criminal Division for Persons Holding Political Position ordered the Company to jointly pay for damages to Krungthai Bank in the amount of 10,004.47 million Baht. The Company made the payment of 1,635.74 million Baht and the remaining liabilities is 8,368.73 million Baht.

Plan for correction: The sale of the collateralized land of 4,300 rai by the public auction and the auction price of the land was set by the Appraisal committee at 8,914.07 million Baht which is greater than the remaining amount of liabilities to be paid by the Company. On 17 October 2018, the 1st schedule of the public auction, the auction winner purchased the collateralized land at 8,914.07 million Baht and put the deposit of 448.50 million Baht with the Legal Execution Office. The payment of the remaining of the purchase price was granted the extension to 1 February 2019. On 24 January 2019, the auction winner paid in amount of 3,819 million baht of auctioned property in the first group. The auctioned property in the second group was the ownership of Golden Company and the auctioned land in the third group was the ownership of K&V SRS Garden Home which Golden Company Limited holding 99.97% of shares, has been placed to guarantee debt to Golden Company Limited. The K&V SRS Garden Home Company Limited filed the petition to revoke property sale by claiming 4 unlawful sales and the court ordered 2 dismissal cases and 2 other cases, appointment to hear the civil court order on 20 March 2019 as well as another case for the witnesses' appointment on 25 and 26 April 2019.

At present, the auction winner purchased such land which had filed the court case to pay the remaining case upon completion at 4,646.57 million baht after the remaining payment completely and Krung Thai Bank received payment successfully. Therefore, the reserve for liabilities would be deducted with the retained loss and the retained loss would be 3,283.79 million baht and the total equities would be 6,724.67 million Baht. The total equities, when compared to the paid-up capital netted off the discount on shares of 9,902.86 million Baht, would be 67.91% which is greater than 50% according to the regulation and therefore the Company would be able to correct the "C" sign.

The Board of Directors considered to wait for Krungthai Bank for the receipt of the proceed from the sale of 4,300 Rai land by public auction which is expected to occur in Q2/2019. The Company will report the progress to the shareholders and investors through the system of the SET in due course.

4) Change in key accounting policy

In 2018, 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.

5) Auditor show qualified opinion with an emphasis of matters

Mr. Jadesada Hungsapruet, certified Public Accountant, Registration No. 3759 from Karin Audit Company Limited show qualified opinion with an emphasis of matters on the Financial statements for the year ended 31 December 2018 as follows.

Qualified Opinion

I have audited the 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, 2018, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statement, including a summary of significant accounting policies.

In my opinion, exception for the effect of any adjustments that might opinion paragraph the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of AQ Estate Public Company Limited and its subsidiaries as at December 31, 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Qualified Opinion

- 1) As discussed in Note 16.2 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 a non-related party to transfer a leasehold right of beach front amounting to Baht 10 million. The hotel management contract requires the company to provide beach front area for hotel customer, then the Company has complied to the contract. Currently, the transfer of leasehold rights is in progress with the relevant authority. 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 partial 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 Note1 to the financial statements. The market information of comparative land of same size and condition was limited 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 as at December 31, 2018, amounting to Baht 153.73 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 indirect subsidiary 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.

- 2) As discussed in Note 13 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, 2018, 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.

- 3) As discussed in Note 8 to financial statement as at December 31, 2018, the Company has investment in bills of exchange of a company amount of Baht 1,066.89 million. Such transaction have continue changed the due date and I have continue given the emphasis of matter on my audit report since the occurred date. Last investment in bill of exchange which due date on February 28, 2019 and has postponed being June 30, 2019. As the analyst of such company's debt, the Company believe that the authorizer and the final shareholder's asset of such company is 1,617.61 million, which is over than amount of such company's bills of exchange, and the Company's management believe that able to receive by whole amount so the Company do not record for allowance for doubtful debt. I received the last financial statement of such company which was for the year ended 2016 which was not passed the auditing by auditor, total assets was amount of US Dollar 114.01 million, and shareholders' equity was amount of US Dollar 113.98 million. The Company has not gotten the financial statement for the year 2017 and 2018. I have not able use other audit procedure to satisfy how appropriate for amount of allowance for doubtful debt.
- 4) As discussed in Note 10 to financial statement as at December 31, 2018, the Company has loans to a company amount of Baht 447.40 million. Such transaction have continue changed the due date and I have continue given the emphasis of matter on my audit report since the occurred date. Loan to accompany which due date on February 28, 2019 and has postponed being April 30, 2019. The Company has received in partly in 2019, until this report dated amount of Baht 35.25 million. The Company has considered last financial statement issued to government, shareholders' equity was amount of Baht 217.85 million, and the Company's management believes that able to receive by whole amount so the Company do not record for allowance for doubtful debt. However, as such company's financial statement, it's temporary stopped the construction due to the adjusted plat form and it's has to get approval from a government. Such company's assets have pledged for loans from financial institution. There has uncertainty of project value of such company's assets. I have not able use other audit procedure to satisfy how appropriate for amount of allowance for doubtful debt.

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the consolidated financial statements,

and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

Without change in qualifying my opinion as above, I draw attention to note that;

- (1) As discussed in Note 1 to the financial statements that, 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.

On August 10, 2017 the Company has issued a letter to the financial institution. It concludes with the following key common agreements:

1. The company will pay for damages to Bank in accordance with the judgment of Supreme Court in amount of Baht 1,635,735,380 (Paid on August 17, 2017).
2. The bank will execute the lawsuit according to the judgments of Supreme Court to all of properties, which is the cause of damage to bank. The proceeds from the execution of this case will be paid for damages in accordance with the judgment of the Supreme Court and the bank will not execute the lawsuit against the company.
3. In case of the execution of lawsuit against the properties as mentioned above does not fully pay the damages in accordance with the judgment of Supreme Court, the company will continue to supply funds to pay damages to the bank.

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 May 2017, the management expects that the

forced sale value of such land would be Baht 5,800 million. References to independent appraisers, the Company has recorded the liabilities, according to the judgment of Supreme Court Criminal Division of Political Position Holders, less estimated value of collateral to be sold as mentioned above and the value of the collateral will be deducted from the value of damages, according to the judgment of the Criminal case of politician. The Company will deduct no more than Baht 8,368.73 million. Incidentally, the exactly amount of the company's obligation may be changed up or down, depending on the auction price to be auctioned in the future. On October 17, 2018, the Company sold auction of the said collateral property. The successful bidder won auction at a price of Baht 8,914.07 million and the bidder is allowed to extend the payment period to February 1, 2019. Subsequently on 24 January 2019, the bidder paid Baht 3,819 million to the Legal Execution Department according to the property sold at the auction of the criminal case of a person holding a political position, the decided case no.Or Mor 55/2558. The remaining property of the civil case, decided case 4007/2552 and the case of the central bankruptcy court, decided case no. Lor 1249/2555, are under objection petition of 3 cases.Undecided case no. Sor Lor 365/2561 regarding order revocation by the officer, a petitioner appealed to the court to revoke the order of the official receiver. The petitioner has submitted the revocation of the auction as an unlawful auction. The court accepted the objection petition and named Golden Company (Limited), the third objector and then proceeded to witness examination and scheduled to hear the order on March 5, 2019. Undecided case no. Sor Lor 438/2561, regarding revocation of the auction of the second debtor's land (K andV S R S Garden Home Company Limited). In this case, the objector has submitted a request to revoke the auction as an unlawful auction and requested to temporarily suspend execution. On February 4, 2019, the court ordered the lawyer of the Company to be a stakeholder lawyer and named the Company as the second objector and scheduled the witness examination date on April 25 and 26, 2019. Civil Court Case no. Tor 59/2561 regarding revocation of the auction. In this case, the petitioner requested to revoke the auction due to the auction is unlawful. The Company submitted an objection dated January 24, 2019, since the case has not been submitted appointment and copy of petition to the custodian officer to acknowledge. In addition, Krung Thai Bank is mortgaged banker of this disputed land therefore there is a reason to postpone the case for a new appointment on March 20, 2019.

- (2) As disclosed in Note 7 and 8 to the financial statements, as per the resolution of the Board of Directors' meeting No. 10/2017 held on July 11, 2017, the Board of Directors approved the Company to invest in debt securities of three unrelated companies totaling Baht 1,600 million

(unsecured), bearing interest rate 5 - 6 per annum to maturity date August 11-17, 2017 and the Company has renewed some debt instruments for Baht 500 million until June 30, 2018 (According to the resolution of the Board of Directors' meeting No. 3/2018 dated March 21, 2018).

According to the resolution of the Board of Directors' meeting No. 15/2017 held on November 14, 2017 approved to reduce the burden on the company and the Company has entered into an agreement to appoint a private fund management company with an unrelated company to manage the investment in short-term bills of exchange, for not exceeding six months and fund management fee is charged at 0.25% per annum of the fund's net asset value at the end of the day as a base for calculation and on November 13, 2017 the Company transferred assets of Baht 1,100 million for the establishment of private funds.

According to the Company's Board of Directors No.3/2018, On March 21, 2018, resolved to cancel the contract with Solaris Asset Management Co., Ltd. for the private fund management and to request for securities return, effective on March 22, 2018. The Company received the securities of net amount after deduction of fees and expenses on March 28, 2018.

According to the resolution of the Board of Executive meeting No. 19/2017 held on September 18, 2017, the Board approved the Company to invest in debt securities of one unrelated company amounting to Baht 200.79 million (unsecured), bearing interest rates ranging from 5.5 % per annum to maturity date February 28, 2018, and the Company has renewed the debt securities until June 30, 2018 (According to the resolution of the Board of Directors' Meeting No. 3/2018 on March 21, 2018).

According to the resolution of the Board of Directors' Meeting No. 6/2018 held on June 30, 2018, the Company and its subsidiaries provided financial assistance to two unrelated parties. The borrowers have informed the Company of their intention that they will not roll over their bill of exchange, however, they would like to enter into a loan agreement with the Company instead of the repayment under the bills of exchange to the Company within June 30, 2018. The loans are amounting Baht 514.6 million and Baht 204.4 million, interest rate 6.0 % per annum and 5.5 % per annum and loan and interest repayment date on December 28, 2018. (Note 8)

According to the resolution of the Board of Directors' meeting No. 6/2018 dated June 30, 2018, the Company has approved to extend the period of bills of exchange due within April to July 2018 total 3 bills amounting to Baht 118.46 million, for 6 months discount rate of 6.5 % per annum no more than December 28, 2018.

According to the resolution of the Board of Directors' meeting No.8/2018 dated August 14, 2018, the Company has approved to extend the period of bills of exchange due within August and September 2018, total 7 bills amounting to Baht 1,027.57 million, and interest Baht 17.65 million, discount rate of 6.5% per annum to be November 30, 2018

According to the resolution of the Board of Directors' meeting No. 13/2018 dated November 28, 2018, the Company has approved to extend the period of bills of exchange due within December 28, 2018, total 8 bills amounting to Baht 1,066.89 million, discount rate of 6.50% per annum to be January 31, 2019.

According to the resolution of the Board of Directors' meeting No. 13/2018 dated November 28, 2018, the Company has approved to extend the period of bills of exchange due within December 28, 2018, total 2 bills amounting to Baht 488.66 million, discount rate of 5.5% and 6% per annum no more than January 31, 2019.

According to the resolution of the Board of Directors' meeting No. 1/2019 dated January 31, 2019, the Company has approved to extend the period of bills of exchange due within January 31, 2018, total 8 bills amounting to Baht 1,072.16 million, discount rate of 6.50% per annum to be February 28, 2019.

According to the resolution of the Board of Directors' meeting No. 1/2019 dated January 31, 2019, the Company has approved to extend the period of bills of exchange due within January 31, 2019, total 2 bills amounting to Baht 460.01 million, discount rate of 5.5% and 6% per annum no more than February 28, 2019.

According to the resolution of the Board of Directors' meeting No.2/2019 dated February 28, 2019, the Company has approved to extend the period of bills of exchange due within February 28, 2019, total 8 bills amounting to Baht 1,072.16 million, discount rate of 6.50% per annum to be June 30, 2019.

According to the resolution of the Board of Directors' meeting No.2/2019 dated February 28, 2019, the Company has approved to extend the period of bills of exchange due within February 28, 2019, total 1 bills amounting to Baht 412.14 million, discount rate of 6% per annum no more than April 30, 2019.

6) Progress on the execution of Supreme Court of Criminal Division for Politicians

On 17 October 2018 that AQ Estate Public Company Limited had reported the auction of mortgaged property at the price of THB 8,914.07 million on 17 October 2018. The properties sold at the

auction were divided into 3 groups, with the buyer placing a deposit of THB 448.50 million and. paid the remaining within 1 February 2019 and on 24 January 2019. The buyer paid the amount of THB 3,612.12 million which was the auctioned property in the first group. As for the mortgaged property of the second group was the ownership of Golden Technology Industrial Park Company Limited and the third group of land was the ownership of K and V SRS Garden Home Company Limited which was subsidiary of Golden Technology Industrial Park Company Limited, holding shares 99.97% had taken the third group of land to debt guarantee for Golden Technology Industrial Park Company Limited. K&V SRS Garden Home Company Limited filed the petition to revoke property sale, claiming that was 4 illegality sales. The court ordered the dismissal of 2 cases. The remaining 2 cases were the first case that AQ Plc. prosecuted Golden Technology Industrial Park Company Limited regarding the deposit for land by appointing a hearing on 20 March 2019 and the second case of BAM prosecuted K&V SRS Company Limited for bankruptcy. In this regard, Krung Thai Bank is a collateral creditor and therefore subrogates the right instead of BAM. by appointment of witnesses on 25 and 26 April 2019. Currently, the buyers of collateral land have filed the court case to pay upon case completion with the remaining amount of THB 4,853.45 million.

7) Progress on deposit of bill of exchange and loans

As AQ Estate Plc. (AQ) increased and allotted the shares to the private placement on July 2017 for the amount of 3,632 million Baht in order to use the increased capital to pay debt to Krungthai Bank Plc. (KTB) according to the order from the Supreme Court's Criminal Division for Persons Holding Political Position and it has already paid for 1,636 million Baht and the remaining increased capital is 1,996 million Baht. During the same period, the Board of Directors approved for the investment in the bill of exchange (B/E) for 1,600 million Baht and empowered the Board of Executive Directors to consider the investment in debt instruments in the companies that have good financial status with the limit of each investment of not greater than 500 million Baht and it can roll the B/E of the companies which have already approved by the Board of Directors. The Board of Executive Directors has the power to consider the investment in the corporate bonds of the companies which have clear source of fund to repay and low risk and to consider the extension of the investment for 15-30 days of each period in order for the Company to redeem the fund to pay for debt in time. The Company has invested in the B/E of 5 companies and when due, it has extended the investment in B/E every time.

On 30 June 2018, the B/E of Krugthai Land Development Co., Ltd. and Thai Filatex Plc. was due. The Board of Directors approved to change the investment in B/E to the loan agreement with those companies for the amount of 719 million Baht and the maturity date of the principal and interest is 28

December 2018. In addition, the BE of Planet Energy Holding Pte Ltd. in total of 1,143 million Baht which the amount of 115 million Baht was due and the remaining amount of 1,028 million Baht will be due in August and September 2018.

Nevertheless, the source of fund for investment in B/E and the lending to those mentioned companies was from the capital increase for the private placement which is reserved to pay for the different amount of the proceed from land sale collateralized with KTB. The next schedules for the land auction dates are 18 July 2018 and 8 August 2018. Should the Company need to pay KTB for the different amount of land sale, the Company may not have enough liquidity for payment to KTB. In addition, the loan to the third parties is accounted for 20% of the net tangible assets which is significant amount and it is not the normal business of the Company.

7.1) Loan to Krungthai Land and Thai Filatex in the amount of 719 million Baht

The Board of Directors considered that the Company the change in the form of investment in bills of exchange is a loan agreement with conditions like the original bill. The reason for the two loans is because the company has no need to use the funds after the suspension of auction on August 8, 2018, the date is not set. Also consider that the two companies have the potential to repay. The loan is considered appropriate.

The payment for damages to KTB according to the Supreme Court – Criminal Division for Persons Holding Political Position will follow after the auction process of the 4,300 rai of land. The sale proceed from the auction tends to be more than the remaining damage amount of 8,368.73 million Baht from the reason that the legal execution department determined the starting auction price at 8,850 million Baht. The Company believes that the selling price could be higher than the starting auction price.

For 2016 financial statement, the Company made the reserve for liability with KTB using the appraised price from S.L. Standard Appraisal Co.,Ltd. As of May 2017 at 11,600 million Baht and forced sale price at 5,800 million Baht. Previously in the same year. The Company held the land auction and there were 3-4 interested purchases submitted for the bid but the highest bidding price was lower than the forced sale price. Therefore, the Company deems it appropriate to use the forced sale price as the base for the reserve. If the land auction price is lower than 8,368.73 million baht, the Company is still able to pay for damages to KTB from other investments (Fixed Income Fund Bank deposits of Baht 321 million and project assets of Baht 1,607 million). In addition, the Company can call for early repayment from Krungthai Land Development Co., Ltd. and Thai Filatex Plc. by giving 30 day notice in advance.

The Board of Directors has considered the financial status of Krungthai Land Development Co., Ltd. and Thai Filatex Plc. as acceptable and is confident that Krungthai Land Development Co., Ltd. and Thai Filatex Plc. have the ability to repay loan under the loan agreements.

From legal consideration, the change from the purchase of B/E to the short term lending does not have an impact to the status of the Company and its subsidiaries compared to the previous status. For placing collateral and guaranty, Right to call for early repayment, risk management in case of payment default is detailed as follows.

Collateral and guaranty

Krungthai Land Development Co., Ltd (krungthai Land) :	None
Thai Filatex Plc :	None

Right to call for early repayment

Krungthai Land Development Co., Ltd (krungthai Land): Loan agreement specified that AQ has the right to call for early repayment by given notice for 30 days in advance.

Thai Filatex Public Company Limited: Loan agreement specified that Aquarius Estate Co.,Ltd has the right to call for early repayment by given notice for 30 days in advance.

Risk management in case of payment default

The Company has policy to follow up with the borrower and for risk management, the Company is negotiating for additional collaterals such as assets or assignment of receivables which it is expected to conclude the negotiation by 3rd quarter of 2018.

7.2) The investment in B/E of Planet in the amount of 1,143 million Baht

For two B/Es of PEH due on 30 April 2018 in the amount of 30.5 million Baht and due on 29 May 2018 for the amount of 74.7 million Baht, PEH had requested for the rolling of those B/Es for 6 months. In the Board of Executive Directors' Meeting no. 2/2018 on 24 April 2018, the Board of Executive Directors (empowered by the Board of Directors) considered that the Company has not required to use the fund. The payment for damages to KTB according to the Supreme Court – Criminal Division for Persons Holding Political Position will follow after the auction process of the 4,300 rai of land. The sale proceed from the land auction tends to be more than the remaining damage amount of 8,368.73 million Baht. If the selling price of the land is lower than 8,368.73 million Baht, the Company still has the liquidity from other investments to pay for the shortfall of damages (if any). The Board of Executive Directors

considered the financial status of PEH as acceptable credit and was confident that PEH has the ability to repay the extended B/E.

The Board of Directors considered that the Company has not required to use the fund. The payment for damages to KTB according to the Supreme Court – Criminal Division for Persons Holding Political Position will follow after the auction process of the 4,300 rai of land. The sale proceed from the land auction tends to be more than the remaining damage amount of 8,368.73 million Baht. Should the proceed from land auction be lower than 8,368.73 million Baht, the Company still has the liquidity from other investments to pay for the shortfall of damages (if any). In addition, the Board of Directors considered the financial status of PEH as acceptable credit and was confident that PEH has the ability to repay the rolling B/E as shown in Attachment (2) and therefore approved for the rolling B/Es for the principal and interest due for the period of 6 months but no later than 28 December 2018 with the interest rate of 6.5% p.a.

The Board of Directors will consider the progress of 4,300 rai land auction which is scheduled on 8 August 2018 whether the Company will be responsible to pay for the shortfall of damages to KTB and at what amount, although the current land price tends to be more than the remaining damages of 8,368.73 million Baht. Should after the payment for damages and the investment in the core business of the Company and the Company still has excess liquidity, the Company may consider to continue for the short term investment opportunity. It may consider to invest in the existing companies already invested or change to other alternative investments upon the appropriateness at that time and the management will analyze and propose to the Board of Directors to consider in due course.

Furthermore, In the Board of Directors' Meeting on 19 July 2018, the board meeting assigned to the management for additional risk management including the follow up for the operation performance of the companies that the Company has invested in or provided the loan to, the negotiation for additional collaterals and/or the guarantees from those 3 companies invested by the Company, and the study from management for other alternative investments for consideration in the next meeting.

7.3) Return received during the investment period

The Company invested in bill of exchange (BE) and loans with details as follows.

No.	Issuers/Loan agreement	Issued Number	Issue Date	Maturity Date	Yield	Amount (Baht)
1	Krungthai land development Co., Ltd.	Loan	28 Dec 2018	31 Jan 2019	6.00	447,398,226.33
2	Planet Energy Holding Pte.,Ltd(PEH)	PLN30/2018	28 Dec 2018	31 Jan 2019	6.50	10,245,459.16
		PLN23/2018	30 Nov 2018	31 Jan 2019	6.50	418,312,115.21
		PLN24/2018	30 Nov 2018	31 Jan 2019	6.50	253,395,985.72

No.	Issuers/Loan agreement	Issued Number	Issue Date	Maturity Date	Yield	Amount (Baht)
		PLN29/2018	30 Nov 2018	31 Jan 2019	6.50	59,235,425.23
		PLN26/2018	30 Nov 2018	31 Jan 2019	6.50	96,104,750.88
		PLN25/2018	30 Nov 2018	31 Jan 2019	6.50	85,253,763.04
		PLN27/2018	30 Nov 2018	31 Jan 2019	6.50	74,926,652.64
		PLN28/2018	30 Nov 2018	31 Jan 2019	6.50	69,419,466.64
3	Thaifilatex Public Company Limited	Loan	28 Dec 2018	31 Jan 2019	5.5	41,260,012.00
	Total					1,555,551,856.85

Return on bills of exchange and loans as of December 31, 2018. The details are as follows.

No.	Companies	Return on Investment (Baht)
1	Krung Thai Land Development Co., Ltd.	44,061,134.93
2	Thai Filatex Public Co., Ltd.	12,899,136.97
3	Vintage Engineering Public Co., Ltd.	16,716,725.95
4	Planet Energy Holdings Pte. Ltd.	66,604,758.31
5	East Coast Furnitech Public Co., Ltd.	7,147,894.28
	Total	147,429,650.44

8) Court order of appeal Court - Civil case; black case no. Tor 268/2549 and red case no. Tor 2687/2550

Reference to the court order of civil case - black case no. Tor 268/2549 and red case no. Tor2687/2550 between Krung Thai Bank Plc., the plaintiff and Golden Technology Industrial Park Co., Ltd., the 1st defendant, the Company disclosed to the SET on 28 September 2017 by the letter no. SET044/2017.

The 1st defendant filed the appeal for the court order and the Appeal court accepted the appeal on 22 May 2018 and accepted the counter-claim from the 1st defendant.

Later, the Appeal court had the court order on 21 September 2018 for the black case no. 836-837/2561, red case no. 12786-12787/2561 and the court order was

- ☐ Reject the counter-claim filed by the 1st defendant and the fee for counter-claim filing shall not be refunded.
- ☐ For the appeal between the plaintiff and the 1st defendant, the Appeal court ordered the same as the civil court.

The Company was informed of such court order by the attorney on 15 November 2018. For the objection filing to the Supreme Court, Golden Technology Industrial Park Co., Ltd. is on the process of discussion and will inform for the progress in due course.

The Company would like to inform that such court order from the Appeal court does not have any effect to the Company because the Company is not the defendant in this court case.

14.2 Operating results and profitability

In 2018, the Company and its subsidiaries had net profit Baht 74.89 million that in the same period of 2017 had net loss Baht (164.71) million. The profit increased from the year 2017 in the amount of Baht 239.60 million which change more than 20% compared to the last year. The main causes are as follows.

Revenue

In Thousand Baht	2018	Changed (%)	2017	Changed (%)	2016
Revenues from sales of property	399,816	(25.81)	538,908	(50.48)	1,088,366
Income from hotel business	100,727	22.50	82,226	9.20	75,299
Revenues from property rental operations and related services	20,506	16.91	17,540	25.35	13,993
Revenues from consult and sales management	-	-	-	-	325
Total revenues from sales and services	521,049	(18.42)	638,674	(45.78)	1,177,983
Other income	303,379	138.66	127,120	57.22	80,857
Total revenues	824,428	7.66	765,794	(39.17)	1,258,840

1) Revenues from sales and services

Revenue from sales and services of company and its subsidiaries amounted to 521.05 million baht in 2018 which compared to the year 2017 with a total of 638.67 million baht, a decreased to (117.62) million baht or (18.42)% with the following reasons.

- ☐ Total revenue from sales of property is 399.82 million baht in 2018 and amounted to 538.91 million baht in 2017, a decrease of (139.09) million baht or (28.81)%. The main reason is the decrease in sales of condominiums and detached houses.
- ☐ Revenues from hotel businesses and services of company and its subsidiaries in 2018 amounted to 121.23 million baht, an increase of 21.47 million baht or 21.52 % from 2017 because hotels in Chiang Mai have performance better and a subsidiary opened hotel service of Alix, Soi Soonwijai during month of September 2018, this cause and increase in revenue.

2) Other income

Other income of company and subsidiaries for the year 2018 amounted to 303.38 million baht, an increase of 176.26 million baht from 2017 due to reversal income of allowance for impairment of goods in amount of 94.81 million baht in 2018 and interest income increased in amount of 59.02 million baht from the year 2018 with details as follows.

	(Unit : Thousand Baht)			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
Management fee income	9,773	9,697	22,100	30,400
Interest income	105,837	46,815	239,073	181,197
Reversed allowance for doubtful debts	-	-	43,881	-
Gain on sales of short - term investments	1,360	2,551	-	2,138
Unrealized gain (loss) of short - term investments	-	509	-	-
Rental income	4,127	5,588	15,417	15,603
Revenue from sale of merchandises in convenient store	11,369	12,403	-	-
Reversal of allowance for land deposit	-	12,076	-	12,076
Interest received from default	38,405	-	38,405	-
Reversed allowance for inventory	94,806	-	52,924	-
Revenue from provision for litigation	-	19,464	-	19,464
Others	37,702	18,017	3,462	3,198
Total	303,379	127,120	415,262	264,076

Expenses

In Thousand Baht	2018	Changed (%)	2017	Changed (%)	2016
Costs of property sold	(274,206)	(35.20)	(423,190)	(68.77)	(1,354,885)
Costs of service from hotel business	(161,398)	(0.80)	(162,695)	7.16	(151,819)
Cost of property rental operations and related services	(9,713)	(10.78)	(10,886)	2.99	(10,570)
Costs of consult and sales management	-	-	-	-	(3)
Total cost of sales and services	(445,317)	(25.38)	(596,771)	(60.677)	(1,517,277)
Distribution costs	(37,689)	(25.73)	(50,747)	(64.46)	(142,780)
Administrative expenses	(262,402)	3.33	(253,955)	(1.77)	(258,534)
Other expenses	(4,201)	(4.70)	(4,408)	(99.86)	(3,087,958)
Finance cost	(136)	(99.20)	(16,951)	4,034.39	(410)
Tax income (expenses)	204	(102.66)	(7,668)	(312.41)	3,610
Total expenses	(749,541)	(19.45)	(930,500)	(81.40)	(5,003,349)

1) Cost of sales and services

Cost of sales and services for the year 2018 amounted to 445.32 million baht, compared with the year 2017, amounting to 596.77 million baht, a decrease of (151.45) million baht, representing (25.38)% because of company and its subsidiaries have decreased for sales of property in 2018 divided into.

- (1) Costs of property sold accounted for 68.58% of revenues from sales of property. The proportion of costs decreased from the previous year, which accounted for 78.53% because in the year 2018 the Company can design and control construction costs better.
- (2) Costs of service from hotel business accounted for 160.23% of revenues from hotel business. The proportion of costs increased from the previous year which accounted for 128.06% because hotels in Chiang Mai have performance better and a subsidiary opened hotel service of Alix, Soi Soonwijai during month of September 2018, this cause and increase in revenue.
- (3) Cost of property rental operations and related services accounted for 62.06% of revenues from property rental operations and related services. The proportion of cost decreased from the previous year which accounted for 47.37%.

2) Distribution costs

The Company and its subsidiaries had distribution costs of Baht 37.69 million which decreased of Baht (13.06) million or (25.73)% from the last year comply with the revenue from sales of condominiums and detached houses that have decreased.

3) Administrative expenses

The Company and its subsidiaries had administrative expenses of Baht 262.40 million which increased of Baht 8.45 million or 3.33% from the last year.

4) Other expenses

The Company and its subsidiaries had other expenses of Baht 4.20 million which decreased of Baht (0.20) million or (4.70)% from the last year, consist of doubtful debts and reserve for litigation claim with details as follows.

(Unit : Thousand Baht)

	Consolidated Financial Statements		Separate Financial statements	
	2018	2017	2018	2017
Doubtful debts	1,056	600	244,768	381,910
Reserve for litigation claim	3,145	3,808	3,109	3,772
Total	4,201	4,408	247,877	385,682

5) Finance cost

The Company and its subsidiaries had finance cost of Baht 0.14 million which decreased of Baht (16.82) million or (99.20)% from the last year.

6) Income tax income (expense)

The Company and its subsidiaries had income tax income of Baht 0.20 million according to TAS 12 (Revised 2014) regarding Income Taxes.

PROFITABILITY RATIO		2018	2017	2016
Gross profit margin	(%)	14.53	6.56	(25.62)
Operating profit margin	(%)	9.08	(18.29)	(318.15)
Other income ratio	(%)	36.80	16.60	6.42
Cash to profitability	(%)	165.24	N/A	N/A
Net profit margin	(%)	9.08	(21.51)	(297.46)
Return on equity	(%)	2.06	(8.70)	(181.28)

Gross profit margin is 14.53% which increased from the year 2017 that gross profit margin is 6.56% because cost of sales and services decreased (25.38)% from the previous year including in 2018 the Company can design and control construction costs better so making the gross margin increased.

Operating profit margin is 9.08% which increase from the year 2017 that operating profit margin was (18.29)% with the main reason from the year 2018, the company has a higher gross profit margin from the above reasons including distribution costs decreased (13.06) million baht or (25.73)% because the revenue from sales of condominiums and detached houses decreased.

Other income ratio is 36.80% increased from 2017 that other income ratio is 16.60% because in 2018, other income increased by 176.26 million baht from the previous year. Mostly are reversal income of allowance for impairment of goods in amount of 94.81 million baht and interest income increased in amount of 59.02 million baht.

Net profit margin is 9.08% and Return on equity is 2.06% increase from last year as a result of the year 2018, the company has improved performance over the past year.

14.3 Ability to manage assets

1) Receivables Management

In 2018, the Company had trade accounts and other current receivable of Baht 121.09 million that decreased of Baht (12.14) million or (9.11)% from the last year, consisted of trade account receivables - net of Baht 10.05 million and other account receivables - net of Baht 111.04 million with overdue receivables over 12 months of Baht 1.58 million, decreased of Baht (6.89) 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 with details as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2018	2017	2018	2017
Other companies - net				
- Trade account receivables - net	10,046	16,675	-	-
- Other receivables - net	111,040	116,554	24,995	36,750
Total	121,086	133,229	24,995	36,750
Related companies – net (Note 6)				
- Trade account receivables - net	-	-	243,217	243,217
- Other receivables - net	-	-	956,899	848,665
Total	-	-	1,200,116	1,091,882
Trade and other account receivables - net	121,086	133,229	1,225,111	1,128,632

The aging analyses of trade and other account receivables - other companies as at December 31, 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2018	2017	2018	2017
Trade account receivables - other companies				
Within credit term	-	-	-	-
Overdue				
- Not over 3 months	4,052	5,033	-	-
- Over 3 months to 6 months	2,255	1,639	-	-
- Over 6 months to 12 months	2,217	1,594	-	-
- Over 12 months	1,576	8,463	-	-
Total trade account receivables	10,100	16,729	-	-
<u>Less</u> Allowance for doubtful accounts	(54)	(54)	-	-
Net	10,046	16,675	-	-
Other current receivables				
Other receivables	6,835	129,028	689	124,602
Other receivables - claim for				
litigation cases	-	33,600	-	33,600
Revenue receivables	37,821	35,664	-	-
Advance payment for construction	44,325	53,167	21,151	29,115
Interest receivables	250	3,762	211	2,699
Prepaid expenses	6,631	10,798	2,139	1,474
Others	16,546	8,986	2,173	3,711
Total	112,408	275,005	26,363	195,201
<u>Less</u> Allowance for doubtful accounts	(1,368)	(158,451)	(1,368)	(158,451)
Net	111,040	116,554	24,995	36,750
Trade account and other receivables				
related companies (Note 6)	-	-	1,200,116	1,091,882
Trade account and other receivables net	121,086	133,229	1,225,111	1,128,632

Other receivables - other companies

Due to the Company was prosecuted for the litigation claim as sale agent of the project as discussed in Note 20, 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.

According to the resolution of the Board of Directors' Meeting No. 7/2018 held on August 28, 2018, the Board resolved to approve write off the allowance for doubtful accounts. Currently, the debtors in the case are all custody and bankruptcy, so the Company can not call for a refund.

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 2018, the Company had inventories - net of Baht 2,266.44 million decreased of Baht (71.95) million or decreased (3.08)% 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:

	(Unit : Thousand Baht)			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
<u>Inventories in real estate business</u>				
Cost	2,506,736	2,721,157	1,191,433	1,205,897
Less: allowance of declining value	(335,495)	(469,091)	(79,324)	(130,637)
Net	2,171,241	2,252,066	1,112,109	1,075,260
<u>Inventories in food and beverage business</u>				
	12,472	11,720	-	-
Total	2,183,713	2,263,786	1,112,109	1,075,260
<u>Land held for development</u>				
Balance as at January 1,	180,586	180,586	139,779	139,779
Addition	-	-	-	-
Transferred out to inventories	-	-	-	-
Balance as at December 31,	180,586	180,586	139,779	139,779
Allowance for declining value	(97,858)	(105,980)	(93,779)	(101,901)
Land held for development-net	82,728	74,606	46,000	37,878
Total inventories - net	2,266,441	2,338,392	1,158,109	1,113,138

As at December 31, 2018 and 2017, 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.

During the year ended December 31, 2018, the AQ Estate Group have following movements in real estate under development.

	(Unit : Thousand Baht)	
	Consolidated	Separate
	Financial Statements	Financial Statements
Balance as at January 1, 2018	2,252,066	1,075,260
Recorded cost of construction and utility cost during the year	104,423	43,470
Borrowing costs capitalized during the year	8,559	-
Transferred to be cost of goods sold during the year	(274,206)	(51,423)
Write-down of merchandises recognized as a part of cost of sales		
during the year	133,596	51,313
Reversal of write-down inventories during the year	(53,197)	(6,511)
Transferred allowance inventories to non - other current assets	-	-
Transferred inventories to non - other current assets	-	-
Balance as at December 31, 2018	2,171,241	1,112,109

Movements in the allowance for loss on diminution in value of projects for the year ended December 31, 2018 are summarized below.

	(Unit : Thousand Baht)	
	Consolidated	Separate
	Financial Statements	Financial Statements
Balance as at January 1, 2018	469,091	130,637
Add allowance inventories	1,305	1,304
Less Reversal of allowance of diminution in value of inventories	(134,901)	(52,617)
Balance as at December 31, 2018	335,495	79,324

In year 2018, 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, 2018, the reversal of allowance of diminution in value of inventories amount of Baht 335.50 million in Consolidated Financial Statements and amount of Baht 79.32 million in Separate Financial Statements.

The AQ Estate Group have mortgaged certain land and structures thereon to secure loans as discussed in Note 21.2 and pledged at Court for litigation of the AQ Estate Group, of which net book values as follows:

	(Unit : Thousand Baht)			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
Loans from financial institution				
(Note 21.2)	263,249	265,316	-	-
Pledged at Court for litigation	6,892	6,892	6,892	6,892
Total	270,141	272,208	6,892	6,892

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. 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 July 31, 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.

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

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.

The Company has been sued 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.

On May 15, 2018, a subsidiary (Thanont Property Co., Ltd.) received a transfer of condominium units for repayment from the Company of 8 Units. The value of assets under the agreement was Baht 29.81 million (Note 12)

On October 1, 2018, a subsidiary was sued by McTRIC Co.,Ltd. a contractor of a property development project that was asked to stop construction. An undecided case no. Por. 5671/ 2561 due to breach of contract. The plaintiff requested damage charge of Baht 111.19 million. The company is in the process to extend the appointment of witnesses process. Court set the appointment of witness schedule on

February 4, 2019. as the date of settlement of issues and prosecution guidelines or plaintiff witness examination. The court interviewed partner in the case, they answered that they will do agreement. The court ordered them to submit the agreement to The Mediation and Conciliation Center, then scheduled to hear the order on March 27, 2019.

3) Current investments

In 2018, the Company had current investments of Baht 1,066.89 million, decreased by Baht (359.12) million or (25.18)% from the last year with details as follows.

	(Unit : Thousand Baht)					
	Rate of interest (% per annum)		Consolidated Financial Statements		Separate Financial Statements	
			2018	2017	2018	2017
Fixed deposit	-	1.50	-	20,000	-	-
Private fund	6.5	5 - 5.5	1,066,894	1,115,500	1,066,894	1,115,500
Investment in						
Open ended Fund						
As at January 1,			290,509	193,988	-	193,988
Purchase during the year			445,791	2,260,045	-	1,874,495
Disposal during the year			(736,300)	(2,164,033)	-	(2,068,483)
Unrealized gain(loss) on revaluation of investments			-	509	-	-
As at December 31,			-	290,509	-	-
Total			1,066,894	1,426,009	1,066,894	1,115,500

Detail of Outstanding bills As at December 31, 2018

(Unit: Thousand Baht)				
Consolidated Financial Statements / Separate Financial Statements				
Name	No.	Due Date	Amount	Date of payment after the period
Planet Energy Holdings Pte., Ltd.	PLN023/2018	January 31,2019	418,312	-
Planet Energy Holdings Pte., Ltd.	PLN024/2018	January 31,2019	253,396	-
Planet Energy Holdings Pte., Ltd.	PLN025/2018	January 31,2019	96,105	-
Planet Energy Holdings Pte., Ltd.	PLN026/2018	January 31,2019	85,254	-
Planet Energy Holdings Pte., Ltd.	PLN027/2018	January 31,2019	74,927	-
Planet Energy Holdings Pte., Ltd.	PLN028/2018	January 31,2019	69,420	-
Planet Energy Holdings Pte., Ltd.	PLN029/2018	January 31,2019	59,235	-
Planet Energy Holdings Pte., Ltd.	PLN030/2018	January 31,2019	10,245	-
Total			1,066,894	

According to the resolution of the Board of Directors' meeting No. 10/2017 held on July 11, 2017, the Board of Directors approved the Company to invest in debt securities of three unrelated companies totaling Baht 1,600 million (unsecured), bearing interest rate 5.0 - 6.0 per annum to maturity date August 11-17, 2017. The Company has renewed the bond issuance period of Baht 1,600 million until the end of November 2017 (according to the resolution of the Board of Directors Meeting No. 14/2017) and the Company has renewed some debt instruments for Baht 500 million until June 30, 2018 (According to the resolution of the Board of Directors' meeting No. 3/2018 dated March 21, 2018).

According to the resolution of the Board of Directors' meeting No. 15/2017 held on November 14, 2017 approved to reduce the burden on the company and the Company has entered into an agreement to appoint a private fund management company with an unrelated company to manage the investment in short-term bills of exchange, for not exceeding 6 months and fund management fee is charged at 0.25% per annum of the fund's net asset value at the end of the day as a base for calculate on November 13, 2017 the Company transferred assets of Baht 1,100 million for the establishment of private funds.

According to the resolution of the Board of Directors No.3/2018, on March 21, 2018, resolved to cancel the contract with Solaris Asset Management Co., Ltd. for the private fund management and to request for securities return, effective on March 22, 2018. The Company received the securities of net amount after deduction of fees and expenses on March 28, 2018.

According to the resolution of the Board of Executive meeting No.19/2017 held on September 18, 2017, the Board approved the subsidiary to invest in debt securities of one unrelated company amounting to Baht 200.79 million (unsecured), bearing interest rates ranging from 5.5 percent per annum to maturity date February 28, 2018, and the Company has renewed the debt securities until June 30, 2018 (According to the resolution of the Board of Directors' Meeting No. 3/2018 on March 21, 2018).

According to the resolution of the Board of Directors' Meeting No.6/2018 held on June 30, 2018, the Company and its subsidiaries provided financial assistance to two unrelated parties. The borrowers have informed the Company of their intention that they will not roll over their bill of exchange, however, they would like to enter into a loan agreement with the Company instead of the repayment under the bills of exchange to the Company within June 30, 2018. The loans are amounting Baht 514.60 million and Baht 204.40 million, interest rate 6.0 % per annum and 5.5 % per annum respectively, and loan and interest repayment date on December 28, 2018. (Note 10)

According to the resolution of the Board of Directors' meeting No.6/2018 dated June 30, 2018, the Company has approved to extend the period of bills of exchange due within April to July 2018, total 3

bills amounting to Baht 118.46 million, for 6 months discount rate of 6.5% per annum no more than December 28, 2018.

According to the resolution of the Board of Directors' meeting No.8/2018 dated August 14, 2018, the Company has approved to extend the period of bills of exchange due within August and September 2018, total 7 bills amounting to Baht 1,027.57 million, and interest Baht 17.65 million, discount rate of 6.5% per annum to be November 30, 2018.

According to the resolution of the Board of Directors' meeting No. 13/2018 dated November 28, 2018, the Company has approved to extend the period of bills of exchange due within December 28, 2018, total 8 bills amounting to Baht 1,066.89 million, discount rate of 6.50% per annum to be January 31, 2019.

According to the resolution of the Board of Directors' meeting No. 1/2019 dated January 31, 2019, the Company has approved to extend the period of bills of exchange due within January 31, 2019, total 8 bills amounting to Baht 1,072.16 million, discount rate of 6.50% per annum to be February 28, 2019.

According to the resolution of the Board of Directors' meeting No.2/2019 dated February 28, 2019, the Company has approved to extend the period of bills of exchange due within February 28, 2019, total 8 bills amounting to Baht 1,072.16 million, discount rate of 6.50% per annum to be June 30, 2019.

4) Investments in subsidiaries

Investments in subsidiaries as at December 31, 2018 and 2017 are as follows:

	Paid-up Share Capital (Million Baht)	Percentage of Ownership (%)		(Unit : Thousand Baht) Separate Financial Statements Cost Method	
		2018	2017	2018	2017
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)	(820,261)
Net				-	-

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 acquisition of investment should be treated as an asset acquisition. The following summarizes the major classes of consideration transferred for such asset acquisition.

	(Unit: 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 follows:

	(Unit: 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 institution	171,880	-	171,880
Total liabilities	280,890	-	280,890
Assets-net	231,709	(61,477)	170,232

5) Key component of other assets

In 2018 the Company had the key component of other assets (excluding current investments, trade accounts receivable and other current receivables, and inventories – net) as consolidated financial statements ended December 31, 2018 as follows.

In Thousand Baht	2018	Changed (%)	2017	Changed (%)	2016
CURRENT ASSETS					
Cash and cash equivalents	84,088	(89.85)	828,670	960.52	78,138
Short-term loans	488,658	-	-	-	-
Current tax assets	49,800	3.72	48,012	3.02	46,604
NON-CURRENT ASSETS					
Deposits at bank pledged as collateral	-	-	-	-	95,467
Other long-term investments	900,000	-	-	-	-
Trade accounts and other non-current receivable	14,135	177.21	5,099	(10.51)	5,698
Investments property	126,386	(10.40)	141,051	(4.89)	148,307
Property, plant, equipment and leasehold rights	1,164,584	(1.29)	1,179,751	(1.23)	1,194,391
Intangible assets	2,596	(19.50)	3,225	(46.21)	5,995
Deferred tax assets	353	-	353	(95.71)	8,225
Other non - current assets	826,424	(0.83)	833,375	179.88	297,763

Current assets

☐ Cash and cash equivalents

In 2018, the Company had cash and cash equivalents of Baht 84.09 million decreased of Baht (744.58) million or decreased (89.85)% compared to the last year with details as follows:

	(Unit : Thousand Baht)			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
Cash	2,063	1,098	212	209
Cash at bank - savings accounts	70,051	94,270	10,298	5,818
Cash at bank - current accounts	4,234	24,989	37	10,761
Cash at bank - fixed accounts	7,740	7,522	-	-
Bill of exchange not over 3 months	-	700,791	-	500,000
Total	84,088	828,670	10,547	516,788

Saving deposit is subject to bank's floating interest rate.

As per the resolution of the Board of Directors' meeting No. 10/2017 held on July 11, 2017, the Board of Directors approved the Company to invest in debt securities of three unrelated companies totaling Baht 1,600 million (unsecured), bearing interest rate 5 – 6 percent per annum to maturity date August 11-17, 2017 and the Company has renewed some debt instruments for Baht 500 million until March 31, 2018 (As per the resolution of the Board of Directors' meeting No. 15/2017 dated November 14, 2017).

As per the resolution of the Board of Executive meeting No.19/2017 held on September 18, 2017, the Board approved the Company to invest in debt securities of one unrelated companies amounting to Baht 200.79 million (unsecured), bearing interest rates at 5.50 percent per annum to maturity date November 30, 2017, and the Company has renewed the debt securities until February 28, 2018 (approved by resolution of the Board of Directors' Meeting No. 15/2017 on November 14, 2017).

☐ Short-term loans

The Company and its subsidiaries had short-term loans of 488.66 million baht, increased from the previous year in whole amount. Because in 2018, the Company and its subsidiaries provide financial assistance for 2 unrelated persons by entering into two loan agreements with details as follows:

(Unit: Thousand Baht)					
Consolidated Financial Statement					
Name	Contract type	Due Date	Amount	Date of payment after the period	Amount of payment after the period
Krungthai Land					
Development	Loans	February		January To	
Company Limited		28,2019	447,398	February 2019	35,253
Thai Filatex Public		February		January To	
Company Limited	Loans	28,2019	41,260	February 2019	41,260
Total			488,658		76,513

☐ Current tax assets

The Company and its subsidiaries had current tax assets of 49.80 million baht, increased of 1.79 million baht or 3.72% from the previous year.

Non-current assets

☐ Other long-term investments

The Company and its subsidiaries had other long-term investments of 900 million baht, increasing the whole amount from the previous year because on September 3, 2018, the company entered into the agreement to buy and sell ordinary shares of a non-related person. The company has objective to purchase and acquire the ordinary share not less than 1.5 million shares, total amount not exceed baht 900 million. During September to December 2018 the company paid for the shares of baht 730 million. The remaining balance of baht 170 million is due on June 30, 2019 that recorded in trade payable and other accounts payable in the statement of financial position. Subsequently on January 31, 2019 and February 25, 2019 The company paid for the shares of baht 24 million and baht 50 million, respectively.

On December 3, 2018 seller transferred the shares to the company. Seller informed the company that its purchased price was 1,500,000 shares (baht 600 per shares). The company received the letter to confirm that no any profit on shares' selling therefore the company did not withhold income tax from the share purchase transaction.

☐ Trade accounts and other non-current receivable

The Company and its subsidiaries had trade accounts receivable and other non-current receivables of 14.14 million Baht, increased of 9.04 million Baht or 177.21% from the previous year, which was the transactions with related parties.

☐ Investments property

The Company and its subsidiaries had investment properties - net 126.39 million Baht, decreased from the previous year (14.67) million Baht or (10.40)% with details as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2018	2017	2018	2017
Land and building - Krisada Doi	-	-	276,087	282,023
Leasehold right on warehouse - Bangkok Free Trade Zone	126,386	141,051	-	-
Total	126,386	141,051	276,087	282,023

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, 2018 and 2017 has fair value appraised value based on the report of an independent appraisal firm dated April 20, 2018 of S.L. Standard Appraisal Co., Ltd. by using Income Approach method using discounted cash flow to be amount of Baht 155.00 million respectively, by General Valuation and Consultants Co., Ltd. an independent appraiser firm. The leasehold right has remaining period of 19 years.

☐ Property, plant, equipment and leasehold rights

The Company and its subsidiaries had property, plant, equipment and leasehold rights of 1,164.58 million Baht, decreased from the previous year (15.17) million Baht or (1.29)% with details as stated in Note to the financial statements article 16.

- (1) Property, plant and equipment in the amount of Baht 1,070.28, consisting of land 295.11 million Baht, buildings and building improvements of Baht 595.00 million, Sport club and others of Baht 10.59 million, Furniture, fixtures and office equipment and vehicles of Baht 70.23 million and Asset under installation of Baht 99.35 million.
- (2) Leasehold rights-net of Baht 94.31 million as at December 31, 2018, leasehold rights consist of.

	(Unit: Thousand Baht)	
	Consolidated	
	Financial Statements	
	2018	2017
Leasehold rights of land		
A) Leasehold right of land in Koh Larn, Chonburi	70,852	74,179
B) Leasehold right of land in project the Malibu Beach Resort-Koh Samui	15,408	19,260
C) Leasehold right of land in project Alix Bangkok Hotel (Formerly named "Shasa Retreat Hotel")	8,046	8,357
Total	94,306	101,796

☐ Intangible assets

The Company and its subsidiaries had intangible assets of Baht 2.60 million, decreased from the previous year (0.63) million Baht or (19.50)%, which is the whole software licences.

☐ Deferred tax assets

The Company and its subsidiaries had deferred tax assets of Baht 0.35 million, unchanged from the previous year. As at December 31, 2018 and 2017, the AQ Estate Group did not recognize deferred income tax assets for a temporary difference item, use tax deducton. and certain temporary differences totaling Baht 1,638.76 million and Baht 1,719.23 million, respectively (for the separate amount of Baht 1,584.39 million and Baht 1,634.52 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.

☐ Other non - current assets

The Company and its subsidiaries had other non- current assets of Baht 826.42 million, decreased from the previous year (6.95) million Baht or (0.83)%. As at December 31, 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2018	2017	2018	2017
Restricted deposits with banks	89,922	89,206	51,382	51,012
Property, plant and construction in progress	729,874	739,950	-	10,076
Withholding taxes	6,628	4,219	-	-
Total	826,424	833,375	51,382	61,088

Restricted deposits with banks

Restricted deposits with banks are fixed deposits with certain banks that have been pledged as collaterals for letters of guarantee issued by the banks.

Property, plant and construction in progress

Other non-current assets consist of condominium of the Company at Phuket present by cost in the consolidated and separated financial statement amount of Baht 10.08 million as at December 31, 2018 and 2017

Of the subsidiary land that delayed construction in Phuket And projects under construction that delayed the construction of the project at Rattana Thibet of the subsidiary present by cost in the consolidated financial statement, As at December 31, 2018 amount of Baht 295.57 million and amount of Baht 434.30 million respectively, As at December 31, 2017 mount of Baht 295.57 million and Baht 434.30 million respectively (appraised value based on reports of the independent appraise in the year 2018, appraised value Market method amount of Baht 348.20 million and Baht 434.30 million) respectively.

EFFICIENCY RATIO		2018	2017	2016
Return on assets	(%)	1.07	(2.68)	(64.80)
Return on fixed assets	(%)	13.51	(6.42)	(371.78)
Assets turnover	(time)	0.12	0.12	0.22

Return on assets is 1.07% and Return on fixed assets is 13.51% which increased from the year 2017 which was caused by in 2018, the Company has improved operating results over the past year because the sale of real estate can design and control construction costs better so making the gross margin increased. Including other income increased by 176.26 million Baht from the previous year. Mostly were reversal income of allowance for impairment of goods in amount of 94.81 million Baht in 2018 and interest income increased in amount of 59.02 million Baht.

Assets turnover is 0.12 times, unchanged from the previous year because the total income and total assets increased from the previous year at similar rate.

14.4 liquidity and Suitability of Capital Structure

1) Sources and uses of funds

In 2018 the Company's capital structure acquired from cash flows from operating activities of Baht 123.63 million with details of sources and uses of funds for the year 2018 as follows.

In Thousand Baht	2018	Changed (%)	2017	Changed (%)	2016
Net cash from (used in) operating activities	123,628	(108.47)	(1,458,753)	(6,816.79)	21,718
Net cash from (used in) investing activities	(812,217)	(32.97)	(1,211,756)	(39,442.73)	3,080
Net cash from (used in) financing activities	(55,993)	(101.64)	3,421,041	(16,143.15)	(21,324)
Net increase (decrease) in cash and cash equivalents	(744,582)	(199.21)	750,532	21,504.26	3,474
Cash and cash equivalents at beginning of year	828,670	960.52	78,138	4.65	74,664
Cash and cash equivalents at end of year	84,088	(89.85)	828,670	960.52	78,138

- ☐ Net cash from operating activities is Baht 123.63 million while in 2017 Net cash used in operating activities is Baht (1,458.75) million by mostly changed from adjusted with reserve damages from lawsuits (Reversal).
- ☐ Net cash used in investing activities is Baht (812.22) million decreased from last year (32.97)%, mainly used in cash paid for other long-term investment (730) million Baht, Cash paid for property, plant, equipment and leasehold rights (60.65) million Baht, and Cash paid for short-term loans (719) million Baht.
- ☐ Net cash used in financing activities is Baht (55.99) million while in 2017 Net cash from financing activities is Baht 3,421.04 million or changed (101.64)%. Because in 2017, there was cash received from the capital increase of 3,565.00 million Baht. Mostly in 2018 cash is used to paid for long-term loans.

2) Investment expenditure

In 2018 the Company had investment expenditure of Baht (1,509.65) million from cash paid for other long-term investment (730) million Baht, Cash paid for property, plant, equipment and leasehold rights (60.65) million Baht, and Cash paid for short-term loans (719) million Baht.

3) Suitability of Capital Structure

LIQUIDITY RATIO		2018	2017	2016
Current ratio	(time)	1.21	1.45	0.69
Quick ratio	(time)	0.38	0.73	0.07
Cash flow ratio	(time)	0.03	(0.30)	0.02
Accounts receivable turnover ratio	(time)	4.10	4.51	29.98
Average collection period	(days)	89.02	80.93	12.17
Inventory Turnover ratio	(time)	0.19	0.22	0.47
Average sale period	(days)	1,921.05	1,659.09	783.45
Payable turnover ratio	(time)	1.43	2.44	19.42
Repayment period	(days)	255.24	149.59	18.80
Cash Cycle	(days)	1,754.83	1,590.43	776.83

Current ratio is 1.21 times decreased from the last year that shows the Company's current assets include cash, accounts receivable and inventories more than short-term liabilities. But in 2018, the Company and its subsidiaries had the flexibility to pay short-term debt, decreased from the previous year.

Quick ratio is 0.38 times decreased from the last year, reflect the actual liquidity that the Company has assets that can be converted into cash (Cash and cash equivalents, Current investments, and Trade accounts and other current receivable) less than short-term liabilities of the Company. However, the cash flow ratio is 0.03 times increased from the previous year that was (0.30) times, shows the Company has insufficient operating cash flow to pay its short-term liabilities. However, the Company's operating cash flow has improved over the past year.

Accounts receivable turnover ratio is 4.10 with average collection period 89.02 days that shows the Company can billing from the sales on credit slower than the year 2017 because in the year 2018, the company has reduced sales and service income (18.42)%.

Inventory Turnover ratio is 0.19 times with average sale period 1,921.05 days show that the Company can sell products slower than 2017 because in the year 2018, the cost of sales and services decreased (25.38)% while the inventories-net decreased only (3.08)%.

Payable turnover ratio is 1.43 round with repayment period 255.24 days that longer than the year 2017 with repayment period of 149.59 days because in the year 2018, the Company had sales and service costs decreased by (25.38)% while the trade accounts payable and other current payable increased by 55.23%.

The Company's cash cycle is longer to 1,754.83 days compared to the last year by main reason is average sale period is very long.

4) Ability to repayment

The Company and its subsidiaries had total liabilities of Baht 3,443.73 million increased from the last year with total liabilities of Baht 3,344.84 million or increased of Baht 98.89 million or 2.96%. Most of the liabilities are from provision for litigation of Baht 2,996.06 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 amount of Baht 26.07 million for breaching of the sale and purchase land and land development contract and the house building contract. (included interest that calculated up to December 31, 2016 was Baht 15.60 million). On March 1, 2012 the Appeal Court made a verdict as the Court of First Instance. On November 2, 2016 the Supreme Court made a verdict as the Court of First Instance. On August 4, 2017, the company has compromised with the law enforcement department and paid damages of Baht 7 million. As of December 31, 2017, the Company recorded the reversal of provision for litigation under "Other income" in the statement of comprehensive income with Baht 19.46 million, Baht 26.46 million offset by expenses Baht 7 million.

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. During of year end, 2017 the company recorded additional preutation of Baht 3.13 million per selling this pledaed land. The Company paid damages to Krung Thai Bank amounting to Baht 1,635.74 million.

At present, the Company's capital structure is derived from cash received from operating activities to use as working capital for business operation and settle the judgment debt. From the past operation, the Company can repay the debt under conditions and have enough ability to repay.

FINANCIAL POLICY RATIO		2018	2017	2016
Debt to Equity ratio	(time)	0.94	0.93	26.79
Interest coverage ratio	(time)	3.42	N/A	34.65
Debt service coverage ratio	(time)	0.08	N/A	0.23
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, 2018 and 2017, the AQ Estate Group's debt-to-equity ratio was 0.94 and 0.93, respectively (and of the separate of financial statement's debt-to-equity ratio was 0.95 and 0.92, respectively).

No changes were made in the AQ Estate Group's objectives, policies or processes during the years ended December 31, 2018 and 2017.

Interest coverage ratio of 3.42 times that increased when compared to the previous year (84.66) times, show that the Company has cash flow from operating activities more than interest paid 3.42 times. Because in 2018, the Company's cash flow from operating activities improved over the previous year.

Debt service coverage ratio (Cash basis) of 0.08 times, shows that the Company has cash flow from operating activities less than the obligation such as debt payment, investment expenditure, purchase of assets because in 2018, the Company had net cash from operating activities of (123.63) million Baht while there are total investment expenditures (1,509.65) million Baht. However, the Company has the ability to pay obligations better than last year.

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 31 of the financial statements 2018 as follows.

1) BANK GUARANTEES

As at December 31, 2018 and 2017, the AQ Estate Group had obligations under bank guarantees approximately Baht 89.50 million and Baht 89.11 million, respectively, (The Company: Baht 47.62 million and Baht 47.62 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, 2018 and 2017, 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 13.38 million and Baht 13.38 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 0.33 million.

- 2.2) As at December 31, 2018, the AQ Estate Group had a lawsuit filed against the defendant and claimed damages. The marketing consultant alleged that the contract breach. The amount of compensation and compensation amounting to Baht 1.19 million are not yet known. Currently, the case is in the process of being considered. By appointment or testimony.

2.3) Commitments

2.3.1) The AQ Estate Group had pledged fixed deposits with bank and 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.

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

2.3.3) As at December 31, 2018 and 2017, the AQ Estate Group had commitments under construction contracts amounting to Baht 781.75 million and Baht 674.84 million, respectively. (The Company : Baht 137.58 million and Baht 163.12 million, respectively), which were utilities and condominium units construction and hotel amounting to Baht 494.53 million and houses construction amounting to Baht 287.22 million (December 31, 2017 : utilities and condominium units construction amounting and hotel to Baht 510.98 million and hotel construction amounting to Baht 163.85 million) and of the Company, utilities and condominium units construction amounting to Baht 25.84 million and houses construction amounting to Baht 112.17 million (December 31, 2017 : utilities and condominium units construction amounting to Baht 26.79 million and houses construction amounting to Baht 136.33 million).

As at December 31, 2018 and 2017, total contract price amounted to Baht 1,799.57 million and Baht 1,588.13 million, respectively, and of the Company amounted to Baht 339.75 million and Baht 451.95 million, respectively.

2.3.4) As at December 31, 2018 and 2017, the AQ Estate Group has entered into several operating lease agreements. The terms of the agreements are generally between 26

years 8 months to 30 years. The future minimum payments required under these non-cancellable operating leases were as follows:

	(Unit: Thousand Baht)	
	2018	2017
Payable with in less than 1 year	4,126	4,126
Payable within 1- 5 years	18,198	17,421
Payable over 5 years	83,296	88,200
Total	105,620	109,747

2.3.5) As at December 31, 2018 and 2017, a subsidiary company had commitment under sub-lease contract with a non – related party to pay for land rental for the period of 30 years remaining contract period is 25 years 9 months 21 days at Baht 15.17 million and period of 26 years 9 months 21 days at amount Baht 15.66 million, respectively.

2.3.6) As at December 31, 2018 and 2017, a subsidiary company has commitment under sub-lease contract with a non - related person to pay for land rental for the period of 7 years 6 months 19 days remaining contract 4 years 21 days at Baht 7.81 million and period of 5 years 21 days at Baht 10.01 million, respectively.

Refer to the resolution of Board of Directors meeting No. 13/ 2561 on November 28, 2018 that approved a subsidiary entered into the land lease agreement (hotel site) with non-related person, the lease period is 20 years from November 2, 2022 to November 2, 2042 agreement value Baht 65 million.

Accordingly on December 17, 2018, a subsidiary prepared a memorandum of understanding that extend the lease agreement 20 years from November 2, 2022 to November 2, 2042 agreement value Baht 65 million, with payment terms as follows.

Period 1 lessee pays Baht 30 million within January 31, 2019.

Period 2 lessee pays Baht 20 million within January 31, 2020.

Period 3 lessee pays Baht 15 million within January 31, 2021.

14.6 Factors that affect the operating results in future

1) Economic outlook for the year 2019

The National Economic and Social Development Board forecasted that the Thai economy in 2019 is projected to grow in the range of 3.5 – 4.5 percent, supported by (i) a favorable growth momentum of private consumption, (ii) an improvement of total investment attributed by acceleration of public investment and further improvement of private investment, (iii) a recovery of tourism sector, (iv) a moderate pace of global economic expansion which will continue to support Thai export growth, and (v) a clearer direction of global trade, production, and investment. All in all, it is expected that export value will grow by 4.6 percent, and private consumption and total investment will grow by 4.2 and 5.1 percent, respectively. Headline inflation is forecasted to be in the range of 0.7 – 1.7 percent and the current account will record a surplus of 5.8 percent of GDP.

2) Sales of property business

Kasikorn Thai Research Center reported that the residential property market in 2019 still faces many challenges, whether it is a continuation of the country's economic recovery, the purchasing power of the public sector is still fragile, especially among low-income groups, and accumulate number of residence waiting for sale in the high level market. Therefore, Kasikorn Thai Research Center surveyed the behavior of buying residence in Bangkok to reflect the demand for housing in the 1-2 year by focusing on the measures to control home loans (LTV) enforced 1 April 2019 which is the challenge in 2019 that may affect the decision to buy residence in Bangkok.

According to the survey, it was found that the group that holds the residence and wishes to purchase additional housing, is a group that has been affected by the measure by 34% and combined with a group that is not the owner of residence that wants to buy a residence for 10 million baht or more with a proportion of approximately 2% of the overall. As a result, the group that will be affected by the LTV measures is initially estimated to be approximately 36%. However, if cutting the buyers who should be out of the installment burden from the first residence, housing buyers who will be affected by the LTV measures will be around 18-22% compared to the number of new mortgage accounts released each year (Based on information from the BOT). Therefore, Kasikorn Thai Research Center assessed that the LTV measures may affect the purchase of residences approximately 18,000-22,000 accounts. Such impact affect to people who want to buy housing which need to reserve money increased at approximately 11-22 times of income after deducting expenses, compared to before the LTV measures that are required to reserve approximately 5-11 times the income after deducting expenses.

Therefore, from a group of buyers in countries with more factors to consider coupled with the direction of buying housing, especially for condominiums of foreigners that are expected to not accelerate much from the global economic trend that has slowed down and the market atmosphere in the country is more cautious. Therefore, Kasikorn Thai Research Center predicting that the transfer of ownership of residences in Bangkok and its vicinity in 2019 may be approximately 169,300–177,000 units or shrink about 8.5-12.5%. Partly as a result of the number of homes built in the year 2018 that entered the market a lot as well as the marketing of entrepreneurs to accelerate the sale of residences that are at a high level Before the LTV measures become effective.

In this situation, the Entrepreneurs may need to choose to penetrate customers with demand and have the ability to buy housing in the next 1-2 years such as Gen-Y group that has the desire to buy their own first housing.

From the evaluation of Kasikorn Thai Research Center, it was found that Gen-Y population that may be the target (Potential Demand) in purchasing housing in this 1-2 years such as the population between ages of 25-38 years, earning more than 40,000 Baht per month and have a proportion of expenses not exceeding 50% of monthly income without housing as their own and there are demand to buy housing in the last 1-2 years. The population in this group are about 4.3% of all Gen-Y populations living in Bangkok and its vicinity by looking for housing at a price of around 2.5 million Baht, located in the outer Bangkok area and its vicinity.

However, the Gen-Y target penetration is still a major challenge from the diverse demands of the population in this group. Including the gap between the price to buy and the selling price (Price Mismatch) of housing in Bangkok and its vicinity. Therefore, the Entrepreneurs who want to release the residual sales and have plans to launch new projects, may increase flexibility in the design and development of housing and focusing on cost management to be able to increase sales in the Gen-Y group that is a potential demand group.

According to the survey, Kasikorn Thai Research Center estimates that the demand for purchasing housing of Gen-Y is potential demand in Bangkok and its vicinity during the year 2019-2020 is as high as 42,000 - 50,000 units per year. However, the number of units that will be approved for credit and actually close the sale will still depend on the conditions and qualifications of the borrower which makes it still necessary to keep track of how much sales will actually occur in this Gen-Y group.

3) Hotel business

Krungsri Research reported that the outlook for hotels that are located in major tourist destinations is strongly positive. This is supported by the expectation that there will be increasing numbers of travelers using these services as a consequence of the strengthening world economy. At the same time, however, SMEs in the sector will likely face stiffening competition.

- ☐ Hotels in major tourist destinations such as Bangkok, Pattaya and Phuket: It is expected that profits will remain healthy for these operators thanks to occupancy rates that will likely stay in the range of 75- 80% , and large operators and chains, Thai and international, will therefore continue to invest in hotels at all levels of the market in order to meet steady demand. However, competition will also strengthen due to this on-going expansion in the supply of accommodation, continuing competition for market share from apartments and condominiums offering daily rates, and growth in online marketplaces such as Airbnb.
- ☐ Hotels in regional centers and other tourist destinations such as Chiang Mai, Chiang Rai, Phitsanulok, Kanchanaburi, Chonburi, Rayong, Chachoengsao, Nakhon Ratchasima, Khon Kaen, Udon Thani, Ubon Ratchathani, Petchaburi, Prachuap Kiri Khan, Songkhla, Krabi, Phang Nga, and Suratthani (Koh Samui): Profitability of these players will be close to that in the past several years. Supporting factors include: (i) the increasing economic connections between these regions; (ii) the development of new areas to support the Eastern Economic Corridor (EEC), which will help expand business travel; and (iii) spending by the government on infrastructure (e.g. inter-city motorways, and the expansion of provincial airports) that will help to make travel between the regions more convenient and, because they are much more dependent on domestic tourism. These factors will make more attractions spreading towards secondary provinces. On the other hand, the expansion of Thai and international chains into these areas and the continuing supply of apartments, condominiums and other alternatives means that competition may be strong and occupancy rates are unlikely to rise to very high levels.
- ☐ Hotels in other areas: For these players, growth in turnover is likely to slow and it may take some time for this to recover because operators in this group are likely to continue to be affected by an oversupply of accommodation, most of which is from SMEs. A large portion of customers in this group are business travelers or are traveling on their

way to other provinces for business or tourism and so the typical length of stay is short and expenditure on hotel services is low. Moreover, competition on price is usually high due to the large number of apartments offering daily rates and this helps to keep occupancy rates relatively low compared to the situation in major tourist destinations and regional centers/other tourist destinations.

4) Property rental operations and related services business

Office Building Business

Krungsri Research reported that the office rental sector is forecast to see moderate growth between 2018 and 2020, supported by the steadily improving Thai economy and increasing linkages in trade and investment within the ASEAN region. At the same time, the supply of new office space is likely to be somewhat restricted and this will help to keep occupancy rates above 90% , with the result that operators will have the opportunity to extend profitability.

Krungsri Research expects between 2018 and 2020, the office building sector will see continuing growth. During this period, the supply of new office building, especially within the CBD, will tend to be somewhat restricted and this will help to keep occupancy rates above 90% , Rents will tend to rise, but at a slower rate due to rising levels of competition.

- ☐ Developers of rented office space in prime areas will be able to continue operating in profit. New entrants to the sector are restricted by the high capital costs and the lack of land for development in prime areas, which commands a high price. Because of this, the market is dominated by established developers who draw advantages from their financial position and their having access to land with high potential. Given constantly rising demand and restricted supply, these players will then benefit from occupancy rates and rents that will be higher than elsewhere.

Prime areas' are those that developers view as having investment potential, having considered the accessibility of the site through communications and mass- transit networks together with the infrastructure that is already in place. In Bangkok, prime areas include Silom, Sathorn, Wireless Road, Ratchadamri, and Ploenchit.

- ☐ For developers in outer Bangkok and the wider BMR zone, income will remain at levels similar to those in the recent past. For these operators, investments may made at a range of different scales and in a variety of development types, including small office units, developments undertaken for personal business use but parts of which are let to

other companies, and commercial projects for letting to other businesses in their entirety. Demand for rental space will tend to expand in line with the extension of new mass-transit lines but the entry of new operators to the market will also increase competition.

Retail space

Krungsri Research forecast that over the next three years, the market for retail space in the Bangkok Metropolitan Region will improve in step with growth in the economy, while better conditions of consumer spending-power will support growth of retail space in the future. Despite this generally positive outlook, because players have been steadily investing in new retail developments, supply has expanded and this may cause the occupancy rate to slide slightly, although it should remain above 90%. Rental rates are also likely to increase, especially for retail space in downtown.

For operators in the retail rental sector, the revenue growth is forecasted to continue. This outlook is supported by the likelihood of strengthening demand and the continuing development of retail projects by operators as they seek to meet customer demand. On a less positive note, the level of competition in the sector will tend to rise and this might put a limit on profitability, and so the forecast is for business performance to be at moderate levels.

- ☐ Operators with retail space for rent in the BMR: The forecast for this group is for solid growth in income. Players with a presence in the market benefit from the obstacles (including high investment costs) which are in the way of new entrants and as such existing players dominate the market, enjoying advantages in terms of their financial strength and their access to sites with high potential. Because it is difficult to expand to new sites downtown, operators in central Bangkok will put their efforts into modernizing these retail spaces in order to better meet the needs arising from the wide variety of lifestyles of their customer base. This will then tend to increase rental rates.
- ☐ Community malls: Income for operators of community malls should continue to grow, even while competition stiffens. Businesses remain under pressure from the large supply of space in community malls that has accumulated over the previous five years. In addition, new entrants to the market face relatively low barriers to entry due to: (i) the low cost of investment, thanks to the small size of community malls and (ii) the supply of land that is more available and operators of community malls will find for the land at lower relative cost compared to that in central areas. Given these factors, the supply of community malls increased rapidly from 2012, outpacing growth in consumer

purchasing power and this discrepancy caused a fall in the occupancy rate in some locations, including in suburban areas, restricting the ability of operators to raise rents. From 2016, expansion in the number of community malls slowed and some developments closed, having failed to find a space in the market. The forecast is therefore that over the next three years, in contrast to the recent past, there will not be a dramatic expansion in supply in the community mall segment. On the demand side, it is expected that improving economic conditions will strengthen consumer demand, and this will support growth in income for operators of community malls. Developments that are located in good locations in central areas.

Warehouse space

The general-purpose warehousing sector will see stable conditions over the next three years. Although demand for warehouse space is likely to grow on increasing investment in industry and expansion in the domestic commercial and service sectors, especially for businesses involved in e-commerce. However, ongoing investment in new warehouse space may feed an over-supply in some regions to the market, with the result that it may be difficult for operators to raise rental rates.

Circumstances for cold storage, together with cereal storage (silos), which are closely connected to the agricultural sector are likely to be sluggish due to high levels of storage space.

However, opportunities for expansion remain for operators in some regions. These include the Bangkok Metropolitan Region (BMR), areas near the Eastern Economic Corridor (EEC), regional centers, border areas which are benefiting from the establishment of Special Economic Zones (SEZs), and some investments in neighboring countries.

Krungsri Research forecast that general-purpose warehousing should see growth in demand for the next three years. But warehousing servicing the agricultural sector will continue to see depressed conditions on high level of vacant space.

- ☐ General-purpose warehousing: Demand for general warehousing will tend to rise in line with potential growth in private investment, a result of government policy to support the ten targeted industries. The domestic retail and service sectors should also see solid growth, particularly those involved in e-commerce and this too will support general warehousing.
- ☐ Cold storage: It is expected that demand will somewhat rise in line with agricultural yields due to attractive prices, especially fruits which expands its marketing channel by

selling online to China. This benefits for cold storage facilities in the East and the North in which are the country's major fruit cultivation areas. However, substantial oversupply may cause rental rate hikes to be difficult. Cold storage units for fishery products has still been sluggish as the catch of fresh aquatic animals declined caused by the government's efforts to meet international standards through a tightening of the regulation of the national fishing fleet. In addition, the total yield of Thai harvested shrimp closed their businesses owing to the outbreak and loss-making. Moreover, large players (which operate across the seafood-processing sector) shifted business operations to other countries, including India and Vietnam, when the EMS outbreak was most acute.

- ☐ Silos: Oversupply and problems with unrented space are likely to worsen significantly in this segment, with the result that some businesses may face liquidity squeeze. The huge stocks from the rice pledging scheme in the 2011-2013 production season should be cleared in 2018 and this will leave operators trying to replace this lost income with revenue from the storage of other agricultural products, such as corn, cassava, bran, flour, and beans.

15. Report of Audit Committee

The Company has established the Audit Committee, consisting of the judiciary, which is independent from the Executive and have the qualifications set by the stock exchange of Thailand. Current Audit Committee of the company has the number 3 by Mr. A Sachdev is the Chairman of the Audit Committee which was appointed on 27 September 2018 and 2 members are Miss Papasorn Mongkholmafai and Miss Kulchaya Wathana.

In the year 2018, the Audit Committee has held meetings of 5 times to perform its duties as assigned by the Board of Directors by a duty independently. There are no restrictions on the information and the cooperation of the companies as well. In accordance with the requirements of the stock exchange of Thailand. Each meeting invitation by participating managers discuss the agenda as well as relevant as there has been consultation with management and the internal auditors and the external auditors, as appropriate. The meeting with the external auditor is independent from the Executive meeting of the Company.

The Audit Committee supports the Board of Directors to implement the responsibility to be a success. The track and encourage good governance. The performance and operation of the Audit Committee with a mission summarized as follows

1. **Control Environment** The Company has determined that there is an environment of good internal control. The organizational structure and clear lines of command right. Including targeting business and measurable success indicators (Key Performance Indicators: KPI) to evaluate the efficiency of operations in accordance with the goals of the organization. Including the rules Charts and manual operation of the system is written as a guide for practitioners.

The company also cultivated, executives and employees of the company are aware good corporate governance by the assigned policy is good governance. Business Ethics: business with honesty, the facts about the quality of the goods. Do the contracts or agreements that have been negotiated with the client, then the production of the goods or services are provided by quality, regardless of the impact on customers. Product pricing, fair, and not create environmental pollution, waste water, Toxic air Product or service quality, By planting trees to create shade with residents. Provide a club. Gym, swimming pool, and the other to provide residents with recreational, perfect health and happy life. The company also has responsibility for the project within the community and social activities of the community.

The board of directors, all employees must also have a code of conduct for shareholders. By duties with integrity. Use your skills and abilities to the full. To manage the assets of any loss or depreciation in value. Non benefits for themselves or others from duty. Status report and results of operations of the Company to complete the Questionnaire. It also requires ethics to customers. The need to clarify the terms and conditions of products and services. Ad with the correct information. The company also promotes the training of all staff on an annual basis. To have knowledge about the product. The service is great, so is customer satisfaction. And a step in the construction of the company.

2. **Risk Assessment** The importance of risk management, which is regarded as an important mechanism and management tools that will make the organization achieve the objectives and targets defined. By the risk management policy, which focuses on the development of the risk management system according to the guidelines of good governance (Good Corporate Governance) without the company having to consider the issues and risks. Employment in construction, and high-concept and direction. Solutions to control and reduce risk by allowing multiple contractors come to tender for construction work in each category. Which has a Board of Directors, purchasing/ procurement, as the administrator, and consider action. Consists of executives from each Division, including the internal audit department. Both these contractors are selected for their experience, expertise required. In the past, the portfolio quality. Personnel in the operation and the low price of the company's budget.
3. **Control Activity** The management policies, measures and methods to be used in practical applications and when reviewing the performance of various departments within the organization. Operators have to comply with both internal and external organizations, such as laws, regulations, orders, standards, policies, plans, and how the company has set. Most of the units are now operational efficiency is the approval authority to review the reconciliation of the audited results of operations, "but sometimes the job potential errors up. This was mainly caused by the mistakes of others (Human Error) when it is detected, then the operators will continue to improve and fix it immediately. If the error is serious, the operators will be punished by heavy measures and rules of the company. In recent years, the project has employees who do not comply with the rules, resulting in errors which cause damage to the company. Therefore punish out. As well as has issued a warning to the project manager with the book as supervisors.
4. **Information and Communication** The company has to focus on information systems and data communication. Promote and develop continuously. So that the information is accurate and current. The performance of individual units have used the system Oracle to assist in the control of

responsibility. This system has the function of classification work can cross check each other in the same department and between departments. So in practice, so cannot work only one person which is to reduce the risk in operation, such as payment system cannot pay again. As well as all of the check as a check payable by the recipient, and identified with A / C PAYEE ONLY. The company also has the annual budget to control costs. Using the system Oracle in budget control makes each unit cannot be used over budget. When any agencies need to use more budget to do with the approval and explain why you want to use. The information technology has also brought the document storage system Alfresco used as channels of communication within the organization to publish the policy. Regulations, orders, and guide the practice. As well as information thoroughly the entire organization.

5. **Monitoring** The company has to provide a system of internal control, covering all the aspects such as accounting and financial operations. The practice of law / regulations. And take care of the property. The internal audit tracking performance as the goal. Report to the Committee. The external auditor with the audit committee of the company every quarter. The financial audit of the company in accordance with the accounting standards adopted by general and in accordance with the standard office of the Securities and Exchange Commission. (SEC) as well as the Stock Exchange.
6. **Consider the External Auditor in year 2018.** In the past year, the Audit Committee are satisfied with the result of the auditors who have knowledge. Professional and get suggestions about internal control system and risk as well as operational independence.

In summary, the Audit Committee's duties as assigned by the Board of Directors, using abilities fully and act independently. There are no restrictions on all news from the Committee. Executives, employees and related persons

The Audit Committee is confident that the company is committed to developing, operating system updates are continuously improved which will have a push for the organization to have a good management system is based on the principles of good corporate governance Transparency in the work. And maintain the interests of the people involved all parties.



Mr. A Sachdev

Chairman of Audit Committee

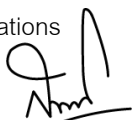
16. Report of the Board of Directors' Responsibility in Financial Statement

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 2018 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



(Dr. Suthep Chankithong)

Director



(Dr. Ranchana Rajatanavin)

Director



(Mr. Prapat Yorkhant)

Director

17. Independent Auditor's Report

To the Shareholders of AQ Estate Public Company Limited

Qualified Opinion

I have audited the 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, 2018, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statement, including a summary of significant accounting policies.

In my opinion, exception for the effect of any adjustments that might opinion paragraph the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of AQ Estate Public Company Limited and its subsidiaries as at December 31, 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Qualified Opinion

- 1) As discussed in Note 16.2 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 a non-related party to transfer a leasehold right of beach front amounting to Baht 10 million. The hotel management contract requires the company to provide beach front area for hotel customer, then the Company has complied to the contract. Currently, the transfer of leasehold rights is in progress with the relevant authority. 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 partial 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 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 to the financial statements. The market information of comparative land of same size and condition was limited 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 as at December 31, 2018, amounting to Baht 153.73 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 indirect subsidiary 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.

- 2) As discussed in Note 13 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, 2018, 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.
- 3) As discussed in Note 8 to financial statement as at December 31, 2018, the Company has investment in bills of exchange of a company amount of Baht 1,066.89 million. Such transaction have continued changed the due date and I have continued given the emphasis of matter on my audit report since the occurred date. Last investment in bill of exchange which due date on February 28, 2019 and has postponed being June 30, 2019. As the analyst of such company's debt, the Company believes that the authorizer and the final shareholder's asset of such company is 1,617.61 million, which is over than amount of such company's bills of exchange, and the Company's management believes that able to receive by whole amount so the Company do not record for allowance for doubtful debt. I received the last financial statement of such company which was for

the year ended 2016 which was not passed the auditing by auditor, total assets was amount of US Dollar 114.01 million, and shareholders' equity was amount of US Dollar 113.98 million. The Company has not gotten the financial statement for the year 2017 and 2018. I have not able use other audit procedure to satisfy how appropriate for amount of allowance for doubtful debt.

- 4) As discussed in Note 10 to financial statement as at December 31, 2018, the Company has loans to a company amount of Baht 447.40 million. Such transaction have continue changed the due date and I have continue given the emphasis of matter on my audit report since the occurred date. Loan to accompany which due date on February 28, 2019 and has postponed being April 30, 2019. The Company has received in partly in 2019, until this report dated amount of Baht 35.25 million. The Company has considered last financial statement issued to government, shareholders' equity was amount of Baht 217.85 million, and the Company's management believes that able to receive by whole amount so the Company do not record for allowance for doubtful debt. However, as such company's financial statement, it's temporary stopped the construction due to the adjusted platform and it's has to get approval from a government. Such company's assets have pledged for loans from financial institution. There has uncertainty of project value of such company's assets. I have not able use other audit procedure to satisfy how appropriate for amount of allowance for doubtful debt.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, I have determined the matter described below to be the key audit matters to be communicated in my report.

Cost of property development for sale and considering the adequacy of allowance for diminution in value
Risk

The Group has to determine the expected net realizable value of inventories. As disclosed in Note 11 to the financial statements, there are indications of impairment in accordance with Thai Financial Reporting Standards. This impairment test has significant implications for audits. The Group's net book value before less allowance for diminution in value of inventories as of December 31, 2018, was Baht 2,507 million, representing 35.25% of total assets, and also the process of the management must be very discretionary and depending on the assumptions, which can change according to economic conditions and competition in the market.

Auditor's Risk Response

My key audit procedures included testing the incremental costing that should be recorded as cost of inventory by checking the relevant accounting records, review basis of allowance for diminution in value of inventories, the consistency of the criteria used, analysis detail of sales items after the date of the financial statements to compare with the cost of each project cost, review the estimated recoverable amount provided by the management or the independent appraiser.

Impairment of Property, Plant and Equipment

Risk

The Group has to perform impairment test of property, plant and equipment as described in the Note 16 to the financial statements if there is an indication of impairment in accordance with Thai Financial Reporting Standards. The impairment test is significant to the audit. As at December 31, 2018, the Group had a net book value of property, plant and equipment before allowance for impairment of Baht 1,156 million, representing 16.25% of total asset. Moreover, the assessment process of management is complicated and required more judgment, and also the assessment is subject to assumptions that may change according to economic situation and future market conditions.

Auditor's Risk Response

My key audit procedures included using an expert to assess assumptions. I focused on the sufficiency of data disclosure of the Group in relation to the assumptions that are the most important to sensitivity of impairment test and also have significant impact to recoverable amounts of property, plant and equipment.

Provision of contingent liabilities from lawsuit

Risk

The Group has disclosed the policy on contingent liabilities in accordance with the law or other liabilities, as Note 20 to the financial statements. I considered estimation of legal liabilities or other contingent liabilities was a significant risk in the audit. As at December 31, 2018, the Group had a net book value of Baht 2,996 million, representing 87.00% of total liabilities. The assessment process of management is required more judgment, and also is subject to assumptions that can be changed based on the forced sales value of the collateral.

Auditor's Risk Response

My key audit procedures included testing the estimate of damages from a court case, testing the increase in cost accounting records which is necessary to sell the collateral land under the property management contract with examining the accounting documents related, testing the expected costs may be incurred from the sale of the land as collateral by estimating of selling price on the forced sales value of the land collateral. The estimated selling price of collateral land is provided by the management by independent appraisers to evaluate sales force. I have evaluated reliably and appropriately on consideration of provision of contingent liabilities from lawsuit.

Emphasis of matter

Without change in qualifying my opinion as above, I draw attention to note that;

- (1) As discussed in Note 1 to the financial statements that, 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.

On August 10, 2017 the Company has issued a letter to the financial institution. It concludes with the following key common agreements:

1. The company will pay for damages to Bank in accordance with the judgment of Supreme Court in amount of Baht 1,635,735,380 (Paid on August 17, 2017).
2. The bank will execute the lawsuit according to the judgments of Supreme Court to all of properties, which is the cause of damage to bank. The proceeds from the execution of this case will be paid for damages in accordance with the judgment of the Supreme Court and the bank will not execute the lawsuit against the company.
3. In case of the execution of lawsuit against the properties as mentioned above does not fully pay the damages in accordance with the judgment of Supreme Court, the company will continue to supply funds to pay damages to the bank.

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 May 2017, the management expects that the forced sale value of such land would be Bath 5,800 million. References to independent appraisers, the Company has recorded the liabilities, according to the judgment of Supreme Court Criminal Division of Political Position Holders, less estimated value of collateral to be sold as mentioned above and the value of the collateral will be deducted from the value of damages, according to the judgment of the Criminal case of politician. The Company will deduct no more than Baht 8,368.73 million. Incidentally, the exactly amount of the company's obligation may be changed up or down, depending on the auction price to be auctioned in the future. On October 17, 2018, the Company sold auction of the said collateral property. The successful bidder won auction at a price of Baht 8,914.07 million and the bidder is allowed to extend the payment period to February 1, 2019. Subsequently on 24 January 2019, the bidder paid Baht 3,819 million to the Legal Execution Department according to the property sold at the auction of the criminal case of a person holding a political position, the decided case no.Or Mor 55/2558. The remaining property of the civil case, decided case 4007/2552 and the case of the central bankruptcy court, decided case no. Lor 1249/2555, are under objection petition of 3 cases.Undecided case no. Sor Lor 365/2561 regarding order revocation by the officer, a petitioner appealed to the court to revoke the order of the official receiver. The petitioner has submitted the revocation of the auction as an unlawful auction. The court accepted the objection petition and named Golden Company (Limited), the third objector and then proceeded to witness examination and scheduled to hear the order on March 5, 2019. Undecided case no. Sor Lor 438/2561, regarding revocation of the auction of the second debtor's land (K andV S R S Garden Home Company Limited). In this case, the objector has submitted a

request to revoke the auction as an unlawful auction and requested to temporarily suspend execution. On February 4, 2019, the court ordered the lawyer of the Company to be a stakeholder lawyer and named the Company as the second objector and scheduled the witness examination date on April 25 and 26, 2019. Civil Court Case no. Tor 59/2561 regarding revocation of the auction. In this case, the petitioner requested to revoke the auction due to the auction is unlawful. The Company submitted an objection dated January 24, 2019, since the case has not been submitted appointment and copy of petition to the custodian officer to acknowledge. In addition, Krung Thai Bank is mortgaged banker of this disputed land therefore there is a reason to postpone the case for a new appointment on March 20, 2019.

- (2) As disclosed in Note 7 and 8 to the financial statements, as per the resolution of the Board of Directors' meeting No. 10/2017 held on July 11, 2017, the Board of Directors approved the Company to invest in debt securities of three unrelated companies totaling Baht 1,600 million (unsecured), bearing interest rate 5 - 6 per annum to maturity date August 11-17, 2017 and the Company has renewed some debt instruments for Baht 500 million until June 30, 2018 (According to the resolution of the Board of Directors' meeting No. 3/2018 dated March 21, 2018).

According to the resolution of the Board of Directors' meeting No. 15/2017 held on November 14, 2017 approved to reduce the burden on the company and the Company has entered into an agreement to appoint a private fund management company with an unrelated company to manage the investment in short-term bills of exchange, for not exceeding six months and fund management fee is charged at 0.25% per annum of the fund's net asset value at the end of the day as a base for calculation and on November 13, 2017 the Company transferred assets of Baht 1,100 million for the establishment of private funds.

According to the Company's Board of Directors No.3/2018, On March 21, 2018, resolved to cancel the contract with Solaris Asset Management Co., Ltd. for the private fund management and to request for securities return, effective on March 22, 2018. The Company received the securities of net amount after deduction of fees and expenses on March 28, 2018.

According to the resolution of the Board of Executive meeting No. 19/2017 held on September 18, 2017, the Board approved the Company to invest in debt securities of one unrelated company amounting to Baht 200.79 million (unsecured), bearing interest rates ranging from 5.5 % per annum to maturity date February 28, 2018, and the Company has renewed the debt securities until June 30, 2018 (According to the resolution of the Board of Directors' Meeting No. 3/2018 on March 21, 2018).

According to the resolution of the Board of Directors' Meeting No. 6/2018 held on June 30, 2018, the Company and its subsidiaries provided financial assistance to two unrelated parties. The borrowers have informed the Company of their intention that they will not roll over their bill of exchange, however, they would like to enter into a loan agreement with the Company instead of the repayment under the bills of exchange to the Company within June 30, 2018. The loans are amounting Baht 514.6 million and Baht 204.4 million, interest rate 6.0 % per annum and 5.5 % per annum and loan and interest repayment date on December 28, 2018. (Note 8)

According to the resolution of the Board of Directors' meeting No. 6/2018 dated June 30, 2018, the Company has approved to extend the period of bills of exchange due within April to July 2018 total 3 bills amounting to Baht 118.46 million, for 6 months discount rate of 6.5 % per annum no more than December 28, 2018.

According to the resolution of the Board of Directors' meeting No.8/2018 dated August 14, 2018, the Company has approved to extend the period of bills of exchange due within August and September 2018, total 7 bills amounting to Baht 1,027.57 million, and interest Baht 17.65 million, discount rate of 6.5% per annum to be November 30, 2018

According to the resolution of the Board of Directors' meeting No.13/2018 dated November 28, 2018, the Company has approved to extend the period of bills of exchange due within December 28, 2018, total 8 bills amounting to Baht 1,066.89 million, discount rate of 6.50% per annum to be January 31, 2019.

According to the resolution of the Board of Directors' meeting No.13/2018 dated November 28, 2018, the Company has approved to extend the period of bills of exchange due within December 28, 2018, total 2 bills amounting to Baht 488.66 million, discount rate of 5.5% and 6% per annum no more than January 31, 2019.

According to the resolution of the Board of Directors' meeting No.1/2019 dated January 31, 2019, the Company has approved to extend the period of bills of exchange due within January 31, 2018, total 8 bills amounting to Baht 1,072.16 million, discount rate of 6.50% per annum to be February 28, 2019.

According to the resolution of the Board of Directors' meeting No.1/2019 dated January 31, 2019, the Company has approved to extend the period of bills of exchange due within January 31, 2019, total 2 bills amounting to Baht 460.01 million, discount rate of 5.5% and 6% per annum no more than February 28, 2019.

According to the resolution of the Board of Directors' meeting No.2/2019 dated February 28, 2019, the Company has approved to extend the period of bills of exchange due within February 28, 2019, total 8 bills amounting to Baht 1,072.16 million, discount rate of 6.50% per annum to be June 30, 2019.

According to the resolution of the Board of Directors' meeting No.2/2019 dated February 28, 2019, the Company has approved to extend the period of bills of exchange due within February 28, 2019, total 1 bills amounting to Baht 412.14 million, discount rate of 6% per annum no more than April 30, 2019.

Other Information

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

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated 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.

February 28, 2019

18. Financial Statements and Notes

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

		(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
	Notes	2018	2017	2018	2017
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	7	84,088	828,670	10,547	516,788
Current investments	8	1,066,894	1,426,009	1,066,894	1,115,500
Trade accounts and other current receivable	9	121,086	133,229	1,225,111	1,128,632
Short-term loans	10	488,658	-	2,223,648	2,550,755
Inventories	11	2,266,441	2,338,392	1,158,109	1,113,138
Current tax assets		49,800	48,012	29,858	28,217
Other current assets	12	-	-	-	-
Total current assets		4,076,967	4,774,312	5,714,167	6,453,030
NON-CURRENT ASSETS					
Investments in subsidiaries	13	-	-	-	-
Other long-term investments	14	900,000	-	900,000	-
Trade accounts and other non-current receivable	6	14,135	5,099	1,333	1,632
Investments property	15	126,386	141,051	276,087	282,023
Property, plant, equipment and leasehold rights	16	1,164,584	1,179,751	29,661	35,651
Intangible assets	17	2,596	3,225	944	1,864
Deferred tax assets	18	353	353	-	-
Other non - current assets	19	826,424	833,375	51,382	61,088
Total non-current assets		3,034,478	2,162,854	1,259,407	382,258
TOTAL ASSETS		7,111,445	6,937,166	6,973,574	6,835,288

The accompanying notes to financial statements are an integral part of the financial statements.

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

		(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
	Notes	2018	2017	2018	2017
LIABILITIES AND SHAREHOLDERS EQUITY					
CURRENT LIABILITIES					
Trade accounts and other current payable	6, 14	379,505	244,473	365,508	243,811
Current portion of long-term debts	1, 21	5,287	56,647	1,033	1,788
Current provisions for employee benefits	22	381	-	381	-
Other current provisions	1, 20	2,996,061	2,989,194	2,988,681	2,988,431
Total current liabilities		3,381,234	3,290,314	3,355,603	3,234,030
NON CURRENT LIABILITIES					
Long term debts	1, 21	203	1,477	-	-
Trade accounts and other non-current payable		2,449	2,374	-	-
Deferred tax liabilities	18	2,445	2,649	-	-
Non-current provisions for employee benefits	22	1,841	1,858	1,495	1,581
Other non-current provisions		55,553	46,168	46,168	46,168
Total non-current liabilities		62,491	54,526	47,663	47,749
TOTAL LIABILITIES		3,443,725	3,344,840	3,403,266	3,281,779
SHAREHOLDERS EQUITY					
Share capital	23				
- Authorized share capital					
294,012.03 million common share, Baht 0.50 par value		147,006,013	147,006,013	147,006,013	147,006,013
- Issued and paid up					
85,324.81 million common shares, Baht 0.50 per share		42,662,405		42,662,405	
85,314.68 million common shares, Baht 0.50 per share			42,657,341		42,657,341
Discount on common shares		(32,759,548)	(32,754,991)	(32,759,548)	(32,754,991)
Premium on common shares from capital reduction		153,537	153,537	153,537	153,537
Discount from increase in shareholding in subsidiary		(47,939)	(47,939)	-	-
Deficit		(6,340,735)	(6,415,622)	(6,486,086)	(6,502,378)
Total shareholders' equity of parent - net		3,667,720	3,592,326	3,570,308	3,553,509
Non - controlling interests		-	-	-	-
Total shareholders' equity - net		3,667,720	3,592,326	3,570,308	3,553,509
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		7,111,445	6,937,166	6,973,574	6,835,288

The accompanying notes to financial statements are an integral part of the financial statements.

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018

		(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
	Notes	2018	2017	2018	2017
REVENUES					
Revenues from sales of property		399,816	538,908	68,217	135,917
Revenues from hotel business		100,727	82,226	-	-
Revenues from property rental operations and related services		20,506	17,540	-	-
Total revenues		521,049	638,674	68,217	135,917
COSTS					
Costs of property sold		(274,206)	(423,190)	(51,423)	(104,712)
Costs of service from hotel business		(161,398)	(162,695)	-	-
Cost of property rental operations and related services		(9,713)	(10,886)	-	-
Total cost		(445,317)	(596,771)	(51,423)	(104,712)
Gross profit		75,732	41,903	16,794	31,205
Other income	24	303,379	127,120	415,262	264,076
Profit before expenses		379,111	169,023	432,056	295,281
Distribution costs		(37,689)	(50,747)	(16,786)	(22,195)
Administrative expenses		(262,402)	(253,955)	(151,067)	(143,211)
Other expenses	26	(4,201)	(4,408)	(247,877)	(385,682)
Total expenses		(304,292)	(309,110)	(415,730)	(551,088)
Profit (loss) before financial cost and income tax		74,819	(140,087)	16,326	(255,807)
Finance cost		(136)	(16,951)	(34)	(800)
Profit (loss) before income tax		74,683	(157,038)	16,292	(256,607)
Tax income (expenses)		204	(7,668)	-	-
Profit (loss) for the year		74,887	(164,706)	16,292	(256,607)

The accompanying notes to financial statements are an integral part of the financial statements.

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018

		(Unit: Thousand Baht)			
Notes		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
	Other comprehensive income (loss)	-	-	-	-
	Total comprehensive income(loss) for the year	74,887	(164,706)	16,292	(256,607)
	Profit (loss) for the year attributable to :				
	Owners of the parent	74,887	(164,706)	16,292	(256,607)
	Non - controlling interest	-	-	-	-
		74,887	(164,706)	16,292	(256,607)
	Total comprehensive income (loss) attributable to:				
	Owners of the parent	74,887	(164,706)	16,292	(256,607)
	Non - controlling interests	-	-	-	-
	Total comprehensive income (loss) for the year	74,887	(164,706)	16,292	(256,607)
	Basic profit (loss) per share : Owners of the parent				
	(equivalent to par value of Baht 0.50 per share)	0.0009	(0.0036)	0.0002	(0.0057)
	Weighted average number of shares				
	(In Thousand Shares)	85,316,210	45,370,629	85,316,210	45,370,629

The accompanying notes to financial statements are an integral part of the financial statements.

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2018

		(Unit: Thousand Baht)							
		Consolidated Financial Statements							
		Issued	Premium	Premium on	Discount from		Total Equity		
		and Paid-up	(Discount) on	Common Shares from	Increase in		Attributable	Total	
Notes		Share Capital	Shares	Capital Reduction	Shareholding	Deficit	to Owner of	Share holders	
					in Subsidiary		the Company	equity-net	
Balance as at January 1, 2017		6,337,341	4	153,537	(47,939)	(6,250,916)	192,027	-	192,027
Increase in share capital	23	36,320,000	(32,754,995)	-	-	-	3,565,005	-	3,565,005
Total comprehensive loss for the year		-	-	-	-	(164,706)	(164,706)	-	(164,706)
Balance as at December 31, 2017		42,657,341	(32,754,991)	153,537	(47,939)	(6,415,622)	3,592,326	-	3,592,326
Balance as at January 1, 2018		42,657,341	(32,754,991)	153,537	(47,939)	(6,415,622)	3,592,326	-	3,592,326
Increase in share capital	23	5,064	(4,557)	-	-	-	507	-	507
Total comprehensive income for the year		-	-	-	-	74,887	74,887	-	74,887
Balance as at December 31, 2018		42,662,405	(32,759,548)	153,537	(47,939)	(6,340,735)	3,667,720	-	3,667,720

The accompanying notes to financial statements are an integral part of the financial statements.

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2018

(Unit: Thousand Baht)

		Separate Financial Statements				
Notes		Issued and Paid-up Share Capital	Premium (Discount) on Shares	Premium on Common Shares from Capital Reduction	Deficit	Net
		6,337,341	4	153,537	(6,245,771)	245,111
		36,320,000	(32,754,995)	-	-	3,565,005
		-	-	-	(256,607)	(256,607)
		42,657,341	(32,754,991)	153,537	(6,502,378)	3,553,509
		42,657,341	(32,754,991)	153,537	(6,502,378)	3,553,509
		5,064	(4,557)	-	-	507
		-	-	-	16,292	16,292
		42,662,405	(32,759,548)	153,537	(6,486,086)	3,570,308

The accompanying notes to financial statements are an integral part of the financial statements.

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) for the year	74,887	(164,706)	16,292	(256,607)
Adjustments of reconcile net profit (loss) to cash received (paid)				
Adjusted tax (income) expenses	(204)	7,668	-	-
Adjusted financial cost	136	16,951	34	800
Adjusted interest income	(105,837)	(46,815)	(239,073)	(181,197)
Adjusted trade accounts and other current receivables (increase) decrease	15,442	20,487	(6,366)	(41,152)
Adjusted trade accounts and other non-current receivable (increase) decrease	(252)	(3,621)	300	93
Adjusted inventories decrease	275,211	366,997	33,139	86,345
Adjusted other non-current assets (increase) decrease	(715)	12,005	(371)	8,261
Adjusted trade accounts and other payable increase (decrease)	(13,959)	(17,634)	(15,436)	9,112
Depreciation losses and amortization	83,417	88,464	13,445	19,131
Adjusted provision for liabilities	362	62	251	640
Adjusted bad debt and doubtful debts	1,056	600	200,887	381,910
Adjusted with reserve damages from lawsuits (Reversal)	2,858	(1,642,735)	2,858	(1,642,735)
Adjusted provisions for employee benefits	364	586	295	521
Adjusted with default interest payment	(38,405)	-	(38,405)	-
Adjusted with other income	(15,373)	(18,994)	(40)	(19,464)
Adjusted with unrealized gain on the changes in fair values				
of short - term investments	-	(509)	-	-
Adjusted for (Profit) Loss on disposal of non-current asset	3,307	5,078	90	(5)
Adjusted by Reversal of allowance on impairment of fixed assets	-	13,302	-	-
Adjusted by Reversal of allowance of diminution in value in inventories	(151,102)	(74,757)	(59,435)	(1,847)
Adjusted by Reversal of allowance of land deposits	-	(12,076)	-	(12,076)
Total adjustment of reconcile net profit (loss)	131,193	(1,449,647)	(91,535)	(1,648,270)
Cash provided by (used in) operating activities				
Cash paid for income tax	(7,565)	(6,692)	(1,767)	(1,513)
Cash paid for employee benefit	-	(2,414)	-	(2,415)
Net cash from (used in) operating activities	123,628	(1,458,753)	(93,302)	(1,652,198)

The accompanying notes to financial statements are an integral part of the financial statements.

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES				
Current investments received (Paid)	359,115	(1,181,512)	48,606	(921,512)
Cash paid for other long-term investment	(730,000)	-	(730,000)	-
Cash paid for investment property	-	-	-	(878)
Cash received from sales of property, plant, equipment and leasehold rights	184	65	37	15
Cash paid for property, plant, equipment and leasehold rights	(60,647)	(72,992)	(599)	(181)
Cash paid for intangible assets	(876)	(83)	-	-
Cash paid for short-term loans	(719,000)	-	(1,035,593)	(578,992)
Cash received from short-term loans	230,342	-	1,208,272	91,846
Cash received from interest income	108,665	42,766	96,620	39,277
Net cash used in investing activities	(812,217)	(1,211,756)	(412,657)	(1,370,425)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash paid for long-term loans	(50,139)	(130,189)	-	(30,000)
Cash paid for liabilities under hire-purchase and financial lease agreements	(2,495)	(3,725)	(776)	(997)
Interest paid	(3,866)	(10,050)	(13)	(1,252)
Cash received from capital increase	507	3,565,005	507	3,565,005
Net cash provided by (used in) financing activities	(55,993)	3,421,041	(282)	3,532,756
Net increase (decrease) in cash and cash equivalents	(744,582)	750,532	(506,241)	510,133
Cash and cash equivalents at beginning of the year	828,670	78,138	516,788	6,655
Cash and cash equivalents at end of the year	84,088	828,670	10,547	516,788
Supplemental disclosure of cash flows information :				
Non cash transactions				
1) During the year, interest capitalized to inventories	3,667	2,064	-	464
2) Fixed assets acquired by means of:				
- Liabilities under finance lease contracts	-	-	-	-
- Cash payment	(60,647)	(72,992)	(599)	(181)
Total	(60,647)	(72,992)	(599)	(181)
3) During the year, the Company has received transfer of the condominium units to settle the debt. (Notes 12)				
- Deposits for purchases of condominium units	10,076	-	10,076	-
- Interest received from default	38,405	-	38,405	-
Total	48,481	-	48,481	-
4) During the year, the Company a transfer condominium units for payment to subsidiary. (Notes 12)	-	-	29,806	-

The accompanying notes to financial statements are an integral part of the financial statements.

AQ ESTATE PUBLIC COMPANY LIMITED AND SUBSIDIARIES**NOTES TO FINANCIAL STATEMENTS****AS AT DECEMBER 31, 2018****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 Bath 5,800 million. The Legal Execution Department has set a date for the sale of collateral on December 27, 2017 however on that date, the Enforcement Officer has been notified of the order refraining from enforcement of the Supreme Court Criminal Division of Political Position (“Supreme Court”), dated December 25, 2017. The abstention of the case will be effective until the Supreme Court to change the order so that the Enforcement Officer has rescinded the sale of collateral under the order of the Supreme Court. The Supreme Court has no order to enforce the case because the third defendant filed a petition to stay execution to the Supreme Court on December 21, 2017. The Supreme Court held a hearing on the petition on December 25, 2017 and has ordered the copy of the petition to the Enforcement Officer and all stakeholders for acknowledge and they can filing an objection period related parties know the partner involved to object to the petition within 15 days from the date of receiving a copy of the petition and also

to postpone the hearing of case to investigate the petition on 5 and 8 March 2018 and ordered to stop the execution during the Supreme Court ruling on the petition until the Supreme Court orders otherwise changed. The Supreme Court Criminal Division politicians had canceled the execution of the lawsuit on that day (March 5, 2018) in accordance with the docket on December 25, 2017 and cancel hearing date on March 8, 2018. On April 9, 2018, the Legal Execution Department has set a date for the sale of collateral on the first times - June 6, 2018 and second on June 27, 2018, the third on July 18, 2018 and the forth on August 8, 2018. The initial price, is set by the Committee of set the price of assets, amounted to Baht 8,950.78 million. The initial price will be equal to the price set by the committee in the first auction. If anyone bid, the Legal Execution officer will reduce the initial price 10% at each times but will not be lower than 70% of the first price. In case of sale with collateral, the Legal Execution officer will deduct the current debt form the referred price and round up as the announcement. On July 26, 2018, the Supreme Court's Criminal Division for Persons Holding Political Position ordered for the black case no. Aor Mor Kor 1/2018 to cancel the suspension order for legal execution according to the report of the proceeding dated May 15, 2018 and to allow the legal execution officer to process for the land auction except for the disputed land. On September 14, 2018, that Company received the announcement from the Legal Execution Department dated August 17, 2018 and the Legal Execution officer announced the public auction for the assets in the case for 4 schedules as following schedules 1 on October 17, 2018, schedules 2 on November 7, 2018, schedules 3 on November 28, 2018 and schedules 4 on December 19, 2018, On October 17, 2018, the public auction washeld and it sold the collateralized assets to the purchaser at the price of Bath 8,914.07 million. At the present, the Legal Execution officer is preparing of accounts and the Biddere has filed an application for the postponement of the peried of payment to be on February 1, 2019. Subsequently on 24 January 2019, the bidder paid Baht 3,819 million to the Legal Execution Department according to the property sold at the auction of the criminal case of a person holding a political position, the decided case no.Or Mor 55/2558. The remaining property of the civil case, decided case 4007/2552 and the case of the central bankruptcy court, decided case no. Lor 1249/2555, are under objection petition of 3 cases.

Undecided case no. Sor Lor 365/2561 regarding order revocation by the officer, a petitioner appealed to the court to revoke the order of the official receiver. The petitioner has submitted the revocation of the auction as an unlawful auction. The court accepted the objection petition and named Golden Company (Limited), the third objector and then proceeded to witness examination and scheduled to hear the order on March 5, 2019.

Undecided case no.Sor Lor 438/2561, regarding revocation of the auction of the second debtor's land (K andV S R S Garden Home Company Limited). In this case, the objector has submitted a request to revoke

the auction as an unlawful auction and requested to temporarily suspend execution. On February 4, 2019, the court ordered the lawyer of the Company to be a stakeholder lawyer and named the Company as the second objector and scheduled the witness examination date on April 25 and 26, 2019.

Civil Court Case no. Tor 59/2561 regarding revocation of the auction. In this case, the petitioner requested to revoke the auction due to the auction is unlawful. The Company submitted an objection dated January 24, 2019, since the case has not been submitted appointment and copy of petition to the custodian officer to acknowledge. In addition, Krung Thai Bank Plc. is mortgaged banker of this disputed land therefore there is a reason to postpone the case for a new appointment on March 20, 2019.

- 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.

On June 22, 2017, the Company was filed the lawsuit in the civil court and the plaintiff filed (1) to nullify the Asset Management and Profit Sharing Agreement dated October 16, 2015 (2) to nullify the appointment and registration of directors (3) to nullify the resolution of the Board of Directors from April 8, 2016 and (4) to nullify the resolution of the Board of Directors from October 19, 2015. The Court scheduled to settle issues in court and to determine the litigation process guideline on August 28, 2017. The legal advisor of the Company has the opinion for this litigation that the purpose of the Asset Management and Profit Sharing Agreement is for the Company to have the right to manage for the 3rd Defendant in order for the debt restructuring and the sale of land for payment of damage to the Bank and to minimize the impact from the capital increase to pay for the damages to the Bank. However, after the date of the Agreement in October 2015, there has not been any impact. In consideration for the fact that the land is mortgaged to the Bank, the sale of land depends on (1) the 3rd Defendant as the owner of the land can process with the consent from the Bank as the creditor or (2) the Bank can enforce the asset seizure and sale of land according to the Supreme Court's judicial order which is final and enforceable. From the past, the Company has negotiated with the Bank and mutually agreed for the guideline for debt restructuring including the sale of land without the consent from the 3rd Defendant. Even if the Agreement is nullified, it will not affect the debt restructuring plan or the status financial of the Company. In addition, it will release the Company from the profit sharing under the Agreement. Due to the appointment On May 21, 2018 the plaintiff filed a petition to withdraw the lawsuit and the court allowed the plaintiff to withdraw the lawsuit and distribute the case from the directory.

On January 17, 2018, according to Case No. P.240/2561, requesting to cancel the Asset management profit sharing between the Company and Progressive Company. The Company proposes that the three defendants did not default the contract. The contract has the above mentioned conditions of clear duty for each party. The Court's hearing will be hold on November 23, 2018. Lawyer opinion is that company did not breach that asset management contract. The contract described role of the company and the company complied to all term and conditions. Therefore the civil court should dismiss the lawsuit. The court has finished appointment of witnesses. The court schedules the judgement date on 18 March 2019 at 10:00 am.

- 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, such default loans amounting to Baht 26.72 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. At the present, the Company paid loans from financial institutions in full.

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 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 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.

On August 10, 2017, the Company has issued a letter to the financial institution. It concludes with the following key common agreements:

1. The company will pay for damages to Bank in accordance with the judgment of Supreme Court in amount of Baht 1,635,735,380 (Paid on August 17, 2017).
2. The bank will execute the lawsuit according to the judgments of Supreme Court to all of properties, which is the cause of damage to bank. The proceeds from the execution of this case will be paid for damages in accordance with the judgment of the Supreme Court and the bank will not execute the lawsuit against the company.
3. In case of the execution of lawsuit against the properties as mentioned above does not fully pay the damages in accordance with the judgment of Supreme Court, the company will continue to supply funds to pay damages to the bank.

The attorney general has filed a request for confiscation at Supreme Court on August 24, 2017, and the court issued the enforcement order to seize and freeze the defendant's property. The plaintiff has investigated the defendant's property and found the nineteenth defendant (Golden Technology Industrial Park Co., Ltd.), which the court sentenced to joint liability in the amount of Baht 8,368.73 million holds ownership of land located in Samutprakarn province, totaling 97 plots. However, the legal advisor of company explained that the enforcement is just one step in the execution of this case because the process will also require a collateral land survey, draw map of property, set the final auction date and open auction. In this case, the collateral land is located in the jurisdiction of Samutprakarn province. Therefore, the plaintiff must ask the court to have order to court of Samutprakarn for taking action instead. By lawsuit has ended, the debt or owed amount that the court sentenced the company to repay the debt to the financial institution is the same amount with civil case. This amount is the balance that the financial institution has been filed at the Civil Court according to the report of proceedings. In case of selling collateral, the money must be paid to settle the judgment of court first because the court issue writ of execution. When the financial institutions receive such funds, it must be offset against the debt on the part of civil litigation which is considered that financial institution has been partially paid off.

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. 268/2549, 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 at the rate of 15% per annum, since the date after filling date until completion of debt repayment and on September 28, 2017 Sentenced Golden Technology Industrial Park Company Limited to pay 8,409,601,319.09 plus 10% interest on the principal amount of Baht 8,368,732,100 from May 31, 2004 until payment is completed and bring Golden Technology Industrial Park Company Limited money paid on November 1, 2004 amounting to Baht 39 million deducted by the amount of interest first. In case of there is any remaining balance, the principal will be deducted and bring money to pay management fee of Baht 9,700,000 plus 10% of interest on the principal as mentioned above starting from the next date of filing (February 9, 2006) until payment is completed. In case of not paid or not fully amount, it will bring mortgage property at auction. In case of this is not enough, it make another confiscation of Golden Technology Industrial Park Company Limited. The Company's lawyer has an opinion that this case has no any effect to the Company because they are separate entities. Golden Technology Industrial Park Company Limited filed an appeal on February 9, 2018.

As disclosed in Note 23 to the financial statements, at the Extraordinary General Meeting of the Company's shareholders held on June 30, 2017, the shareholders approved the increase of Baht 140,668.67 million. The Company received partial capital increase of Baht 1,707 Million on July 12 - 14, 2017 and Baht 1,925 million on July 17 - 21, 2017.

The management of the Company estimated the damage from this court case as at December 31, 2018 as follows:

	(Unit: 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	128.21
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*	(5,800.00)
Compensation for damages	(1,635.74)
Estimated the damage - net	3,056.95

* The Company appraise the valuation of collateral land by appraisal report of SL. Standard Appraisal Co., Ltd. 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 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 and the value of the

collateral will be deducted from the value of damages, according to the judgment of the Criminal case of politician. The Company will deduct no more than Baht 8,368.73 million.

On October 17, 2018, the Company sold the collateral. Bidders are bidding for Baht 8,914.07 million which is higher than the estimated sales force. Currently, the Company cannot reverse its provisioning provision. Because enforcement officer is preparing account. Therefore, the Company cannot finalize the profit from the reversal.

2. BASIS FOR CONSOLIDATED FINANCIAL STATEMENTS PREPARATION

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:

			Proportionate of Share (%)	
		Type of Holding	December 31, 2018	December 31, 2017
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 services	Direct	99.98	99.98
Aquarius Estate Co., Ltd.	To sell, acquire, provide services 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

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.

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

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

4. REVISED ACCOUNTING STANDARDS AND FINANCIAL REPORTING STANDARDS

4.1 Financial reporting standards that became effective in the current year

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

4.2 Financial reporting standards that will become effective for fiscal years beginning on or after January 1, 2019

During the current year, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) including new accounting treatment guidance, which are effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

TFRS 15 Revenue from Contracts with Customers.

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model. The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

4.3 Financial reporting standards that will become effective for fiscal years beginning on or after January 1, 2020

During the current year, the Federation of Accounting Professions issued the set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

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 Alix Bangkok Hotel (Previous name "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,

Gain (Loss) per Share Attributable to Owners of the Parent

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

Fair value measurement

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

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

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

6. TRANSACTIONS WITH RELATED PARTIES

A significant portion 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, 2018 and 2017 are as follows:

			(Unit: Thousand Baht)			
			Consolidated		Separate	
			Financial Statements		Financial Statements	
	Relationship	Policy of Pricing	2018	2017	2018	2017
Management fee income	Direct and indirect subsidiaries	Year 2018 Baht 5.53 million per quarter, year 2017 Baht 7.60 million per quarter.	-	-	22,100	30,400
Land rental income	Direct subsidiaries	Baht 3.00 million per quarter.	-	-	12,000	12,000
Vehicles rental income	Direct subsidiaries	Baht 5,000 per month	-	-	60	60
Telephone income	Direct subsidiaries	Actual charge	-	-	208	193
Interest income	Direct subsidiaries	Interest rate 2.5% and MLR per annum	-	-	144,941	139,393

			(Unit: Thousand Baht)			
			Consolidated		Separate	
			Financial Statements		Financial Statements	
	Relationship	Policy of Pricing	2018	2017	2018	2017
Sales management services	Direct subsidiaries	3% of sales	-	-	3,777	4,727
Utilities expenses	Direct subsidiaries	Negotiated agreement	-	-	2,024	1,578
Vehicles Rental	Direct and indirect subsidiaries	Year 2018 Vehicles fixed charge at Baht 19,000 per month, year 2017 Baht 10,000 per month.	-	-	228	120
Space Rental	Direct and indirect subsidiaries	Office premise fixed charge at Baht 0.16 million per month	-	-	1,907	1,907
Management project (Included in the cost of project under development)	Direct subsidiaries	Negotiated agreement	-	-	34	902
Cost of construction services	Direct subsidiaries	Negotiated agreement	-	-	-	1,458
Revenue from construction services	Direct subsidiaries	Negotiated agreement	-	-	-	1,458
Revenue from sales of condominium units	Board of Directors	Market price	3,751	-	-	-

The balances with related parties As at December 31, 2018 and 2017 are as follows:

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		Financial Statements		Financial Statements	
Relationship		2018	2017	2018	2017
<u>Trade account receivables - subsidiary companies</u>					
Allied Technologies International Co., Ltd.	Direct subsidiaries	-	-	177,179	177,179
Thanont Property Co., Ltd.	Direct subsidiaries	-	-	66,038	66,038
Total		-	-	243,217	243,217

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		Financial Statements		Financial Statements	
	Relationship	2018	2017	2018	2017
<u>Interest receivables from subsidiary companies - net</u>					
<u>(Shown under trade accounts and other current receivables)</u>					
AQ Marketing Service Co., Ltd.	Direct subsidiaries	-	-	109,912	109,912
Thanont Property Co., Ltd.	Direct subsidiaries	-	-	323,698	290,885
AQ Village Co., Ltd.	Direct subsidiaries	-	-	21,537	21,537
Allied Technologies International Co., Ltd.	Direct subsidiaries	-	-	51,516	51,516
AQ Property Management Co., Ltd.	Direct subsidiaries	-	-	6,088	6,088
Free Zone Assets Co., Ltd.	Direct subsidiaries	-	-	24,274	24,274
Aquarius Estate Co., Ltd.	Direct subsidiaries	-	-	314,199	224,408
Villa Nakarin Co., Ltd.	Direct subsidiaries	-	-	70,446	48,109
Total		-	-	921,670	776,729
Less Allowance for doubtful accounts		-	-	(196,240)	(132,572)
Net		-	-	725,430	644,157

(Unit: Thousand Baht)

		Separate Financial Statements			
		Balance as at December 31,			Balance as at December 31,
	Relationship	2017	Increase	(Decrease)	2018
<u>Other account receivables and</u>					
<u>Advances to subsidiary companies - net</u>					
Allied Technologies International					
Co., Ltd.	Direct subsidiaries	48,150	4,066	-	52,216
AQ Village Co., Ltd	Direct subsidiaries	54,556	14,140	(11,128)	57,568
Thanont Property Co., Ltd.	Direct subsidiaries	84,519	856	-	85,375
Free Zone Assets Co., Ltd.	Direct subsidiaries	4,494	-	-	4,494
Aquarius Estate Co., Ltd.	Direct subsidiaries	4,399	667	(251)	4,815
Vitoonthanakorn Co., Ltd	Indirect subsidiaries	11,556	950	(5,230)	7,276
Villa Nakarin Co., Ltd.	Direct subsidiaries	14,124	5,255	(119)	19,260
Baan Chidthara Co., Ltd.	Indirect subsidiaries	13,161	1,070	(5,136)	9,095
Aquarius Hotel & Resort Co., Ltd.	Indirect subsidiaries	11,556	3,861	(4,824)	10,593
AQ Marketing Service Co., Ltd.	Direct subsidiaries	5,144	2,669	(109)	7,704
AQ Property Management Co., Ltd.	Direct subsidiaries	5,145	2,743	(184)	7,704
Total		256,804	36,277	(26,981)	266,100
Less Allowance for doubtful					
accounts		(52,296)	(7,265)	24,930	(34,631)
Net		204,508	29,012	(2,051)	231,469

		(Unit: Thousand Baht)			
		Separate			
		Financial Statements			
		Balance as at			Balance as at
		December 31,			December 31,
	Relationship	2017	Increase	(Decrease)	2018
<u>Short - term loans to subsidiary companies - net</u>					
AQ Marketing Service Co., Ltd.	Direct subsidiaries	281,162	11,490	(2,000)	290,652
Thanont Property Co., Ltd.	Direct subsidiaries	566,396	-	(80,000)	486,396
AQ Village Co., Ltd.	Direct subsidiaries	595,870	26,912	(3,000)	619,782
Allied Technologies International Co., Ltd.	Direct subsidiaries	489,224	115,087	(370,380)	233,931
AQ Property Management Co., Ltd.	Direct subsidiaries	127,669	4,000	(11,500)	120,169
Free Zone Assets Co., Ltd.	Direct subsidiaries	124,900	2,000	(19,690)	107,210
Aquarius Estate Co., Ltd.	Direct subsidiaries	1,572,522	113,624	(425,500)	1,260,646
Villa Nakarin Co., Ltd.	Direct subsidiaries	313,173	247,880	(229,000)	332,053
Total		4,070,916	520,993	(1,141,070)	3,450,839
Less Allowance for doubtful accounts		(1,520,161)	(182,373)	27,945	(1,674,589)
Net		2,550,755	338,620	(1,113,125)	1,776,250

The Company and subsidiaries mutually agree to charge interest rate 2.5% per annum and MLR per annum on loans for use in normal operations.

		(Unit: Thousand Baht)	
		Separate	
		Financial Statements	
	Relationship	2018	2017
<u>Trade account payables - subsidiary company</u>			
Allied Technologies International Co., Ltd.	Direct subsidiaries	37,083	37,083
<u>Other account payables - subsidiary companies</u>			
AQ Marketing Service Co., Ltd.	Direct subsidiaries	54,703	50,827
AQ Property Management Co., Ltd.	Direct subsidiaries	15,153	23,170
Vitoonthanakorn Co., Ltd.	Indirect subsidiaries	89	80
Allied Technologies International Co., Ltd.	Direct subsidiaries	1,795	1,795
Thanont Property Co., Ltd.	Direct subsidiaries	7,903	37,693
AQ Village Co., Ltd.	Direct subsidiaries	240	240
Total		79,883	113,805
<u>Accrued interest expenses - subsidiary companies</u>			
<u>(Shown under trade accounts and other current payable)</u>			
Thanont Property Co., Ltd.	Direct subsidiaries	24,854	24,854

The aging analyses of trade account receivables, other account receivables and advance to subsidiary companies, loans to and interest receivables from subsidiary companies as at December 31, 2018 and 2017 are as follows:

	(Unit: Thousand Baht)	
	Separate	
	Financial Statements	
	2018	2017
Overdue not over 1 year	701,581	761,764
Overdue more than 1 year	4,180,245	4,585,900
Total	4,881,826	5,347,664
Less Allowance for doubtful accounts	(1,905,460)	(1,705,029)
Net	2,976,366	3,642,635

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, 2018 and 2017 the company doesn't have guarantee on the subsidiaries credit facilities.

The monetary remuneration of executives, which is a related party transactions for each of the years ended December 31, 2018 and 2017 are as follows:

Type of compensation	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2018	2017	2018	2017
Salary and compensation	15,837	15,137	15,837	15,137
Meeting Allowance	462	630	462	630
Bonus	-	-	-	-
Advisory	3,232	1,870	3,232	1,870
Total	19,531	17,637	19,531	17,637

7. CASH AND CASH EQUIVALENTS

As at December 31, 2018 and 2017 as follows:

	(Unit : Thousand Baht)			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
Cash	2,063	1,098	212	209
Cash at bank - savings accounts	70,051	94,270	10,298	5,818
Cash at bank - current accounts	4,234	24,989	37	10,761
Cash at bank - fixed accounts	7,740	7,522	-	-
Bill of exchange not over 3 months	-	700,791	-	500,000
Total	84,088	828,670	10,547	516,788

Saving deposit is subject to bank's floating interest rate.

As per the resolution of the Board of Directors' meeting No. 10/2017 held on July 11, 2017, the Board of Directors approved the Company to invest in debt securities of three unrelated companies totaling Baht 1,600 million (unsecured), bearing interest rate 5 – 6 percent per annum to maturity date August 11-17, 2017

and the Company has renewed some debt instruments for Baht 500 million until March 31, 2018 (As per the resolution of the Board of Directors' meeting No. 15/2017 dated November 14, 2017).

As per the resolution of the Board of Executive meeting No.19/2017 held on September 18, 2017, the Board approved the Company to invest in debt securities of one unrelated companies amounting to Baht 200.79 million (unsecured), bearing interest rates at 5.50 percent per annum to maturity date November 30, 2017, and the Company has renewed the debt securities until February 28, 2018 (approved by resolution of the Board of Directors' Meeting No. 15/2017 on November 14, 2017).

8. SHORT - TERM INVESTMENTS

As at December 31, 2018 and 2017 as follows:

	Rate of interest (% per annum)		(Unit : Thousand Baht)			
			Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017	2018	2017
Fixed deposit	-	1.50	-	20,000	-	-
Private fund	6.5	5 - 5.5	1,066,894	1,115,500	1,066,894	1,115,500
Investment in						
Open ended Fund						
As at January 1,			290,509	193,988	-	193,988
Purchase during the year			445,791	2,260,045	-	1,874,495
Disposal during the year			(736,300)	(2,164,033)	-	(2,068,483)
Unrealized gain(loss) on revaluation of investments			-	509	-	-
As at December 31,			-	290,509	-	-
Total			1,066,894	1,426,009	1,066,894	1,115,500

Detail of Outstanding bills As at December 31, 2018

(Unit: Thousand Baht)				
Consolidated Financial Statements / Separate Financial Statements				
Name	No.	Due Date	Amount	Date of payment after the period
Planet Energy Holdings Pte., Ltd.	PLN023/2018	January 31,2019	418,312	-
Planet Energy Holdings Pte., Ltd.	PLN024/2018	January 31,2019	253,396	-
Planet Energy Holdings Pte., Ltd.	PLN025/2018	January 31,2019	96,105	-
Planet Energy Holdings Pte., Ltd.	PLN026/2018	January 31,2019	85,254	-
Planet Energy Holdings Pte., Ltd.	PLN027/2018	January 31,2019	74,927	-
Planet Energy Holdings Pte., Ltd.	PLN028/2018	January 31,2019	69,420	-
Planet Energy Holdings Pte., Ltd.	PLN029/2018	January 31,2019	59,235	-
Planet Energy Holdings Pte., Ltd.	PLN030/2018	January 31,2019	10,245	-
Total			1,066,894	

According to the resolution of the Board of Directors' meeting No. 10/2017 held on July 11, 2017, the Board of Directors approved the Company to invest in debt securities of three unrelated companies totaling Baht 1,600 million (unsecured), bearing interest rate 5.0 - 6.0 per annum to maturity date August 11-17, 2017. The Company has renewed the bond issuance period of Baht 1,600 million until the end of November 2017 (according to the resolution of the Board of Directors Meeting No. 14/2017) and the Company has renewed some debt instruments for Baht 500 million until June 30, 2018 (According to the resolution of the Board of Directors' meeting No. 3/2018 dated March 21, 2018).

According to the resolution of the Board of Directors' meeting No. 15/2017 held on November 14, 2017 approved to reduce the burden on the company and the Company has entered into an agreement to appoint a private fund management company with an unrelated company to manage the investment in short-term bills of exchange, for not exceeding 6 months and fund management fee is charged at 0.25% per annum of the fund's net asset value at the end of the day as a base for calculate on November 13, 2017 the Company transferred assets of Baht 1,100 million for the establishment of private funds.

According to the resolution of the Board of Directors No.3/2018, on March 21, 2018, resolved to cancel the contract with Solaris Asset Management Co., Ltd. for the private fund management and to request for securities return, effective on March 22, 2018. The Company received the securities of net amount after deduction of fees and expenses on March 28, 2018.

According to the resolution of the Board of Executive meeting No.19/2017 held on September 18, 2017, the Board approved the subsidiary to invest in debt securities of one unrelated company amounting to Baht 200.79 million (unsecured), bearing interest rates ranging from 5.5 percent per annum to maturity date February 28, 2018, and the Company has renewed the debt securities until June 30, 2018 (According to the resolution of the Board of Directors' Meeting No. 3/2018 on March 21, 2018).

According to the resolution of the Board of Directors' Meeting No.6/2018 held on June 30, 2018, the Company and its subsidiaries provided financial assistance to two unrelated parties. The borrowers have informed the Company of their intention that they will not roll over their bill of exchange, however, they would like to enter into a loan agreement with the Company instead of the repayment under the bills of exchange to the Company within June 30, 2018. The loans are amounting Baht 514.60 million and Baht 204.40 million, interest rate 6.0 % per annum and 5.5 % per annum respectively, and loan and interest repayment date on December 28, 2018. (Note 10)

According to the resolution of the Board of Directors' meeting No.6/2018 dated June 30, 2018, the Company has approved to extend the period of bills of exchange due within April to July 2018, total 3 bills amounting to Baht 118.46 million, for 6 months discount rate of 6.5% per annum no more than December 28, 2018.

According to the resolution of the Board of Directors' meeting No.8/2018 dated August 14, 2018, the Company has approved to extend the period of bills of exchange due within August and September 2018, total 7 bills amounting to Baht 1,027.57 million, and interest Baht 17.65 million, discount rate of 6.5% per annum to be November 30, 2018.

According to the resolution of the Board of Directors' meeting No.13/2018 dated November 28, 2018, the Company has approved to extend the period of bills of exchange due within December 28, 2018, total 8 bills amounting to Baht 1,066.89 million, discount rate of 6.50% per annum to be January 31, 2019.

According to the resolution of the Board of Directors' meeting No.1/2019 dated January 31, 2019, the Company has approved to extend the period of bills of exchange due within January 31, 2019, total 8 bills amounting to Baht 1,072.16 million, discount rate of 6.50% per annum to be February 28, 2019.

According to the resolution of the Board of Directors' meeting No.2/2019 dated February 28, 2019, the Company has approved to extend the period of bills of exchange due within February 28, 2019, total 8 bills amounting to Baht 1,072.16 million, discount rate of 6.50% per annum to be June 30, 2019.

9. TRADE ACCOUNTS AND OTHER CURRENT RECEIVABLE – NET

As at December 31, 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2018	2017	2018	2017
Other companies - net				
- Trade account receivables - net	10,046	16,675	-	-
- Other receivables - net	111,040	116,554	24,995	36,750
Total	121,086	133,229	24,995	36,750
Related companies – net (Note 6)				
- Trade account receivables - net	-	-	243,217	243,217
- Other receivables - net	-	-	956,899	848,665
Total	-	-	1,200,116	1,091,882
Trade and other account receivables - net	121,086	133,229	1,225,111	1,128,632

The aging analyses of trade and other account receivables - other companies as at December 31, 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2018	2017	2018	2017
Trade account receivables - other companies				
Within credit term	-	-	-	-
Overdue				
- Not over 3 months	4,052	5,033	-	-
- Over 3 months to 6 months	2,255	1,639	-	-
- Over 6 months to 12 months	2,217	1,594	-	-
- Over 12 months	1,576	8,463	-	-
Total trade account receivables	10,100	16,729	-	-
<u>Less</u> Allowance for doubtful accounts	(54)	(54)	-	-
Net	10,046	16,675	-	-

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2018	2017	2018	2017
Other current receivables				
Other receivables	6,835	129,028	689	124,602
Other receivables - claim for				
litigation cases	-	33,600	-	33,600
Revenue receivables	37,821	35,664	-	-
Advance payment for construction	44,325	53,167	21,151	29,115
Interest receivables	250	3,762	211	2,699
Prepaid expenses	6,631	10,798	2,139	1,474
Others	16,546	8,986	2,173	3,711
Total	112,408	275,005	26,363	195,201
<u>Less</u> Allowance for doubtful accounts	(1,368)	(158,451)	(1,368)	(158,451)
Net	111,040	116,554	24,995	36,750
Trade account and other receivables				
related companies (Note 6)	-	-	1,200,116	1,091,882
Trade account and other receivables net	121,086	133,229	1,225,111	1,128,632

Other receivables - other companies

Due to the Company was prosecuted for the litigation claim as sale agent of the project as discussed in Note 20, 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.

According to the resolution of the Board of Directors' Meeting No. 7/2018 held on August 28, 2018, the Board resolved to approve write off the allowance for doubtful accounts. Currently, the debtors in the case are all custody and bankruptcy, so the Company can not call for a refund.

10.SHORT- TERM LOANS

As at December 31, 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2018	2017	2018	2017
- Short-Term Loans to non-related parties	488,658	-	447,398	-
- Short-Term Loans to related parties (Note 6)	-	-	1,776,250	2,550,755
Total Short-Term Loans	<u>488,658</u>	<u>-</u>	<u>2,223,648</u>	<u>2,550,755</u>

Movements during for the year ended December 31, 2018 of short-term loans to non-related was as follows:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	Financial Statements	Financial Statements
As at January 1, 2018	-	-
Increase	719,000	514,600
Decrease	(230,342)	(67,202)
As at December 31, 2018	<u>488,658</u>	<u>447,398</u>

Detail of Short-Term Loans to non-related as at December 31, 2018 :

(Unit: Thousand Baht)					
Consolidated Financial Statement					
Name	Contract type	Due Date	Amount	Date of payment after the period	Amount of payment after the period
Krungthai Land Development Company Limited	Loans	February 28,2019	447,398	January To February 2019	35,253
Thai Filatex Public Company Limited	Loans	February 28,2019	41,260	January To February 2019	41,260
Total			<u>488,658</u>		<u>76,513</u>

(Unit: Thousand Baht)					
Separate Financial Statement					
Name	Contract type	Due Date	Amount	Date of payment after the period	Amount of payment after the period
Krungthai Land Development Company Limited	Loans	February 28,2019	447,398	January To February 2019	35,253
Total			<u>447,398</u>		<u>35,253</u>

As at June 30, 2018, the Company and its subsidiaries entered into two financial assistance agreements with two unrelated parties amounting to Baht 514.6 million and Baht 204.4 million, respectively. The due of

principle and interest is on December 28, 2018, with interest rate of 6.0% per annum and 5.5% per annum, respectively without guarantee (Note 8).

According to the resolution of the Board of Directors' meeting No. 13/2018 dated November 28, 2018, the Company has approved to extend the period of bills of exchange due within December 28, 2018, total 2 bills amounting to Baht 488.66 million, at interest rate 5.5% and 6% per annum no more than January 31, 2019.

According to the resolution of the Board of Directors' meeting No. 1/2019 dated January 31, 2019, the Company has approved to extend the period of bills of exchange due within January 31, 2019, total 2 bills amounting to Baht 460.01 million, at interest rate of 6% per annum no more than February 28, 2019.

According to the resolution of the Board of Directors' meeting No. 2/2019 dated February 28, 2019, the Company has approved to extend the period of bills of exchange due within February 28, 2019, total 1 bills amounting to Baht 412.14 million, for 6 years discount rate of 5.5% per annum no more than April 30, 2019.

11. INVENTORIES - NET

As at December 31, 2018 and 2017 are as follows:

	(Unit : Thousand Baht)			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
<u>Inventories in real estate business</u>				
Cost	2,506,736	2,721,157	1,191,433	1,205,897
Less: allowance of declining value	(335,495)	(469,091)	(79,324)	(130,637)
Net	2,171,241	2,252,066	1,112,109	1,075,260
<u>Inventories in food and beverage business</u>				
	12,472	11,720	-	-
Total	2,183,713	2,263,786	1,112,109	1,075,260
<u>Land held for development</u>				
Balance as at January 1,	180,586	180,586	139,779	139,779
Addition	-	-	-	-
Transferred out to inventories	-	-	-	-
Balance as at December 31,	180,586	180,586	139,779	139,779
Allowance for declining value	(97,858)	(105,980)	(93,779)	(101,901)
Land held for development-net	82,728	74,606	46,000	37,878
Total inventories - net	2,266,441	2,338,392	1,158,109	1,113,138

As at December 31, 2018 and 2017, 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.

During the year ended December 31, 2018, the AQ Estate Group have following movements in real estate under development.

	(Unit : Thousand Baht)	
	Consolidated Financial Statements	Separate Financial Statements
Balance as at January 1, 2018	2,252,066	1,075,260
Recorded cost of construction and utility cost during the year	104,423	43,470
Borrowing costs capitalized during the year	8,559	-
Transferred to be cost of goods sold during the year	(274,206)	(51,423)
Write-down of merchandises recognized as a part of cost of sales during the year	133,596	51,313
Reversal of write-down inventories during the year	(53,197)	(6,511)
Transferred allowance inventories to non - other current assets	-	-
Transferred inventories to non - other current assets	-	-
Balance as at December 31, 2018	2,171,241	1,112,109

Movements in the allowance for loss on diminution in value of projects for the year ended December 31, 2018 are summarized below.

	(Unit : Thousand Baht)	
	Consolidated Financial Statements	Separate Financial Statements
Balance as at January 1, 2018	469,091	130,637
<u>Add</u> allowance inventories	1,305	1,304
<u>Less</u> Reversal of allowance of diminution in value of inventories	(134,901)	(52,617)
Balance as at December 31, 2018	335,495	79,324

In year 2018, 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, 2018, the reversal of allowance of diminution in value of inventories amount of Baht 335.50 million in Consolidated Financial Statements and amount of Baht 79.32 million in Separate Financial Statements.

The AQ Estate Group have mortgaged certain land and structures thereon to secure loans as discussed in Note 21.2 and pledged at Court for litigation of the AQ Estate Group, of which net book values as follows:

(Unit : Thousand Baht)				
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
Loans from financial institution				
(Note 21.2)	263,249	265,316	-	-
Pledged at Court for litigation	6,892	6,892	6,892	6,892
Total	270,141	272,208	6,892	6,892

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. 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 July 31, 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.

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

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.

The Company has been sued 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.

On May 15, 2018, a subsidiary (Thanont Property Co., Ltd.) received a transfer of condominium units for repayment from the Company of 8 Units. The value of assets under the agreement was Baht 29.81 million (Note 12)

On October 1, 2018, a subsidiary was sued by McTRIC Co., Ltd. a contractor of a property development project that was asked to stop construction. An undecided case no. Por. 5671/ 2561 due to breach of contract. The plaintiff requested damage charge of Baht 111.19 million. The company is in the process to extend the appointment of witnesses process. Court set the appointment of witness schedule on February 4, 2019. as the date of settlement of issues and prosecution guidelines or plaintiff witness examination. The court interviewed partner in the case, they answered that they will do agreement. The court ordered them to submit the agreement to The Mediation and Conciliation Center, then scheduled to hear the order on March 27, 2019.

12. OTHER CURRENT ASSETS

As at December 31, 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2018	2017	2018	2017
Deposits for purchases of condominium units	-	-	-	-
<u>Less</u> Allowance for doubtful account	-	-	-	-
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	-	-	-	-
Reverse of doubtful accounts in the years	-	12,076	-	12,076

During the year 2017, the Company received a refundable deposit of Baht 2 million and transferred ownership of the condominium units as a guarantee to repay the debt. The collateral has the condition that the debtor is entitled to repurchase within 12 months from the date that the debtor transfers ownership and now the company is in the process of recovering the rest.

On April 28, 2018, the Company received a letter of transfer of assets from the debtor. The debtor will transfer its all the units of condominium at amount of Baht 48.49 million for pay all outstanding debts to the Company (this includes deposits and interest on defaults) by June 15, 2018. The debtor will be responsible for the fees and taxes on the transfer of ownership.

On May 15, 2018, the Company entered into a transfer agreement under the Concession Agreement dated April 28, 2018 to a subsidiary (Thanont Property Co., Ltd.) as per the resolution of the Board of Directors' Meeting No.3/2018 held on March 21, 2018.

Subsequently, on June 29, 2018, the subsidiary transferred the condominium units from eight non-related companies of 8 units totaling Baht 29.81 million. The subsidiary registered the transfer of ownership on June 29, 2018, which the subsidiary has recorded under Inventory (Note 11). The Company recognized interest income under “ Other income ” in the statement of comprehensive income (Note 24).

13. INVESTMENTS IN SHARES OF SUBSIDIARIES - NET

Investments in subsidiaries as at December 31, 2018 and 2017 are as follows:

	Paid-up Share Capital (Million Baht)	Percentage of Ownership (%)		(Unit : Thousand Baht) Separate Financial Statements Cost Method	
		2018	2017	2018	2017
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)	(820,261)
Net				-	-

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 acquisition of investment should be treated as an asset acquisition. The following summarizes the major classes of consideration transferred for such asset acquisition.

	(Unit: 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 follows:

	(Unit: 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

	(Unit: Thousand Baht)		
	Net carrying amount as at acquisition date	Adjust valuation of purchasing price	Book value as at acquisition date
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 institution	171,880	-	171,880
Total liabilities	280,890	-	280,890
Assets-net	231,709	(61,477)	170,232

14. OTHER LONG-TERM INVESTMENTS

On September 3, 2018, the company entered into the agreement to buy and sell ordinary shares of a non-related person. The company has objective to purchase and acquire the ordinary share not less than 1.5 million shares, total amount not exceed baht 900 million. During September to December 2018 the company paid for the shares of baht 730 million. The remaining balance of baht 170 million is due on June 30, 2019 that recorded in trade payable and other accounts payable in the statement of financial position. Subsequently on January 31, 2019 and February 25, 2019 The company paid for the shares of baht 24 million and baht 50 million, respectively.

On December 3, 2018 seller transferred the shares to the company. Seller informed the company that its purchased price was 1,500,000 shares (baht 600 per shares). The company received the letter to confirm that no any profit on shares' selling therefore the company did not withhold income tax from the share purchase transaction.

15. INVESTMENT PROPERTY – NET

Investment property as at December 31, 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
Land and building - Krisada Doi	-	-	276,087	282,023
Leasehold right on warehouse - Bangkok Free Trade Zone	126,386	141,051	-	-
Total	126,386	141,051	276,087	282,023

During the years ended December 31, 2018 and 2017 the group have following movements in investment property are as follows:

	(Unit : Thousand Baht)
	Consolidated
	Financial
	Statements
Leasehold right in warehouse - Bangkok Free Trade Zone	
At Fair value	
As at January 1, 2017	256,729
Additions	-
(Decrease)	(7,256)
As at December 31, 2017	249,473
Additions	320
(Decrease)	(14,985)
As at December 31, 2018	234,808
Allowance for loss from fair value adjustment	
As at January 1, 2017	108,422
Loss from fair value adjustment for the year	-
As at December 31, 2017	108,422
Loss from fair value adjustment for the year	-
As at December 31, 2018	108,422
Net Book Value	
As at December 31, 2017	141,051
As at December 31, 2018	126,386

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, 2018 and 2017 has fair value appraised value based on the report of an independent appraisal firm dated April 20, 2018 of S.L. Standard Appraisal Co., Ltd. by using Income Approach method using discounted cash flow to be amount of Baht 155.00 million respectively, by General Valuation and Consultants Co., Ltd. an independent appraiser firm. The leasehold right has remaining period of 19 years.

The changes in net of carrying value of investment property, which presented as Separated financial statement during the years 2018 and 2017 are as follows:

	(Unit : Thousand Baht)			
	Separate Financial Statements			
	Land	Land improvement	Assets under installation	Total
Leasehold Right on Land in Project Krisada Doi At Fair value				
As at January 1, 2017	184,828	105,294	-	290,122
Additions	-	-	877	877
Transfer in (out)	-	877	(877)	-
As at December 31, 2017	184,828	106,171	-	290,999
Additions	-	-	-	-
Transfer in (out)	-	-	-	-
As at December 31, 2018	184,828	106,171	-	290,999
Accumulated Amortization				
As at January 1, 2017	-	3,001	-	3,001
Amortization charge for the year	-	5,975	-	5,975
Transfer out	-	-	-	-
As at December 31, 2017	-	8,976	-	8,976
Amortization charge for the year	-	5,936	-	5,936
Transfer out	-	-	-	-
As at December 31, 2018	-	14,912	-	14,912
Allowance for Impairment Loss				
As at January 1, 2017	-	-	-	-
Write-off	-	-	-	-
As at December 31, 2017 and 2018	-	-	-	-
Net Book Value				
As at December 31, 2017	184,828	97,195	-	282,023
As at December 31, 2018	184,828	91,259	-	276,087

16. PROPERTY, PLANT, EQUIPMENT AND LEASEHOLD RIGHTS

16.1 Property, plant and equipment - net

	(Unit : Thousand Baht)					
	Consolidated Financial Statements					
	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, 2017	295,105	755,874	27,377	213,323	160,122	1,451,801
Additions	-	3,910	-	2,750	66,333	72,993
Transfer in (out)	-	2,834	-	647	(3,920)	(439)
Disposals	-	(3,553)	-	(114)	-	(3,667)
As at December 31, 2017	295,105	759,065	27,377	216,606	222,535	1,520,688
Additions	-	13,895	-	2,232	44,520	60,647
Transfer in (out)	-	130,226	-	34,052	(164,405)	(127)
Disposals	-	-	-	(3,767)	-	(3,767)
As at December 31, 2018	295,105	903,186	27,377	249,123	102,650	1,577,441
Accumulated Depreciation						
As at January 1, 2017	-	159,474	14,635	119,868	-	293,977
Depreciation charge for the year	-	32,813	1,080	29,667	-	63,560
Disposals	-	(70)	-	(55)	-	(125)
As at December 31, 2017	-	192,217	15,715	149,480	-	357,412
Depreciation charge for the year	-	37,266	1,068	29,804	-	68,138
Transfer in (out)	-	-	-	(64)	-	(64)
Disposals	-	-	-	(3,644)	-	(3,644)
As at December 31, 2018	-	229,483	16,783	175,576	-	421,842
Allowance for Impairment						
As at December 31, 2016	-	78,700	-	3,319	3,302	85,321
(Reversal of) impairment loss during the year	-	-	-	-	-	-
As at December 31, 2018	-	78,700	-	3,319	3,302	85,321
Net Book Value						
Owned assets	295,105	488,148	11,662	54,686	219,233	1,068,834
Assets under finance lease	-	-	-	9,121	-	9,121
As at December 31, 2017	295,105	488,148	11,662	63,807	219,233	1,077,955
Owned assets	295,105	595,003	10,594	65,435	99,348	1,065,485
Assets under finance lease	-	-	-	4,793	-	4,793
As at December 31, 2018	295,105	595,003	10,594	70,228	99,348	1,070,278

(Unit : Thousand Baht)

Separated Financial Statements					
	Land	Buildings and building improvements	Sport club and others	Furniture, fixtures and office equipment and vehicles	Total
Cost					
As at January 1, 2017	6,754	67,294	27,056	60,508	161,612
Additions	-	-	-	182	182
Disposals	-	-	-	(58)	(58)
As at December 31, 2017	6,754	67,294	27,056	60,632	161,736
Additions	-	-	-	599	599
Disposals	-	-	-	(304)	(304)
As at December 31, 2018	6,754	67,294	27,056	60,927	162,031
Accumulated Depreciation					
As at January 1, 2017	-	56,785	14,447	48,105	119,337
Depreciation charge for the year	-	1,270	1,016	4,509	6,795
Disposals	-	-	-	(47)	(47)
As at December 31, 2017	-	58,055	15,463	52,567	126,085
Depreciation charge for the year	-	1,236	1,016	4,337	6,589
Disposals	-	-	-	(304)	(304)
As at December 31, 2018	-	59,291	16,479	56,600	132,370
Net Book Value					
Owned assets	6,754	9,239	11,593	5,817	33,403
Assets under finance lease	-	-	-	2,248	2,248
As at December 31, 2017	6,754	9,239	11,593	8,065	35,651
Owned assets	6,754	8,003	10,577	3,369	28,703
Assets under finance lease	-	-	-	958	958
As at December 31, 2018	6,754	8,003	10,577	4,327	29,661

As at December 31, 2018 and 2017, the net 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 101.89 million and Baht 97.61 million, respectively. (The AQ Estate Group: amount to Baht 140.52 million and Baht 119.90 million, respectively).

16.2 Leasehold rights - net

During years ended December 31, 2018 and 2017 have following movements in leasehold right as follows:

	(Unit : Thousand Baht)
	Consolidated
	Financial Statements
Cost	
As at January 1, 2017	298,242
Additions	-
As at December 31, 2017	298,242
Additions	-
As at December 31, 2018	298,242
Accumulated Amortization	
As at January 1, 2017	35,292
Amortization charge for the year	7,424
As at December 31, 2017	42,716
Amortization charge for the year	7,490
As at December 31, 2018	50,206
Allowance on Impairment	
As at December 31, 2017	153,730
Impairment loss during the year	-
As at December 31, 2018	153,730
Net Book Value	
As at December 31, 2017	101,796
As at December 31, 2018	94,306

As at December 31, 2018 and 2017 leasehold rights consisted of:

	(Unit: Thousand Baht)	
	Consolidated	
	Financial Statements	
	2018	2017
Leasehold rights of land		
A) Leasehold right of land in Koh Larn, Chonburi	70,852	74,179
B) Leasehold right of land in project the Malibu Beach Resort-Koh Samui	15,408	19,260
C) Leasehold right of land in project Alix Bangkok Hotel (Formerly named "Shasa Retreat Hotel")	8,046	8,357
Total	94,306	101,796

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, the appraised value of leasehold right is Baht 275 million. Using, the income approach method. 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 amount 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 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 USA. The Indirect subsidiary recorded loss on deposit of Baht 2.04 million. In March 2017, the 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 as at September 30, 2018 amounting to Baht 153.73 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 19 days at amount of Baht 28.90 million (as discussed in Note 31).

17. INTANGIBLE ASSETS

	(Unit : Thousand Baht)			
	Consolidated Financial			
	Software licences	Franchise contract	Assets under installation	Total
Cost				
As at January 1, 2017	7,607	1,000	618	9,225
Additions	83	-	-	83
Transfer out	-	-	(618)	(618)
As at December 31, 2017	7,690	1,000	-	8,690
Additions	876	-	-	876
Transfer in	127	-	-	127
As at December 31, 2018	8,693	1,000	-	9,693
Accumulated Amortization				
As at January 1, 2017	2,971	259	-	3,230
Amortization charge for the year	1,494	195	-	1,689
As at December 31, 2017	4,465	454	-	4,919
Amortization charge for the year	1,568	200	-	1,768
Transfer in	64	-	-	64
As at December 31, 2018	6,097	654	-	6,751
Allowance				
As at December 31, 2017	-	546	-	546
As at December 31, 2018	-	346	-	346
Net Book Value				
As at December 31, 2017	3,225	-	-	3,225
As at December 31, 2018	2,596	-	-	2,596

	(Unit : Thousand Baht)	
	Separate Financial Statements	
	Software licences	Total
Cost		
As at January 1, 2017	4,601	4,601
Additions	-	-
As at December 31, 2017	4,601	4,601
Additions	-	-
As at December 31, 2018	4,601	4,601
Accumulated Amortization		
As at January 1, 2017 and as at December 31, 2017	2,737	2,737
Amortization charge for the year	920	920
As at December 31, 2018	3,657	3,657
Net Book Value		
As at December 31, 2017	1,864	1,864
As at December 31, 2018	944	944

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 subsidiary 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. Present, cancel call. On August 8, 2016, currently under contract cancellation. In 2017, the Company has set aside allowance for impairment.

18. DEFERRED INCOME TAX ASSETS AND LIABILITY

Tax income (expenses) for each of the years ended December 31, 2018 and 2017 consisted of:

(Unit : Thousand Baht)

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2018	2017	2018	2017
Tax Income (expense) - current tax	-	-	-	-
Tax effects from deferred income tax of temporary differences				
- Loss carry forward	-	(7,846)	-	-
- Unrealized gain on revaluation of short-term investment	-	-	-	-
- Estimate compensate for housing estate juristic	-	(20)	-	-
- Employee benefit retirement obligation	-	(6)	-	-
- Property, plant and equipment	204	204	-	-
Tax income (expense)	204	(7,668)	-	-

Reconciliations between Tax income (expense) and accounting loss multiplied by the applicable tax rate for each of the years ended December 31, 2018 and 2017 are as follows:

(Unit : Thousand Baht)

	Consolidated Financial Statements		Separated Financial Statements	
	2018	2017	2018	2017
Accounting profit (loss) before tax	74,683	(157,038)	16,292	(256,607)
Income tax rate at 20%	(14,937)	31,408	(3,258)	51,321
Add (less) : Tax effect of exempted income and non-deductible expenses	(65,932)	(85,365)	(46,879)	(55,386)
Unrecognition of deferred income tax assets	81,073	46,289	50,137	4,065
Tax income (expense)	204	(7,668)	-	-

The details of deferred income tax assets and liability as at December 31, 2018 and 2017 are as follows:

(Unit : Thousand Baht)				
Consolidated Financial Statements				
(Charged) / Credited to				
	December 31, 2017	Profit for the year	Other comprehensive income for the year	December 31, 2018
Deferred income tax assets				
- Loss carry forward	-	-	-	-
- Provision for litigation	353	-	-	353
- Employee benefit retirement obligation	-	-	-	-
Total	353	-	-	353
Deferred income tax liability				
- Property, plant and equipment	(2,649)	204	-	(2,445)

Unrecognized Deferred Income Tax Assets

As at December 31, 2018 and 2017, the AQ Estate Group did not recognize deferred income tax assets for a temporary difference item, use tax deduction, and certain temporary differences totaling Baht 1,638.76 million and Baht 1,719.23 million, respectively (for the separate amount of Baht 1,584.39 million and Baht 1,634.52 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.

19. OTHER NON – CURRENT ASSETS

As at December 31, 2018 and 2017 are as follows:

(Unit: Thousand Baht)				
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2018	2017	2018	2017
Restricted deposits with banks (Note 19.1)	89,922	89,206	51,382	51,012
Property, plant and construction in progress (Note 19.2)	729,874	739,950	-	10,076
Withholding taxes	6,628	4,219	-	-
Total	826,424	833,375	51,382	61,088

19.1 Restricted deposits with banks

Restricted deposits with banks are fixed deposits with certain banks that have been pledged as collaterals for letters of guarantee issued by the banks.

19.2 Property, plant and construction in progress

Other non-current assets consist of condominium of the Company at Phuket present by cost in the consolidated and separated financial statement amount of Baht 10.08 million as at December 31, 2018 and 2017

Of the subsidiary land that delayed construction in Phuket And projects under construction that delayed the construction of the project at Rattana Thibet of the subsidiary present by cost in the consolidated financial statement, As at December 31, 2018 amount of Baht 295.57 million and amount of Baht 434.30 million respectively, As at December 31, 2017 mount of Baht 295.57 million and Baht 434.30 million respectively (appraised value based on reports of the independent appraise in the year 2018, appraised value Market method amount of Baht 348.20 million and Baht 434.30 million) respectively.

20. PROVISION FOR CURRENT OTHER LIABILITIES

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 amount of Baht 26.07 million for breaching of the sale and purchase land and land development contract and the house building contract. (included interest that calculated up to December 31, 2016 was Baht 15.60 million). On March 1, 2012 the Appeal Court made a verdict as the Court of First Instance. On November 2, 2016 the Supreme Court made a verdict as the Court of First Instance. On August 4, 2017, the company has compromised with the law enforcement department and paid damages of Baht 7 million. As of December 31, 2017, the Company recorded the reversal of provision for litigation under "Other income" in the statement of comprehensive income with Baht 19.46 million, Baht 26.46 million offset by expenses Baht 7 million.

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. During of year end, 2017 the company recorded additional preutation of Baht 3.13 million per selling this pledaed land. The Company paid damages to Krung Thai Bank amounting to Baht 1,635.74 million.

21. LONG TERM DEBTS

As at December 31, 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated Financial		Separate	
	Statements		Financial Statements	
	2018	2017	2018	2017
Liabilities under debt restructuring agreements (Note 21.1)	1,033	1,012	1,033	1,012
Long - term loans (Note 21.2)	2,860	53,020	-	-
Liabilities under debt financial lease (Note 21.3)	1,597	4,092	-	776
Total	5,490	58,124	1,033	1,788
Less Current portion of long - term debts				
- Liabilities under debt restructuring agreements	(1,033)	(1,012)	(1,033)	(1,012)
- Long - term loans	(2,860)	(53,020)	-	-
- Liabilities under debt financial lease	(1,394)	(2,615)	-	(776)
Total	(5,287)	(56,647)	(1,033)	(1,788)
Net	203	1,477	-	-

21.1 Liabilities under debt restructuring agreements

Movements in the loans considered as default, liabilities under debt restructuring for the year ended December 31, 2018 are summarized below:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	Financial Statements	Financial Statements
Balance as at January 1, 2018	1,012	1,012
Increase	21	21
Balance as at December 31, 2018	1,033	1,033

21.2 Long - term loans

Movements in the loans considered as default, long - term loans for the year ended December 31, 2018 are summarized below:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	Financial Statements	Financial Statements
Balance as at January 1, 2018	53,020	-
Decrease (Repayment)	(50,160)	-
Balance as at December 31, 2018	2,860	-

As at December 31, 2018 and 2017, the AQ Estate Group's credit facilities bear interest at the rates ranging between MLR+0.25% to MLR+0.5% per annum.

21.3 Liabilities under finance lease contracts

(Unit : Thousand Baht)				
	Consolidated Financial Statements		Separate Financial statements	
	2018	2017	2018	2017
Liabilities under finance lease contracts	1,636	4,246	-	789
<u>Less</u> Deferred interest	(39)	(154)	-	(13)
	1,597	4,092	-	776
<u>Less</u> Current portion of liabilities under finance lease	(1,394)	(2,615)	-	(776)
Net	203	1,477	-	-

The Company has entered into various finance lease contracts with two local companies for purchasing of certain assets as discussed in Note 16. These contracts are repayable in 48 equal monthly installments.

22. PROVISION FOR EMPLOYEE RETIREMENT BENEFIT

(Unit : Thousand Baht)				
	Consolidated Financial Statements		Separate Financial statements	
	2018	2017	2018	2017
Provision for employee retirement benefit as at January 1,	1,858	3,716	1,581	3,474
Current service costs	311	492	252	435
Interest expense	53	94	43	86
Reversed of provision during the year	-	(30)	-	-
Payment of employee benefits	-	(2,414)	-	(2,414)
Provision for employee retirement benefit as at December 31,	2,222	1,858	1,876	1,581

Expenses recognized in the loss for each of the years ended December 31, 2018 and 2017 and as follows;

(Unit : Thousand Baht)				
	Consolidated Financial Statements		Separate Financial statements	
	2018	2017	2018	2017
Current service costs	311	492	252	435
Interest expense	53	94	43	86
Reversal of provision during the year	-	(30)	-	-
Total	364	556	295	521

Actuarial assumptions are as follows;

	Consolidated Financial Statements	
	December 31, 2018	December 31, 2017
Discount rate (% per annum)	2.20 - 3.40	2.20 - 3.40
Average salary increase rate (% per annum)	6.25	6.25
Turnover Rate (% per annum)	25 - 67	25 - 67
Retirement age (year)	60	60

	Separate Financial statements	
	December 31, 2018	December 31, 2017
Discount rate (% per annum)	2.20	2.20
Average salary increase rate (% per annum)	6.25	6.25
Turnover Rate (% per annum)	25 - 67	25 - 67
Retirement age (year)	60	60

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2018 are summarized below:

	(Unit : Thousand Baht)			
	Change of the present value of the employee benefit obligations increase (decrease)			
	Consolidated Financial Statements		Separate Financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	2,307	2,410	1,971	2,053
Salary increase rate	2,431	2,287	2,071	1,954
Turnover rate	2,256	2,464	1,929	2,098

The sensitivity analysis presented above may not be representative of the actual change in employee benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

As at December 31, 2018, the maturity analyses of undiscounted cash flows of benefit payments are as follows:

	(Unit : Thousand Baht)	
	Consolidated Financial Statements	Separate Financial statements
Within 1 year	381	381
Over 1 and up to 5 years	2,121	1,909
Over 5 years	1,704	1,090

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act, which is in the process being announced in the Royal Gazette. The new Labor Protection

Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment. The Company and its subsidiaries will reflect the effect of the change by recognizing past service cost as an expense in the consolidated and separate statements of profit or loss, of the period in which the law is effective. At present, is during estimate the effect to the financial statement.

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

23.1 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 2,160.22 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).
- 1.5 The company holds the Extra General Meeting of shareholders No.1/2017 on June 30, 2017, resolution to
1. Approve by decreasing the unsold and unpaid of the registered capital of Baht 5,321,839,806.50, divided into 10,643,679,613 ordinary shares, Baht 0.50
 2. Approve the amendment of the company's memorandum of association in item 4 regarding the registered capital to comply with the capital reduction in accordance with agenda 1. The details are as follows. Item 4 Registered Capital Baht 6,337,341,767.50, Divided into Baht 12,674,683,535 shares par value Baht 0.50 per shares Divided into 12,674,683,535 ordinary shares, Preference Shares -None-
 3. The capital increase-option 2, in case of the company increases the capital to private placement prior to the capital increase for right offering. The details are as follows:
 - ☐ Approve the capital increase in the amount of Baht 140,668,670,884 by issuance of newly issued ordinary shares of 281,337,341,768 shares at the par value of Baht 0.50. After the capital increase, the Company will have the registered capital of Baht 147,006,012,651.50 comprised of ordinary shares in total of 294,012,025,303 shares at par value of Baht 0.50.
 - ☐ Approved to amend the memorandum of association in item 4: Item Registered Capital, to comply with the increase of the registered share capital by cancelation of the previous sentences and use these new sentences as following: Item 4 Registered Capital Baht 147,006,012,651.50 Comprised of 294,012,025,303 shares par value Baht 0.50 Comprised of: Ordinary Shares 294,012,025,303 shares Preferred shares -None-
 - ☐ Approved to consider the issuance and offering the warrants to purchase ordinary shares of AQ Estate Plc.no. 4 (AQ-W4) for not exceeding 56,337,341,768 unit.
 - ☐ Approved to consider the allotment of newly issued ordinary shares of the Company of 281,337,341,768 shares at par value of Baht 0.50 per share in the following order:
 1. Allotment of newly issued ordinary shares of 100,000,000,000 shares, Baht 0.50 par value for private placement by empowerment the Board of Directors or the person assigned by the Board of Directors to determine offering price and number of allocated shares for one year. However, the offering price must be (1) the price calculated by weighted average in the past consecutive 7 working days but not more than 15 consecutive working days prior to the date to determine the offering price with the price discount of not more than 10%. At present, the company has no reference price because in the period of trading suspension (SP). Therefore, the company must have to find next price. (2) The company conducts a price determination through a process that allows institutional investors to express their wish to acquire newly issuance shares at book building price. At the date of the Board of Directors approved the share allotment and

pricing, the company will take book building price to consider in the allocation. In case of the price according to (1) and book building according to (2) does not reflect the true value of shares, the company will use the appraised value by the Financial Advisor Company for consideration. The company will employ S14 Advisory Company Limited, the financial advisor in the list of the SEC. to appraise preliminary information for shareholders acknowledge and the appraised value is Baht 0.05.

2. Allotment of newly issued ordinary shares of not exceeding 56,337,341,768 shares at par value of Baht 0.50 per share to reserve for the exercise of warrants to subscribe the ordinary shares of AQ Estate Plc. no. 4 (AQ-W4).
3. Allotment of newly issued ordinary shares of not exceeding 125,000,000,000 shares, Baht 0.50 par value for existing shareholders in proportion to each existing shareholding.
4. Allotment of remaining newly issued ordinary shares from the existing shareholders in (3) and remaining newly issued ordinary shares for private placement in (1) to the existing shareholders as right offering again and empowerment the Board of Directors or the person assigned by the Board of Directors to determine all related details such as the ratio of allotment, the offering price, the subscription period, the Record date, and etc. which details and conditions will be informed to the shareholders in advance. However, the offering price for the right offering, specified by the Board of Directors or the person assigned by the Board of Directors will not exceed the offering price for private placement in 1 and not exceed the offering price for right offering in 3.

- 1.6 Board of Directors' meeting no. 10/2017 on July 11, 2017, Approved for the allotment of newly issued ordinary shares for private placement no. 1 "(No.1)" and Board of Directors' meeting no. 11/2017 on July 14, 2017, Approved for the allotment of newly issued ordinary shares for private placement no. 2 "(No.2)" as detail shown below:

Reference is made to the approval from the Extraordinary General Meeting of Shareholders no. 1/2017 on June 30, 2017 for the allotment and offering of the newly issued ordinary shares of the Company for the amount of 100,000,000,000 shares for private placement. The Shareholders' meeting empowered the board of directors of the Company to determine the offering price at the market price. However, due to:

- (1) The market price calculated from the weighted average of share price of not less than the past consecutive 7 working days but not more than 15 consecutive working days prior to the date to determine the offering price as specified in item 8(1) of The Notification of the Capital Market Supervisory Board no. Tor Jor 72/2015, Re: Approval for the Listed Company to offer new shares to specific investors ("The Notification - Tor Jor 72/2015"), does not reflect the true value of shares of the Company because the shares of the Company has been suspended from trading in the Stock Exchange of Thailand; and

- (2) The offering price cannot be determined by the opened process to the institutional investors who intend to subscribe for the newly issued shares at the preferred price level (book building) processed by the securities company as specified in item 8(2) of The Notification - Tor Jor 72/2015 because of no proposed bidding price from the institutional investors to purchase newly issued shares of the Company. Therefore, the fair value is appraised by S14 Advisory Co., Ltd. the financial advisor approved in the list of the SEC consideration which appraised from the latest financial Statement December 31, 2016 on July 11, 2017 equal to Baht 0.04 and it can be regard as substation of market price equal to Baht 0.04.

In accordance with the Notification of the SET, Re: Listing of ordinary shares or preferred shares as listed securities, B.E. 2558, the Company shall disclose the weight average share price of 7 – 15 consecutive business days prior to the first date of subscription payment of investors or the fair value of share price as appraised by the financial advisor approved in the list of the SEC in case that the shares are not traded in the SET. Therefore, the Company shall use the fair value from the report of the financial advisor, S14 Advisory Co., Ltd., appraised on July 11, 2017 using the same criteria as the report dated May 31, 2017. The latest report, the financial advisor adjusted the appraisal to reflect the current situation based on the financial statement as at December 31, 2016, the updated financial statement, and the appraised share price is Baht 0.04 per share. Thus, the Board of Directors determined the offering price at Baht 0.05 per share which is higher than the fair price as appraised by S14 Advisory Company Limited. As July 11, 2017 the financial advisor approved in the list of the Securities and Exchange Commission (the “SEC”) instead of the offering price in (1) and (2) mentioned above and according to item 8 second paragraph of The Notification - Tor Jor 72/2015.

The share offering price of newly issued ordinary shares for private placement at Baht 0.05 per share when compared to the fair value at Baht 0.04 per share is not considered as the offering price lower of the market price according to the Rules, Conditions and Procedures Governing the Listing of Ordinary or Preferred Shares Issued for Capital Increase B.E. 2558. Therefore, the mentioned newly issued ordinary shares are not subjected to the silence period.

In addition, the Board of Directors has the guideline to determine the specific investors by considering the investors who submitted the letter of intent to subscribe the newly issued ordinary shares for the allotment to private placement which has the large number of shares and for the Company to raise sufficient fund from capital increase and the detail is as following:

- 1) The offering price for the specific investors is Baht 0.05 per share and is considered as the allotment at price instead of market price in accordance with the Notification - Tor Jor 72/2015 which is the fair price as appraised by the financial advisor approved in the list of the SEC because the shares of the Company has been suspended from trading in the SET since November 16, 2015 and there has no bidding from the institutional investors from book building processed by Country Group Securities Plc. as appointed by the company to manage and process for book building to the institutional investors. Therefore, the

fair price, appraised by the financial advisor approved in the list of the SEC, is considered as the price instead of market price. The allotment at the offering price of Baht 0.05 per share is considered as the allotment at the market price according to the resolution from the Extraordinary General Meeting of Shareholders no. 1/2017.

Effect to shareholders (Dilution Effect) (No.1):

Effects from the allotment for private placement when the investors subscribe for the newly issued ordinary shares of 34,140,000,000 shares are:

No. of existing shares:	12,674,683,535 shares
Allotment shares:	34,140,000,000 shares
Total shares:	46,814,683,535 shares

Effect to shareholders (Dilution Effect) (No.2):

Effects from the allotment for private placement when the investors subscribe for the newly issued ordinary shares of 38,500,000,000 shares are:

No. of existing shares:	46,814,683,535 shares
Allotment shares:	38,500,000,000 shares
Total shares:	85,314,683,535 shares

The offering price for private placement is Baht 0.05 which is the appraised fair price from S14 Advisory Co., Ltd., the financial advisor approved in the list of the SEC appraisal on May 31, 2017, using the Financial Statement on September 30, 2016 (prior to market price of capital increase equal to Baht 0.05), the price dilution is 0% and the control dilution is 72.933%. The reason of no price dilution to the existing shareholders is that the weighted average of share price in the SET of the past 7-15 consecutive business days prior to the date to determine the offering price, cannot be determined because the shares of the Company has been suspended from trading (SP). At present, the Company which is the substitution of market price to provide the current valuation information on July 11, 2017 appraised price from S14 Advisory Co., Ltd., using the latest Financial Statement on December 31, 2016 and appraised at Baht 0.04. The Board of Directors approved the price allotment of Baht 0.05 which is higher than the latest fair price.

- 2) The Company is required to raise fund for the debt payment and for the future operation and development which needs large amount of fund. Therefore, when receipt the intention for capital from 15 investors, the Company approved for shares offering to those investors.
- 3) Detail and schedule for use of fund:
 - 3.1) The company will raise capital increase in amount of Baht 3,632 million (PP#1 of Baht 1,707 million and PP#2 Baht 1,925 million) to negotiate with Krung Thai Bank for damages according to the Supreme Court's judicial order.

3.2) For development of projects of the Company.

Detail and schedule for use of fund from capital increase for Private Placement (PP)

Period	Detail	Amount
		(Baht million)
2017	Payment for damages from judicial order	10,004.47
2017	Development of Estes Rattanathibet project	976.90
2017	Development of Chonburi – Bypass project	457.37
2017	Development of AQ Welle	81.93
2017	Development of AQ ARBOR	397.79
2017	Development of AQ ALIX	303.89
2017	Purchase of the collateralized land	1,500.00
2018 - 2019	Investment in new projects	1,500.00
2018 - 2019	Working capital	500.00
		<u>15,722.35</u>

4) For the offering price for private placement, the Board of Directors considered and approved the offering price at Baht 0.05 from the fair price appraised by S14 Advisory Company Limited on May 31, 2017. The number of shares offered for sale No.1 34,140,000,000 shares in the amount of Baht 1,707,000,000 and payment within July 14, 2017. And the number of shares offered for sale No.2 38,500,000,000 shares in the amount of Baht 1,925,000,000 and payment within July 19, 2017. The offering price is fair value, higher than the latest fair price which appraised price from S14 Advisory Co., Ltd. on July 11, 2017, at Baht 0.04, using the latest financial statements published to investors.

5) Terms, conditions or other agreement with investors:

The company allotted shares to the investors without any terms, conditions or other agreement.

6) From the issuance and allotment for private placement of 100,000 million shares, the Company allotted No.1 34,140 million shares for this time and the remaining un-allotment is 65,860 million shares and allotted No.2 38,500 million shares for this time and the remaining un-allotment is 27,360 million shares allotted No.1 and No.2 Total 72,640,000,000 shares are as listed securities on July 17, 2017.

The Company paid the commission fee for issuing the increase share capital to 4 non – related companies totaling Baht 62.61 million.

On October 6, 2017 the Board of Director meeting of company No.14/2017 had approved the canceled the allocation of 27,360 million ordinary shares to private placement the allotment to shareholders and has resolved to determine the names of shareholders who will be entitled to allotment of warrants No.4 (AQ-W4) on October 24, 2017.

Movements share capital during for the year ended December 31, 2018 of share capital was as follows:

	Par value per share (Baht)	Consolidated Financial Statements/ Separate Financial Statements	
		2018	
		Number of share (Thousand share)	Amount (Thousand Baht)
Authorized share capital			
As at January 1	0.50	294,012,025	147,006,013
Increase in common shares		-	-
Capital reduction		-	-
As at December 31	0.50	294,012,025	147,006,013
Issued and paid - up share capital			
As at January 1	0.50	85,314,683	42,657,341
Increase in common shares	0.50	10,128	5,064
Capital reduction		-	-
As at December 31	0.50	85,324,811	42,662,405

23.2 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 (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 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 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 to purchase the Company's ordinary shares (AQ-W4), issued by the Company is 42,656,849,667 units on October 31, 2017. The warrants were registered as listed securities in SET on November 1, 2017 and started the first trading day January 15, 2018. The warrants are in registered form and transferable. The term of warrants is 1 year and there is no offering price. The warrants will be exercisable after the 1-year subscription period is October 31, 2018. The exercise dates are from October 16, 2018 to October 30, 2018 and the first and last exercise date will be October 31, 2018.

2.4 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.

2.5 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.

2.6 Warrants (AQ-W4) have number of warrant holder's application 48 persons, number of exercised warrants 10,127,909 units, the remaining warrants not yet been exercised were 42,646,721,758 units, number of share derived from this exercise 10,127,909 shares. Ordinary shares allocated to support the use of the right balance amount 42,646,721,758 shares. The warrants (AQ-W4) that have not exercised in full amount as above will be terminated on November 1, 2018 from the registered securities.

24. OTHER INCOME

Other income for the years ended December 31, 2018 and 2017 are as follows:

	(Unit : Thousand Baht)			
	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
Management fee income	9,773	9,697	22,100	30,400
Interest income	105,837	46,815	239,073	181,197
Reversed allowance for doubtful debts	-	-	43,881	-
Gain on sales of short - term investments	1,360	2,551	-	2,138
Unrealized gain (loss) of short - term investments	-	509	-	-
Rental income	4,127	5,588	15,417	15,603
Revenue from sale of merchandises in convenient store	11,369	12,403	-	-
Reversal of allowance for land deposit	-	12,076	-	12,076
Interest received from default	38,405	-	38,405	-
Reversed allowance for inventory	94,806	-	52,924	-
Revenue from provision for litigation	-	19,464	-	19,464
Others	37,702	18,017	3,462	3,198
Total	303,379	127,120	415,262	264,076

On June 29, 2018 the Company recorded a default interest of Baht 38.41 million from Kamala Inthanin Co., Ltd. Since the Subsidiary has received transfer of assets (apartments) to pay debts (Note 11).

25. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2018 and 2017 are as follows:

	(Unit : Thousand Baht)			
	Consolidated Financial Statements		Separate Financial statements	
	2018	2017	2018	2017
Change in costs of property development	80,825	290,782	(36,849)	83,632
Subcontractor wages	112,982	133,868	43,470	22,538
Advertisement and sales expenses	42,168	49,972	16,786	22,193
Salary and other benefits of staffs	182,985	157,524	87,090	71,890
Premises and equipment expenses	51,062	42,998	11,713	11,073
Depreciation and amortization	83,417	78,367	13,445	13,691
Doubtful debts	1,056	600	244,768	381,910
Consulting and professional	15,184	17,097	10,997	10,773
Loss reserve for litigation claim	3,145	3,808	3,109	3,772

26. OTHER EXPENSES

Other Expenses for the year ended December 31, 2018 and 2017 are as follows:

(Unit : Thousand Baht)

	Consolidated Financial Statements		Separate Financial statements	
	2018	2017	2018	2017
Doubtful debts	1,056	600	244,768	381,910
Reserve for litigation claim	3,145	3,808	3,109	3,772
Total	4,201	4,408	247,877	385,682

27. 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 2018 and 2017, which was charged to the consolidated statements of comprehensive income, amounted to Baht 3.15 million and Baht 2.86 million, respectively. (The Company amounted to Baht 2.26 million and Baht 2.06 million, respectively).

28. BASIC PROFIT (LOSS) PER SHARE

Basic profit (loss) per share for the years ended December 31, 2018 and 2017 were based on the profit (loss) for the periods attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the periods of each period as follows:

(Unit : Thousand shares)

	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
Profit (Loss) attributable to equity holders of the Company (basic)	74,887	(164,706)	16,292	(256,607)
Beginning number of ordinary shares	85,314,684	12,674,684	85,314,684	12,674,684
Effect of shares issued and the changes in par values of during year	1,526	32,695,945	1,526	32,695,945
Weighted average number of ordinary shares outstanding (basic)	85,316,210	45,370,629	85,316,210	45,370,629
Profit (Loss) per share basic (in Baht per share)	0.0009	(0.0036)	0.0002	(0.0056)
Par value (Baht per share)	0.50	0.50	0.50	0.50

29. 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 income 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, long-term loans considered as default, long-term 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, 2018 and 2017, classified by type of interest rates are summarized in the table below:

	(Unit : Thousand Baht)						
	2018						
	Consolidated Financial Statements						
	Fixed interest rates				Non-interest bearing		Effective interest rates
	Within 1 year	Over 1- 5 years	Over 5 years	Floating interest rate		Total	(% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	77,791	6,297	84,088	0.90-1.10
Short - term investments	-	-	-	1,066,894	-	1,066,894	6.50
Trade and other current account receivables	-	-	-	-	76,761	76,761	-
Advance payment to contractors	-	-	-	-	44,325	44,325	-
Short - term loans	488,658	-	-	-	-	488,658	5.5-6.0
Restricted deposits with banks	-	-	-	89,922	-	89,922	1.00-1.30
Total	488,658	-	-	1,234,607	127,383	1,850,648	
Financial liabilities							
Trade and other current account payables	-	-	-	-	300,580	300,580	-
Customer down payments	-	-	-	-	16,109	16,109	-
Retentions payable	-	-	-	-	62,816	62,816	-
Long - term liabilities under debt restructuring agreements	-	-	-	1,033	-	1,033	3.00
Loans considered as default	-	-	-	2,860	-	2,860	6.25
Liabilities under finance lease contracts	1,394	203	-	-	-	1,597	3.80-6.67
Total	1,394	203	-	3,893	379,505	384,995	

(Unit : Thousand Baht)

2017

Consolidated Financial Statements

Fixed interest rates

	Within 1 year	Over 1- 5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rates (% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	805,287	23,383	828,670	0.375 - 5.5
Short - term investments	-	-	-	1,135,500	290,509	1,426,009	1.50 - 5.5
Trade and other current account receivables	-	-	-	-	80,062	80,062	-
Advance payment to contractors	-	-	-	-	53,167	53,167	-
Restricted deposits with banks	-	-	-	89,206	-	89,206	1-1.5
Total	-	-	-	2,029,993	447,121	2,477,114	
Financial liabilities							
Trade and other current account payables	-	-	-	-	139,507	139,507	-
Customer down payments	-	-	-	-	26,310	26,310	-
Retentions payable	-	-	-	-	78,656	78,656	-
Long - term liabilities under debt restructuring agreements	-	-	-	1,013	-	1,013	3
Loans considered as default	-	-	-	62,197	-	62,197	7.25
Liabilities under finance lease contracts	2,615	1,477	-	-	-	4,092	3.8 - 6.67
Total	2,615	1,477	-	63,210	244,473	311,775	

(Unit : Thousand Baht)

2018

Separate Financial Statements

Fixed interest rates

	Within 1 year	Over 1- 5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rates (% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	10,298	249	10,547	0.90-1.10
Short - term investments	-	-	-	1,066,894	-	1,066,894	6.50
Trade and other current account receivables	-	-	-	-	478,531	478,531	-
Advance payment to contractors	-	-	-	-	21,151	21,151	-
Accrued interest income from subsidiaries - net	-	-	-	-	725,430	725,430	-
Restricted deposits with banks	-	-	-	51,382	-	51,382	1.00-1.30
Short term loans	447,398	-	-	1,776,250	-	2,223,648	5.50-6.25
Total	447,398	-	-	2,904,824	,225,361	4,577,583	
Financial liabilities							
Trade and other current account payables	-	-	-	-	345,724	345,724	-
Customer down payments	-	-	-	-	2,308	2,308	-
Retentions payable	-	-	-	-	17,476	17,476	-
Long - term liabilities under debt restructuring agreements	-	-	-	1,033	-	1,033	3.00
Total	-	-	-	1,033	365,508	366,541	

(Unit : Thousand Baht)

	2017						
	Separate Financial Statements						
	Fixed interest rates						
	Within 1 year	Over 1- 5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rates (% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	505,818	10,970	516,788	0.375 – 5.5
Short - term investments	-	-	-	-	,115,500	1,115,500	5.5
Trade and other current account receivables	-	-	-	-	455,361	455,361	-
Advance payment to contractors	-	-	-	-	29,115	29,115	-
Accrued interest income from subsidiaries - net	-	-	-	-	644,156	644,156	-
Restricted deposits with banks	-	-	-	51,012	-	51,012	1-1.15
Loan to subsidiary companies - net	-	-	-	2,550,755	-	2,550,755	6.25
Total	-	-	-	3,107,585	,255,102	5,362,687	
Financial liabilities							
Trade and other current account payables	-	-	-	-	217,235	217,235	-
Customer down payments	-	-	-	-	1,908	1,908	-
Retentions payable	-	-	-	-	24,668	24,668	-
Long - term liabilities under debt restructuring agreements	-	-	-	1,013	-	1,013	3.00
Loans considered as default	-	-	-	-	-	-	4.20
Liabilities under finance lease contracts	776	-	-	-	-	776	-
Total	776	-	-	1,013	243,811	245,600	

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.

30. 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 2018 and 2017, 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, 2018:

(Unit : Thousand Baht)						
	Property Development Low Rise	Property Development High Rise	Services	Property Rental and Services	Elimination	Total
Revenues from sales and services	324,367	75,449	234,330	20,506	(133,603)	521,049
Costs of sales and services	(233,601)	(53,503)	(302,604)	(9,713)	154,104	(445,317)
Gross profit (loss)	90,766	21,946	(68,274)	10,793	20,501	75,732
Management fee income						9,773
Interest income						105,837
Other income						187,769
Profit(loss) before expenses						379,111
Selling expenses						(37,689)
Administrative expenses						(262,402)
Doubtful expenses						(1,056)
Loss reserve from litigation claim						(3,145)
Finance cost						(136)
Profit before income tax						74,683
Tax income (expenses)						204
Loss for the year						74,887

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, 2017:

(Unit : Thousand Baht)						
	Property Development Low Rise	Property Development High Rise	Services	Property Rental and Services	Elimination	Total
Revenues from sales and services	335,788	203,120	82,226	17,540	-	638,674
Costs of sales and services	(289,354)	(145,182)	(161,676)	(10,886)	10,327	(596,771)
Gross profit (loss)	46,434	57,938	(79,450)	6,654	10,327	41,903
Management fee income						9,697
Interest income						46,815
Other income						70,608
Profit (loss) before expenses						169,023
Selling expenses						(50,747)
Administrative expenses						(253,955)
Doubtful expenses						(600)
Loss reserve from litigation claim						(3,808)
Finance cost						(16,951)
Loss before income tax						(157,038)
Tax income (expenses)						(7,668)
Loss for the year						(164,706)

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, 2018.

(Unit : Thousand Baht)						
	Property Development Low Rise	Property Development High Rise	Services	Property Rental and Services	Unallocated	Total
Assets	8,725,587	567,609	2,001,427	134,022	196,242	11,624,887
Elimination						(4,513,442)
Total						<u>7,111,445</u>
Liabilities	5,661,033	427,442	3,201,784	196,228	711,454	10,197,941
Elimination						(6,754,216)
Total						<u>3,443,725</u>
Depreciation and amortization	18,509	9,394	48,257	6,505	752	83,417
Adjustment for fair value						-
Total						<u>83,417</u>

The following table presents segment assets and liabilities of the AQ Estate Group's operating segments as at December 31, 2017.

(Unit : Thousand Baht)						
	Property Development Low Rise	Property Development High Rise	Services	Property Rental and Services	Unallocated	Total
Assets	8,750,719	2,191,754	827,523	150,958	197,165	12,118,119
Elimination						(5,180,953)
Total						<u>6,937,166</u>
Liabilities	5,695,835	2,286,117	1,578,390	212,463	676,195	10,449,000
Elimination						(7,104,160)
Total						<u>3,344,840</u>
Depreciation and amortization	16,990	15,794	37,150	7,734	699	78,367
Adjustment for fair value						-
Total						<u>78,367</u>

31. OTHERS

1) BANK GUARANTEES

As at December 31, 2018 and 2017, the AQ Estate Group had obligations under bank guarantees approximately Baht 89.50 million and Baht 89.11 million, respectively, (The Company: Baht 47.62 million and Baht 47.62 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, 2018 and 2017, 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 13.38 million and Baht 13.38 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 0.33 million.

2.2) As at December 31, 2018, the AQ Estate Group had a lawsuit filed against the defendant and claimed damages. The marketing consultant alleged that the contract breach. The amount of compensation and compensation amounting to Baht 1.19 million are not yet known. Currently, the case is in the process of being considered. By appointment or testimony.

2.3) Commitments

2.3.1) The AQ Estate Group had pledged fixed deposits with bank and 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.

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

2.3.3) As at December 31, 2018 and 2017, the AQ Estate Group had commitments under construction contracts amounting to Baht 781.75 million and Baht 674.84 million, respectively. (The Company : Baht 137.58 million and Baht 163.12 million, respectively), which were utilities and condominium units construction and hotel amounting to Baht 494.53 million and houses construction amounting to Baht 287.22 million (December 31, 2017 : utilities and condominium units construction amounting and hotel to Baht 510.98 million and hotel construction amounting to Baht 163.85 million) and of the Company, utilities and condominium units construction amounting to Baht 25.84 million and houses construction amounting to Baht 112.17 million (December 31, 2017 : utilities and condominium units construction amounting to Baht 26.79 million and houses construction amounting to Baht 136.33 million).

As at December 31, 2018 and 2017, total contract price amounted to Baht 1,799.57 million and Baht 1,588.13 million, respectively, and of the Company amounted to Baht 339.75 million and Baht 451.95 million, respectively.

2.3.4) As at December 31, 2018 and 2017, the AQ Estate Group has entered into several operating lease agreements. The terms of the agreements are generally between 26 years 8 months to 30 years. The future minimum payments required under these non-cancellable operating leases were as follows:

	(Unit: Thousand Baht)	
	2018	2017
Payable with in less than 1 year	4,126	4,126
Payable within 1- 5 years	18,198	17,421
Payable over 5 years	83,296	88,200
Total	105,620	109,747

2.3.5) As at December 31, 2018 and 2017, a subsidiary company had commitment under sub-lease contract with a non – related party to pay for land rental for the period of 30 years remaining contract period is 25 years 9 months 21 days at Baht 15.17 million and period of 26 years 9 months 21 days at amount Baht 15.66 million, respectively.

2.3.6) As at December 31, 2018 and 2017, a subsidiary company has commitment under sub-lease contract with a non - related person to pay for land rental for the period of 7 years 6 months 19 days remaining contract 4 years 21 days at Baht 7.81 million and period of 5 years 21 days at Baht 10.01 million, respectively.

Refer to the resolution of Board of Directors meeting No. 13/ 2561 on November 28, 2018 that approved a subsidiary entered into the land lease agreement (hotel site) with non-related person, the lease period is 20 years from November 2, 2022 to November 2, 2042 agreement value Baht 65 million.

Accordingly on December 17, 2018, a subsidiary prepared a memorandum of understanding that extend the lease agreement 20 years from November 2, 2022 to November 2, 2042 agreement value Baht 65 million, with payment terms as follows.

Period 1 lessee pays Baht 30 million within January 31, 2019.

Period 2 lessee pays Baht 20 million within January 31, 2020.

Period 3 lessee pays Baht 15 million within January 31, 2021.

32. LONG - TERM LOAN TO THIRD PARTY

In 2016, the subsidiary recognized 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.

33. 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, 2018 and 2017, the AQ Estate Group's debt-to-equity ratio was 0.94 and 0.93, respectively (and of the separate of financial statement's debt-to-equity ratio was 0.95 and 0.92, respectively).

No changes were made in the AQ Estate Group's objectives, policies or processes during the years ended December 31, 2018 and 2017.

34. 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, 2018, the AQ Estate Group had the following assets that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)				
Consolidated Financial Statements				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Short-term investment	-	-	-	-
Open End fund	-	-	-	-
Investment property	-	-	125,590	125,590
Total	-	-	125,590	125,590
(Unit : Thousand Baht)				
Separate Financial Statements				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investment property	-	-	276,087	276,087
Total	-	-	276,087	276,087

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 period, there was no transfer within the fair value hierarchy.

35. RECLASSIFICATION

Certain transactions in the financial statements for period 2017 have been reclassified in accordance with the Notification of the Department of Business Development date October 11, 2016 regarding “The Brief Particulars in the Financial Statements B.E. 2559”

36. APPROVAL OF FINANCIAL STATEMENTS

The Company’s director has authorized these financial statements for issue on February 28, 2019.



A Q E S T A T E

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