

# รายงานประจำปี 2559

## Annual Report 2016

Nara 9

by Eastern Star

สาทร - บางนา

EASTERN STAR

บริษัท อีสตาร์ สตาร์ รีเอสเตท จำกัด (มหาชน)  
Eastern Star Real Estate Public Company Limited





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# ส่งเสด็จสู่สวรรคาลัย

ขอโน้มรำลึกถึงพระมหากษัตริย์คุณ  
และร่วมถวายความอาลัย

**พระบาทสมเด็จพระปรมินทรมหาภูมิพลอดุลยเดช**

ปวงข้าพระพุทธเจ้า ขอโน้มเกล้าโน้มกระหม่อมรำลึกในพระมหากษัตริย์คุณหาที่สุดมิได้

ข้าพระพุทธเจ้า กรรมการ ผู้บริหารและพนักงาน  
บริษัท อีสเทอร์น สตาร์ เรียวล เอสเตท จำกัด (มหาชน)





## EASTERN STAR



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## Message from the Chairman of the Board

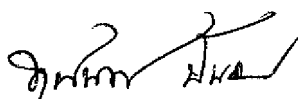
### To Our Shareholders

In 2016, the real estate businesses had faced many negative factors including higher household debts, lower agricultural goods and strict loan approval of financial institutions which lead to sluggish real estate market. Although the real estate businesses in 2016 were sluggish but the company was still in good performance which can allocated the profits to pay the dividends to our shareholders for 3 year continually. In 2017, it is expected that the real estate market will recover helping by low interest rate, the government's investment in infrastructure projects that continue to concrete, Eastern Economic Corridor project and Bangkok-Rayong high speed train line construction which are the positive factors that stimulate the investment of government in Rayong and Chonburi that will give an advantage to the company's projects in Banchang, Rayong in present and future. However, the company will develop new projects carefully and scrupulously as always.

At the end of 2016, the company has selected new generation executives who have experiences in real estate business into our company to move our businesses forward steadily. The company added new personnel gradually to fulfill any sectors to build executive team for strong company supporting the competition in the future.

The company still focuses on corporate social responsibility and the environment protection. In part of social, the company gave scholarships and computers to students in communities that located nearby the company's projects including foundations for underprivileged people. In part of environment, the company focuses on planting trees for sylvan housing projects especially in Country Home project which located outside the Eastern Star Country Club and Resort golf course in Banchang, Rayong. The company has planted more perennial plants to create more sylvan environment in the project and draw people who live in nearby communities to come for exercise.

Lastly, I'm on behalf of the committee acknowledge the shareholders, partners and clients who always support and trust our company. Thank you the executives and all of our employees who dedicate to our company thoroughly. This leads to the good overall performance of the company in 2016.



( Mr. Anan Panyarachun )

Chairman of the Board

4 April 2017

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## Report From Audit Committee

Dear Shareholders of Eastern Star Real Estate Public Company Limited,

The Audit Committee was nominated at the Board of Director's assembly on May 14, 2015. In accordance with the policy stipulated by the Stock Exchange of Thailand. The Audit Committee is composed of three independent directors namely :

- |                           |                             |
|---------------------------|-----------------------------|
| 1. Mr. Preecha Oonchitti  | Chairman of Audit Committee |
| 2. Mr. Somrit Srithongdee | Audit Committee             |
| 3. Mrs. Sunanta Tiasuwan  | Audit Committee             |

The Audit Committee has performed the duties and responsibilities according to regulations prescribed by the Stock Exchange of Thailand and as assigned by Board of Directors of the Company. In the year 2016, the Audit Committee had convened for 5 meetings with managing directors, accounting and finance director, accounting manager and certified public account (auditor). Attendance in the meeting of the Audit Committee is as follow:

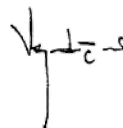
Mr. Preecha Oonchitti	attended	4	meetings
Mr. Somrit Srithongdee	attended	5	meetings
Mrs. Sunanta Tiasuwan	attended	5	meetings

Report of the Audit Committee can be summarized as follow :

1. The Audit Committee reviewed financial statements of the company and its subsidiaries, including financial disclosures to the shareholders, and in their opinion the company is in compliance with Financial Reporting Standard
2. The Audit Committee assessed the company's policy on reporting of connected transactions in order to ensure full disclosure and circumvent problems stemming from conflicts of interest.
3. The Audit Committee reviewed the report of internal auditors on the effectiveness and adequacy of the company's internal control system, in order to ensure conformity with guidelines provided by the Securities and Exchange Commission, and the Stock Exchange of Thailand. It is the Audit Committee's opinion that there is an adequate system of internal control within the company.

The Audit Committee's opinion is that during the period up to 31 December 2016, the company effectively provided proper financial statements in accordance with Financial Reporting Standard maintained sufficient disclosure policy, and has an adequate system of internal control.

The Audit Committee has made its recommendation to the Board of Directors to request the shareholder's approval at the next meeting to appoint Mr.Sophon Permsirivallop, Certified Public Accountant No. 3182, or Ms.Pimjai Manitkajohnkit Certified Public Accountant No.4521, or Ms.Sumana Punpongsanon Certified Public Accountant No. 5872, or Mr. Chayapol Suppasdtanont Certified Public Accountant No. 3972 from EY Office Company Limited, as the company's auditor for the 2017 fiscal year with an audit fee in the amount of 1,200,000 Baht.



Mr. Preecha Oonchitti  
Chairman of the Audit Committee  
March 23, 2017

## Company Profiles

### Name , Type of business , Location ,Telephone Number, Fax , number and type of issued shares

<b>Name</b>	Eastern Star Real Estate Public Company Limited
<b>Head Office</b>	5 th Floor Ploenchit Tower, No.898 Ploenchit Road Lumpini Subdistrict, Pathumwan District, Bangkok 10330 Tel:0-2263-1010-5 Fax: 0-2263-1009
<b>Branch Office</b>	65/14-15 Mu 3, Sukhumvit Road Bann Chang, Rayong Province 21130 Tel:0-3860-2500, 0-3860-2511 Fax: 0-3860-2754 Website: <a href="http://www.estarpcl.com">www.estarpcl.com</a> E-mail: <a href="mailto:estar@estarpcl.com">estar@estarpcl.com</a>
<b>Business Type</b>	Real Estate Development
<b>Registered No.</b>	Bor Mor Jhor 0107536000307
<b>Registered Capital</b>	5 ,022,246,185 Baht (Par Value at 1.00 Baht per share )
<b>Paid-in Capital</b>	5 ,022,246,185 Baht

### Name, Type of Business, Location , Telephone Number, Fax , number and type of issued shares of Juristic Companies Eastern Star holds over 10% share of.

#### Eastern Star Resort Company Limited

The company operates golf courses, clubhouses, sport club, and seminar / banquet rooms on behalf of Eastern Star Country Club and Resort, Ban Chang District, Rayong Province.

<b>Address</b>	241/5 Mu 3, Pala Subdistrict, , Bann Chang District, Rayong Province 21130 Tel: 0-3863-0410-3 Fax: 0-3863-0418 Website: <a href="http://www.easternstargolfcourse.com">www.easternstargolfcourse.com</a> E-mail: <a href="mailto:esr_marketing@hotmail.com">esr_marketing@hotmail.com</a>
<b>Business Type</b>	Golf course
<b>Registered No</b>	0105532086493
<b>Paid-in Capital</b>	500,000,000 Baht ( 10 Baht per share )
<b>Proportion of Investment</b>	81.30 % Seastar Properties Company Limited

The company operates apartment and detached houses leases in the same area of Eastern Star Country Club and Resort, Bann Chang District, Rayong Province.

<b>Address</b>	241/39 Mu 3, Pala Subdistrict, , Bann Chang district, Rayong Province 21130 Tel: 0-3860-3018 - 9 Fax: 0-3863-0418 Website : <a href="http://www.seastarproperty.com">www.seastarproperty.com</a> Email : <a href="mailto:seastar_cs@windowslive.com">seastar_cs@windowslive.com</a>
<b>Business Type</b>	Real estate for rent
<b>Registered No.</b>	0105539027956
<b>Paid-in Capital</b>	1,150,000,000 Baht (10 Baht per share )
<b>Proportion of Investment</b>	99.13 %

#### Eastern Star Lai Sun New World Company Limited

The company operate property development

<b>Address</b>	65 /14-15 Mu 3, Ban Chang Subdistrict,, Bann Chang district, Rayong Province 21130 Tel: 0-3860-2500 Fax: 0-3860-2754
<b>Business Type</b>	Real Estate Development (Non commercial operation)
<b>Registered No.</b>	0105533137636
<b>Paid-in Capital</b>	160,000,000 Baht (10 Baht per share )
<b>Proportion of Investment</b>	60 %

#### Name Head Office Address, Type of Business, Phone Number and Fax of the References

<b>Registrar</b>	Thailand Securities Depository Co., Ltd.
<b>Address</b>	93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand Tel: (66 2) 009 9000 Fax: (66 2) 009 9991 SET Contact Center : (66 2) 009 9999 Website: <a href="http://www.set.or.th/tsd">http://www.set.or.th/tsd</a> E-mail: <a href="mailto:SETContactCenter@set.or.th">SETContactCenter@set.or.th</a>



**Auditor**

Mrs. Gingkarn Atsawarangsalit Certified Public Accountant Number 4496

**Address**

EY Office Limited

33 rd Floor, Lake Rajada Office Complex,

193/136-137 Rajadapisek Road, Silom, Klongtoey Subdistrict,

Klongtoey District, Bangkok 10110

Tel: 0-2264-0777 Fax: 0-2264-0789

## Financial Highlights

Consolidated as of 31 December

Unit : Million Baht

	2016	2015	2014
Total assets	5,791.07	6,260.33	6,794.11
Total liabilities	1,064.21	1,608.21	2,124.91
Total shareholders' equities	4,726.86	4,652.21	4,669.20
Income from real estate sales, rental and services	1,909.27	1,692.97	1,252.88
Costs of real estate sales, rental and services	(1,332.76)	(1,279.24)	(844.39)
Other incomes	28.21	21.03	57.51
Selling and administrative expenses	(326.99)	(300.97)	(286.78)
Loss from impairment of assets	-	(4.27)	-
Reversal impairment loss of assets	30.16	44.05	171.31
Loss from asset retirement	(37.14)	-	-
Financial expenses	(8.56)	(2.14)	(9.34)
Income tax expenses	(62.01)	(39.84)	(62.61)
Gain(loss) for the year	200.18	131.59	278.58
Other total gain(loss):			
Items that not included in gain or loss afterward			
Gain or loss from evaluation according to Actuarial Science	-	1.33	-
Minus: Income tax impact	-	(0.27)	-
Items that not included in gain or loss afterward			
- Net from income tax	-	1.06	-
Total gain(loss) for the year	200.18	132.65	278.58
Dividend per share (baht/share)	0.025	0.03	
<b>Financial ratio</b>			
Liquidity ratio (time)	3.17	2.30	2.02
Quick liquidity ratio (time)	0.14	0.07	0.11
Cash flow liquidity ratio (time)	0.38	0.21	(0.23)
Account receivable current ratio (time)	242.47	264.71	151.51
Average collection period (day)	1	1	2
Gross profit (%)	30.20	24.44	32.60
Net profit (%)	10.48	7.77	21.26
Return on shareholders' equities (%)	4.27	2.82	6.15
Return on assets (%)	3.32	2.02	4.39
Debt to Equity ratio (time)	0.23	0.35	0.46
Debt service coverage ratio (time)	0.47	0.23	(0.73)

## Type of Business

Eastern Star Real Estate Public Company Limited and its subsidiaries operate the real estate development business for sales and leasing and golf course business. Since the company was established until 2003, the company focused on its operation in Ban Chang district, Rayong province in order to support the government's Eastern Seaboard development project. The company realized that Ban Chang district is a potential area as it is far from Map Ta Phut industrial estate only 10 km in the east. and 5 km from U-Tapao Airport in the west. Since the year 2004, the company implements policy to focus on expanding the project development in Bangkok and surrounding provinces, while continuing its project development in Ban Chang district, Rayong province. The types of development implemented by the company can be classified into such categories as follows:

### 1. Real estate development for sales

Project development for sales are include land plots, land plots with homes, and condominium suites. For the company's projects in Bangkok, previously operated under the name of The Star Estate such as The Star Estate @ Rama III, The Star Estate @ Narathiwas, and The Star Estate @ Pattanakarn 69 then the names were changed to suite with the prominent points of the projects such as The Breeze, Vantage, StarView ,NARA 9 and Amber For projects in Ban Chang district, the Company develops such projects under the name Country Home Project, The Sinthavee Garden Project, The Sinthavee Garden 2 Project, The Star Townhouse Center, The Star Townhouse Project, The Hamlet, The Hamlet 3 Project, The Vintage Home Village Project, The Vintage Home Village 2 Project, and The Vintage Home Village 3, etc.

### 2. Project development for lease

- 2.1 On August 23, 2007 the company signed a lease agreement of Eastern Star Plaza and parking area with Ek-Chai Distribution System Co. Ltd., for its Tesco Lotus department store project with a contract value of 97.26 million Baht, and a duration of 25 years, 5 months.
- 2.2 Detached houses and apartment suites for rent were operated by Seastar Properties Company Limited, a subsidiary company, such single homes and residential apartment is located in the same area as golf course of Eastern Star Country Club and Resort.

### 3. Golf course business:

Golf course business is operated under the name of "Eastern Star Country Club and Resort" by Eastern Star Resort Company Limited, a subsidiary of the Company. It is a 18-hole international standard golf course and designed by Robert Trent Jones, Jr. comprises with club house and restaurant as well as sport club and other activities such as tennis courts, swimming pool, fitness center, artificial sea, and seminar room with other facilities.



## Company's and Subsidiary Companies Projects (as of 31st December, 2016)

## Projects For Sale

No	Projects name	Location	Type of Project	Project's Area (Rai)	Project's Value (Million baht)
1.	Country Home	T. Pala, A. Ban Chang, Rayong	Land Selling	20-2-42.70	98
2.	Sinthavee Garden II	T. Ban-Chang, A. Ban-Chang, Rayong	Single House	70-1-67.15	667
3.	Vintage Home Village II	T. Pala, A. Ban Chang, Rayong	Single House	29-1-71	292
4.	Vintage Home Village III	T. Pala, A. Ban Chang, Rayong	Single House	15-0-45	188
5.	Hamlet III	T.Pala, A.Ban-Chang, Rayong	Single House	9-2-53	131
6.	The Star Estate @ Pattanakarn 69	Pattanakarn 69 Pravej, Bangkok	Single House	23-3-30	988
7.	Star View	Bang khlo , Bang Kho Laem , Bangkok	Condominium	7-0-25	3,722
8.	Nara 9	Sathorn , Bangrak , Bangkok	Condominium	3-0-45.50	2,434
9.	Amber	Nonthaburi	Condominium	2-2-49.90	2,023

## Golf Club

No.	Project name	Location	Project 's Area (RAI)	Project's Value (Million baht)
1	Eastern Star Country Club and Resort	T.Pala, A.Ban-Chang, Rayong	409-0-93	500

## Projects for Rent

No	Projects name	Location	Type of Project	Amount (Unit)	Project's Area (Rai)	Project's Value (Million baht)
1.	Seastar Project	T.Pala A.Banchang Rayong	Single home Apartment	33 84	57-1-38.80	1,150

## Market and Competition

There's a moderate improvement in the growth of overall real estate market in 2016 which resulting of the sluggish domestic economic growth. While high rates of household debt still weight the purchasing power of consumers and tighten loan policies of financial institutions cause the real estate sector to slow down especially in middle and low price real estate. In 2016, the government's policies that aimed to stimulate the real estate sector to reduce fees in buying residences which took effect in the period of 2015 to the second quarter of 2016 helped the real estate sector sold a lot of its inventories.

In 2016, the real estate market was in severe competition including new competitor in market and exiting leading real estate companies that expanded their product lines to penetrate in every price targets. They increased the middle and high class projects to reduce the impact from the problem like refusing the low price housing loans from financial institutions. Moreover, there were a lot of condominiums in market so many entrepreneurs aimed at improving housing projects because it's in demand, shorter period of construction and get revenue recognition faster.

In 2017, the real estate market is expected to continue growing as the economy keep expanding similarly to the year 2016 supporting by many factors such as the spending and investments in big infrastructure projects, domestic consumption that is expected to expanding resulting from the increasing manufacture in agriculture sector and decreasing obligation from first car campaign.

### Overall Revenue Structure of Company and Subsidiary companies (2014-2016)

Product lines	Managed by	Percentage of share holdings	Year 2016		Year 2015		Year 2014	
			Revenue (Million baht)	%	Revenue (Million baht)	%	Revenue (Million baht)	%
Revenue from for-sale real estate development business	ESTAR		1,829.04	94.40	1,605.27	93.66	1,166.21	89.00
Revenue from rental business	SEASTAR	99.13	31.27	1.61	36.10	2.11	35.22	2.69
Revenue from golf course	ESR	81.30	48.96	2.53	51.60	3.01	51.45	3.93
Other revenues	ESTAR ESR SEASTAR		28.21	1.46	21.03	1.22	57.51	4.38
Total			1,937.48	100.00	1,714.00	100.00	1,310.39	100.00

Note:

ESTAR = Eastern Star Real Estate Public Company Limited

ESR = Eastern Star Resort Company Limited

SEASTAR = Seastar Properties Company Limited

## Risk Factors

### Risk from the company's business policy

#### 3.1 Risks from Operational Policies of the Company

Before 2003, the company ran only a real estate development business in Ban Chang district, Rayong then since 2003 the company had got new potential shareholders so the company starts the real estate development businesses in more potential areas in Bangkok and reduces the dependence only in Ban Chang market. Although the company expanded real estate business in Bangkok but the company still keep the prudent operational policy by increasing recognition of clients including new customers and existing customers while focusing on middle to upper class customers who have the purchasing power for areas in down town and near BTS or MRT lines in Bangkok. This resulting in 2014 the company achieved its goals to clear all deficits and paid the dividend for the first time in 20 years. In 2015 and 2016, the company can paid the dividend continually. the company expects that the its real estate businesses will keep on growing from 2016 helping by many positive factors such as the low interest rate, the government's vast investments in infrastructure that seem to be more concrete and the better domestic consumption trend.

In 2017, the real estate sector is expected to keep growing but there are still some risks from weak-growing domestic economy and high-rate household debts together with strictness in housing loans approval of financial institutions. Moreover, there's another factor which is fluctuated world economy and USA will increase its interest rate 2-3 times in 2017 which will affect to Thai economy including the real estate market. To prevent the risks, the company still needs to improve lands and projects carefulness. If there's a risk it would be admissible risk. The company will consider developing our exiting lands instead of buying new one to reduce the risk of investing with a lot of money.

#### 3.2 Risks from building houses before selling

To gain customers' confidents, the company still keep on a policy to build houses before selling instead of starting construction only when the customer reserve the house. Although the company has to spend its own capital in housing construction in higher rates than usual due to the fact that there is no any income from customer to use as current capital in construction so the company takes risk that the finished house couldn't be sold immediately when it's completed. The longer the houses are in stock, the more affect to company's profit making. To prevent losing chance in selling, the company will research behavior and demand of customers who visit the company's projects together with study the overall market performance to collect the details for analyzing customer's demand so the company can design the houses according to customers' demand. Then the company could sell and transfer the ownership in time as expected.



### 3.3 Risks from increasing construction costs

The problems about workers for construction that could be more intense in future which resulting from speeding up many large-scale infrastructure projects of the government and expanding projects in private sectors will lead to competition in labor market then the construction costs will rise up. In past few years, the lack of labor was improved by many factors such as the economy was slow down, there were a lot of stocks and private sectors slow down their new projects. In order to reduce the risks in many projects of the company, the company has signed contracts with contractors that include material and labor costs. The contracts fix the costs of construction so the company can control the costs to a certain extent. Moreover, the company set a policy to partner with potential contractors that can cope with the company's projects in the future and have the ability to complete projects in time. The policy help reducing the risk from fines when the transference process for house and condominium is took so long and delay. The company will increase the potential in management and expense control in construction to achieve the goals.

## Shareholders and Management

### Shareholders Structure

#### 1. The Company's Securities

##### Ordinary Share

As of December 31, 2016, the company has a registered capital of 5,172,246,185.00 Baht, divided into 5,172,246,185.00 ordinary shares with par value of 1.00 Baht each. The registered paid capital is 5,022,246,185.00 Baht divided into 5,022,246,185 ordinary shares. Ordinary shares at par value of 1.00 Baht.

#### 2. Major Shareholders

Following is the list of the top ten shareholders as of May 12, 2016.

No.	Name of Shareholders	No. of Shares	% of Total Share
1.	Bangkok Broadcasting & Television Co., Ltd.*	2,192,260,984	43.65
2.	BBTV Equity Co., Ltd.*	513,000,000	10.21
3.	Sunrise Equity Co., Ltd.*	279,212,609	5.56
4.	Mr.Krit Ratanarak *	131,058,500	2.61
5.	Mr.Thavee Harnkraivilai	97,140,000	1.39
6.	THE BANK OF SINGAPORE LIMITED	49,400,000	0.98
7.	Cyber Venture Co. Ltd	42,923,612	0.85
8.	Star Block Co.,LTD	42,000,000	0.83
9.	Thai NVDR Co., Ltd	30,249,892	0.60
10.	Miss Wong Yuen Wai Cecilia	28,000,000	0.55
Total		3,405,245,597	67.80

Note: \* Shareholders Sunrise Group consists of

- Bangkok Broadcasting & Television Co. Ltd.	holds	2,192,260,984	shares or	43.65 percent
- BBTV Equity Company Limited. (For Rent Property)	holds	513,000,000	shares or	10.21 percent
- Sunrise Equity Co., Ltd.	holds	279,212,609	shares or	5.56 percent
- GL Assets Co.,Ltd.	holds	5,746,876	shares or	0.11 percent
- Mr.Krit Ratanarak	holds	131,058,500	shares or	2.61 percent
	Total	3,121,278,969	shares or	62.14 percent

### 3. Company and subsidiary company policy on Dividend Payment

The company and subsidiaries will not pay the dividend payments if the financial statements of companies still have deficits or in case of the dividend payments caused retained earnings to become deficits. However, company and subsidiaries implement a policy for dividend payments are as follows:

Company	Dividend payment policy
Eastern Star Real Estate Public Co., Ltd.	At the rate of 50% of annual net profit.
Eastern Star Resort Co., Ltd.	Depending on General Shareholders Meeting approval.
Seastar Properties Co., Ltd.	Depending on General Shareholders Meeting approval.
Eastern Star Lai Sun New World Co., Ltd.	Profit margin after reserve of the company's operation capital. According to the approval of the Board of Directors or in accordance with the law. The remaining amount will be distributed as dividend.



## Management Structure

The company's management structure consists of 4 committees: the Board of Directors, Executive Committee, Audit Committee and Nomination and Remuneration Committee . The details are as follows:

### A) Board of Directors

- Board of Directors as of December 31, 2016 consists of ten persons as follows:

1.	Mr. Anand Panyarachun	Chairman and Independent Director
2.	Mr. Veraphan Teepsuwan	Vice Chairman
3.	Mr. Preecha Oonchitti	Independent Director, Chairman of Audit Committee and Nomination and Remuneration Committee
4.	Mr. Somrit Srithongdee	Independent Director, the Audit Committee and Nomination and Remuneration Committee
5.	Mrs.Sunanta Tiasuwan	Independent Director, the Audit Committee and Chairman of Nomination and Remuneration Committee
6.	Mr. Thaveepol Kongseri	Advisory Committee
7.	Mr. Chatchawin Charoen-Rajapark <sup>1</sup>	Chairman of the Executive Committee
8.	Mr. Titiwut Soukpornchaikul <sup>1</sup>	Executive Director
9.	Mr.Tinnawat Mahatharadol <sup>1</sup>	Executive Director
10.	Mr. Nuttawit Boonyawat	Executive Director
11.	Mr.Pongpinit Tejagupta	Director
12.	Mr.Torsak Lertsrisakulrat <sup>1</sup>	Managing Director

Note: <sup>1</sup> Authorized directors who can sign to bind the company

- Scope of Duties of Board of Directors:
  - To manage the company in compliance with the law, the company's objectives, the Articles of the Association, and the resolutions of the shareholders.
  - To set the company's direction and policies, and monitor the company performance through the appointed Management Committee.
  - To inform the company immediately of a conflict of interest in making any agreements with the company, or acquiring more or less shares or debentures of the company and its affiliate companies.
  - To set up the Board of Directors Meeting at least once every three months and call the meeting by the Chairman. If the Chairman cannot take this role the Vice Chairman will be the caller. If necessary two or more directors may request that the Chairman or authorized person nominated by the Chairman set up a meeting within 14 days from the date of request.

5. To hold the right to collect remuneration from the company in the form of gratuity, attendance fee, pension bonus, or other benefits as stipulated in the Articles of the Association; or the right for consideration by the shareholders who fix the amount and set the criterion periodically as to be effective until changed. Moreover, allowance and welfare as per the company regulations are allowed as well. The above statement is not to alter the rights of the company staff or employee who is appointed as a director to receive the remuneration and benefit when performing the role of company staff or employee.
6. The Board of Directors holds the authority to organize the Executive Committee and to delegate the authority of the Executive Committee and the Managing Director, in order to manage in compliance with the company's policies and objectives.

## Management and Authorities Control as of December 31, 2016

Item	Name-Last name Position	Age (year)	Education	Estar Shareholding (%) <sup>1</sup>	Family Relationship among management	Related experiences for the past 5 years		
						Period	Position	Company
1	Mr. Anand Panyarachun Chairman and Independent Director	85	Trinity College, (Legal) University of Cambridge B.A. (Honors)	0.08	none	1992-Present	Chairman	Eastern Star Real Estate PCL.
2	Mr. Veraphan Teepsuwan Vice Chairman Passed training course of -Role of the Chairman Program (RCP)	75	M.B.A., Northeastern University, U.S.A. Bachelor of Economics, Boston University, U.S.A.	0.02	none	2003-Present 1999-Present November 2006-Present January 2007-Present 1983-March 2014	Vice Chairman Chairman Chairman Chairman Director	Eastern Star Real Estate PCL. Ayudhya Insurance PCL. Siam City Cement PCL. Bank of Ayudhya PCL. Bangkok Broadcasting & T.V. Co., Ltd
3	Mr. Preecha Oonchitti Independent Director and Chairman of the Audit Committee Passed training course of -Director Certification Program (DCP) and -Director Accreditation Program (DAP)	71	Bachelor of Economics Thammasat University	-	none	2003-Present	Independent Director and Chairman of the Audit Committee Chairman	Eastern Star Real Estate PCL.  Eastern Star Resort Company Limited

Item	Name-Last name Position	Age (year)	Education	Estar Shareholding (%) <sup>1</sup>	Family Relationship among management	Related experiences for the past 5 years		
						Period	Position	Company
4	Mr. Somrit Srithongdee Independent Director and Audit Committee Passed training course of -Director Certification Program (DCP) -Financial Statements for Director (FSD) -Role of the Compensation Committee (RCC) -Executive Development Program (EDP) Finance Executive Program (Finex)	67	Master Degree in Public Administration, Chulalongkorn University Mini MBA, Thammasat University Bachelor Degree in Sociology and Anthropology, Chiangmai University	-	none	2010-Present	Chairman	Matching Maximize Solution PCL.
						August 2010- September 2012	Chairman	ITBC Business Consultant Group Company Limited
						January 2010- 30 Jun 2012	Consultant on Human Resource	Bangkok Broadcasting & Television Company Limited
								(The Royal Thai Army Television Channel 7)
						2010-2014	Chief Executive Officer and Managing Director	HR Professional Consulting and Services Co.,Ltd.
						2014-2016	Chairman	HR Professional Consulting and Services Co.,Ltd.
						2016-Present	Chairman	HR Pro Security and Services Co.,Ltd.
						3 February 2015-Present	Chairman and Managing Director	HR Pro Guard Co.,Ltd.
						2009-Present	Independent Director and Audit Committee	Eastern Star Real Estate PCL.

Item	Name-Last name Position	Age (year)	Education	Estar Shareholding (%) <sup>1</sup>	Family Relationship among management	Related experiences for the past 5 years	
						Period	Position Company
5.	Mrs. Sunanta Tiasuwan Independent Director and Audit Committee Passed training course of -Director Certification Program (DCP) - Training from Capital Market Academy Class 11	66	Ordinary National Diploma in Business Studies and Administration University of Westminster (U.K.)	0.03	none	2005-Present  May 2015-Present	Independent Director and Audit Committee  Chairman of Nomination and Remuneration Committee  Eastern Star Real Estate PCL.  Eastern Star Real Estate PCL.
6.	Mr. Thaveepol Kongseri Advisory Committee Passed training course of -Director Certification Program (DCP)	75	Bachelor degree in Mechanical Engineering Shizuoka University, Japan	-	none	2007-2011 2014-Present 2003-Present  2003-2005/Present 1999-Present 1999-2006/Present 1998-2007/Present	Siam City Cement PCL. Eastern Star Real Estate PCL. Eastern Star Resort Co., Ltd. Seastar Properties Co., Ltd. Super Assets Co., Ltd. Siam Purimongkol Co., Ltd. Khao Kaew Country Club Co., Ltd.  Committee

Item	Name-Last name Position	Age (year)	Education	Estar Shareholding (%) <sup>1</sup>	Family Relationship among management	Related experiences for the past 5 years		
						Period	Position	Company
7.	Mr.Chatchawin Charoen- Rajapark	56	Ph.D in Management Massachusetts Institute of Technology	-	none	2014-Present	Chairman of the Executive Committee	Eastern Star Real Estate PCL.
	Chairman of the Executive Committee					2005-2014	Executive Director	Eastern Star Real Estate PCL
	Passed training course of -Director Accreditation Program (DAP)					2009-Present	Independent Director, Chairman of the Audit Committee	Thai Insurance PCL.
	- Director Certification Program (DCP)						Nomination and Remuneration Committee	
	-Audit Committee and Continuing Development Program (ACP)						Committee member in Policy and strategy committee	
	Role of the Compensation Committee (RCC)					2006-Present	Independent director, Chairman of Nomination and Remuneration Committee and Audit Committee	Ocean Glass Public Company Limited.
						1998-Present	Managing Director	President Hotel and Tower Co., Ltd.
						2015-Present	Vice Chairman of The Board of Directors	Rajapark Development Co., Ltd.

Item	Name-Last name Position	Age (year)	Education	Estar Shareholding (%) <sup>1</sup>	Family Relationship among management	Related experiences for the past 5 years		
						Period	Position	Company
8.	Mr. Titiwat Soukpornchaikul Executive Director Passed training -Company Secretary Program (CSP) -Executive Development Program (EDP) Class 6 -Advanced Audit Committee Program (AACP) Class 23 And has been approved by the Office of the securities and Exchange Commission as the Regulator under the Notification of the Office of the securities and Exchange Commission Regarding the Approval of the Financial Advisor and the Scope of Business of B.E. 2552	54	M.B.A. Chulalongkorn University B.A.-Economics, Thammasat University B.A.-Accounting, Sukhothai Thammathirat University	-	none	April 2007-Present	Director	Eastern Star Lai Sun New World Co., Ltd.
						2006-Present	Executive Director	Eastern Star Real Estate Public Co., Ltd.
						2006-Present	Director	Eastern Star Resort Co., Ltd.
						2006-Present	Director	Super Assets Co., Ltd.
						2005-March 2016	Executive Director	Khao Kaew Country Club Co., Ltd.
						2003-Present 2003-Present 2005-2016	Account-Financial Executive Director Executive Director	BBTV Equity Co., Ltd. Seastar Properties Co., Ltd. Siam Purimongkol Co., Ltd.
9.	Mr. Torsak Lertsrisukulrat Managing Director	41	Ph.D in Engineering, Tokyo Institute of Technology (TIT) Master of Engineering, The Asian Institute of Technology Bachelor of Engineering (Honors) Chulalongkorn University	-	none	October 2016- Present	Managing Director	Eastern Star Real Estate Public Co., Ltd.
						2013-2016	Executive Vice President-Strategy And New Business Development	Pruksa Real Estate Plc.



Item	Name-Last name Position	Age (year)	Education	Estar Shareholding (%) <sup>1</sup>	Family Relationship among management	Related experiences for the past 5 years		
						Period	Position	Company
10.	Mr. Tinawat Mahatharadol	58	Master of Business Administration, Ball State University Bachelor of Law, Thammasat University	-	none	2009-Present	Managing Director	Mahatharadol Co. Ltd.
	Executive Director					2014-Present	Director	Srivichai Vejvitat Pcl.
	Passed training course of					May 2015-Present	Director	BBTV Equity Co., Ltd
	Director Certification					May 2015-Present	Director	Sunrise Equity Co., Ltd.
	Program (DCP)					2015-Present	Director	Eastern Star Real Estate Pcl.
11.	Mr. Nuttawit Boonyawat	55	Master of Science, Abilene Christian University Texas, USA. Bachelor of Economics, UTCC	-	none	February 2015-Present	Director	Home Sukhumvit Co., Ltd.
	Executive director					January 2014-Present	Director	Matching Maximize Solution Plc.
	Passed training course of					August 2013-Present	Director	TV Digital HR Co., Ltd
	- Senior Executive					October 2010-Present	Director	Grand Larn Luang Co., Ltd
	Program (SEP9) SASIN					2015-Present	Executive Director	Eastern Star Real Estate Pcl.

Item	Name-Last name Position	Age (year)	Education	Estar Shareholding (%) <sup>1</sup>	Family Relationship among management	Related experiences for the past 5 years		
						Period	Position	Company
12.	Mr. Pongpinit Teja Gupta Director	61	Master of Business Administration, University of Detroit, Michigan USA	-	none	July 2014–Present	Chairman of Corporate Governance	Siam City Cement Pcl.
	Passed training course of –Anti-Corruption for Executive Program (ACEP) 2013		Bachelor of Accountancy, Chulalongkorn University			July 2014–Present	Risk and Corporate Governance	
	–How to Develop a Risk Management Plan (HRP) 2013					February 2014– July 2014	Director	
	–Chartered Director Class (CDC) 2013					February 2010– April 2011	Independent Director	
	–Role of the Compensation Committee (RCC) 2012					April 2011– July 2014	Audit Committee	
	–Monitoring the System of Internal Control and Risk Management (MIR) 2012					2014–March 2016	Chairman of the Audit Committee	
	–Monitoring the Quality of Financial Reporting (MFR) 2012					2015–Present	Director Consultant	Bank of Ayudhya Pcl.
	–Monitoring Fraud Risk Management (MFR) 2012					August 2016–Present	Director	Eastern Star Real Estate Pcl.
	–Monitoring the Internal Audit Function (MIA) 2012						Director	Siam City Cement (Lanka) Ltd. (Registered in Sri Lanka)
	–Rule of Nomination and Governance Committee (RNG) 2012					May 2014–Present	Director	Bangkok Broadcasting & TV Co., Ltd.
	–The Board's Role in Merger & Acquisitions (M&A) 2011					January 2014–April 2014	Consultant	
	–Financial Institution Governance Program (FGP) 2010					2003–Present	Director	Allianz Ayudhya Assurance Pcl.
	–Successful Formulation & Executive of Strategy (SFE) 2010					2015–Present	Committee Chairman	Media Studio Co., Ltd.
	–Advance Audit Committee Program (ACP) 2009							
	–Director Certification Program (DCP)							

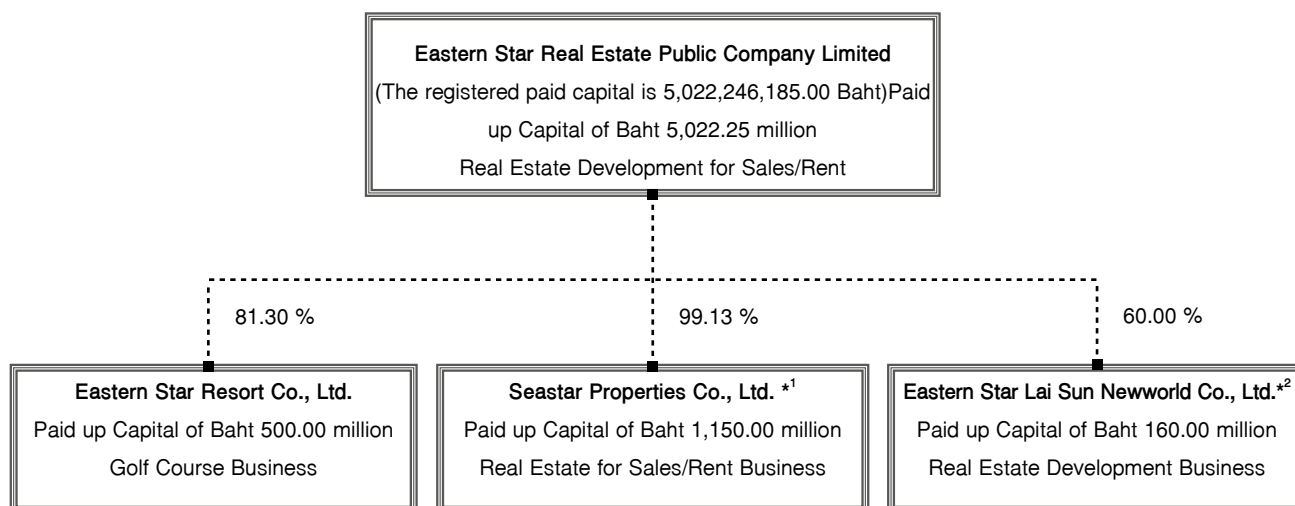
Item	Name-Last name Position	Age (year)	Education	Estar Shareholding (%) <sup>1</sup>	Family Relationship among management	Related experiences for the past 5 years		
						Period	Position	Company
13.	Mrs. Allawan Smarnsodtiwong Senior Vice President- Project Development and Design Department	60	Mini MBA 29 Thammasat University Bachelor Architecture Silapakorn University	-	none	2004-Present	Senior Vice President-Project Development and Design Department	Eastern Star Real Estate PCL.
14.	Mr. Pongsak Maisorn Vice President-Legal and Corporate Secretary Passed training course of -Company Secretary Program (CSP) -Anti-Corruption : The Practical Guide (ACPG)	58	Bachelor of Laws Thammasat University	-	none	2014-Present  2006-2013  2014-Present 2014-Present	Vice President- Legal and Corporate Secretary Director of Legal Department Executive Director Executive Director	Eastern Star Real Estate PCL.  Eastern Star Real Estate PCL.  Seastar Properties Co., Ltd. Eastern Star Resort Co., Ltd.
15.	Mr. Supphaphong Amraron Vice President-Accounting, Finance and Information Technology Department	49	MBA Kasetsart University B.A. Accounting Thammasat University	-	none	2006-Present	Vice President- Accounting, Finance and Information Technology Department	Eastern Star Real Estate PCL.

Item	Name-Last name Position	Age (year)	Education	Estar Shareholding (%) <sup>1</sup>	Family Relationship among management	Related experiences for the past 5 years		
						Period	Position	Company
16.	Mr. Phisith Tangkhanich Vice President-Personnel and Corporate Affairs Department Passed training course of -Director Accreditation Program (DAP) -Financial for Finance Director (FN)	55	Master Degree in Laws, Ramkhamhaeng University Bachelor of Laws Thammasat University	-	none	2009-Present	Vice President- Personnel and Corporate Affairs Department	Eastern Star Real Estate PCL.
17.	Mr. Akekachai Paiboonphan Vice President-Project Development and Construction Department <sup>1</sup>	44	Bachelor of Civil Engineering Rajchamangkhal Institute of Technology , Thailand	-	none	July 2013-Present	Vice President Project Development and Construction Department 1 Manager Project manager	Eastern Star Real Estate PCL.  Up Construction Co., Bouygues-Thai Co.,Ltd.
18.	Mr. Songchai Borisut Vice President-Sale and Customer Service Department	49	Master of Economics Kasetsart University Bachelor of Economics Kasetsart University	-	none	2014-Present	Vice President- Sales and Customer Service Department	Eastern Star Real Estate PCL.
19.	Mrs. Pichapas Phowattanakul Assistant Vice President -Accounting, Finance and Information Technology Department	52	Bachelor of Financial and Banking Ramkhamheng University	-	none	November 2006-Present	Assistant Vice President -Accounting, Finance and Information Technology Department	Eastern Star Real Estate PCL.

Item	Name-Last name Position	Age (year)	Education	Estar Shareholding (%) <sup>1</sup>	Family Relationship among management	Related experiences for the past 5 years		
						Period	Position	Company
20.	Miss Puntipa Suktippayaroj Assistant Vice President -Sales and Customer Service Department	53	Bachelor Degree-General Administration Rajabhat Institute Bansomdejchaopraya	-	none	July 2013-Present  June 2010-June 2013	Assistant Vice President Sales and Customer Service Department Assistant Vice President Customer Relationship and Credit Dept.	Eastern Star Real Estate PCL.  Sena Development Public Company Limited
21.	Miss Chalinee Pratyasunti -Director of the Department of Management	39	MBA Chulalongkorn University BBA (Honor), Assumption University	-	none	December 2016-Present  2010-December 2016	Director of the Department of Management Senior Manager, Corporate Strategy And execution strategy	Eastern Star Real Estate PCL.  Pruksa Real Estate PCL.
22.	Mr. Nattawoot Seaheng Assistant Bussiness Development Director	29	MBA Assumption University BBA Assumption University	-	none	December 2016-Present  2010-December 2016	Assistant Business Development Director Senior Business Development Manager	Eastern Star Real Estate PCL.  Magnolia Quality Development Corporation Limited

Note: <sup>1</sup> Including shareholding of spouse and juvenile children-issued shares as of December 31, 2016 was 5,022,246,185 shares

## Structure Groups of Eastern Star Real Estate Public Company Limited As at 31 December 2015



Remark : \*<sup>1</sup> Eastern Star Lai Sun New world Co., Ltd.\*<sup>1</sup> Non-commercial operation

\*<sup>2</sup> Seastar Properties Limited has transferred the ownership of its entire businesses to Eastern Star Real Estate pcl. since 1 February 2017.

**Executive Committee:**

- The Executive Committee as of December 31, 2016 consists of:
  1. Mr. Chatchawin Charoen-Rajapark      Chairman of the Executive committee
  2. Mr. Torsak Lertsrisukulrat              Managing Director
  3. Mr. Titiwut Soukpornchaikul            Executive Director
  4. Mr. Nuttawit Boonyawat                  Executive Director
  5. Mr. Tinnawat Mahatharadol            Executive Director

**Scope of Duties of the Executive Committee :**

1. To screen the issues to be proposed to the Board of Directors and review the Committee Meeting Report prior to presenting it for approval.
2. To manage the company in accordance with the plan, budget, and policies that the Board of Directors has approved; as well as following up on issues that have been approved by the Board.
3. To consider the approval of various issues within their scope of responsibilities.

**Authorities of the Executive Committee :**

1. To set up the company's principles, conditions, rules and regulations in various aspects as well as to assign work and authorities to the employee.
2. To give approval or make a decision on the issues which require no approval from the Board of Directors.
3. To give approval or make a decision on urgent issues which cannot be postponed for the Board of Directors meeting approval. In this case, the discussion with the Chairman of the Board, or the Chairman of the Audit Committee is required for screening. After the action has been carried out, it is necessary to be proposed to the Board of Directors for ratification.
4. The Executive Committee has the authority to appoint any executive manager, although not more than two persons, who is not in Executive director to be an associated Executive Committee member

**Scope of issues that need the approval of the Board of Directors :**

1. The company's direction and policies on planning and the annual budget. The annual budget must consist of profit and loss projections, cash budget, capital budgets, documentation of the number of employees, and the employment plan.
2. The company's property development projects.
3. Management policy, organizational structure, employee welfare, bonus, and annual salary increase plans.
4. The purchasing of land or buildings not included in the approved property development project as mentioned in clause 2.
5. The selling of land or buildings not included in the general business transaction of the company or the company's asset development project.
6. The rental or leasing of land or buildings which exceeds a time period of over three years, or a value of 10 million Baht.
7. The establishment of a loan with any financial institutions, shareholders, or related parties.



8. The increase and decrease of the capital of the subsidiaries or associated companies, as well as the cancellation or merger with these companies. The selling of investment capital of the subsidiaries and associated companies including entering into a joint venture with any company.
9. Litigation or contention with value exceeding 5 million Baht.
10. The matter defined by the law that is must be approved by the Board of Directors.
11. Other matter that the Board of Directors must approve independently

#### Audit Committee

- The Audit Committee as of December 31, 2016 consists of:

Mr. Preecha Oonchitti	Chairman of the Audit Committee
Mr. Somrit Srithongdee	Audit Committee
Mrs. Sununta Tiasuwan	Audit Committee

#### Scope of authorities of the Audit Committee:

1. To review the Company's financial reporting process to ensure that it is accurate and adequate and also to review the unusual items, the important accounting policy and the auditor's adjustment transactions.
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient.
3. To review the Company's compliance with laws on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business.
4. To consider, select, and nominate the Company's auditor, and to propose the auditing fee by considering the auditors' independence e.g. reviewing the other services provided to the Company by the audit firm, the rotation of the auditors, etc.
5. To review with the auditor the material matters which may affect the reliability of the financial statement e.g. issues or conflicts the auditor may face in performing his duty, differences of opinion between the auditor and the management, the efficiency of internal control systems, and some weak point which occurred during this period and may continue in the next period, etc.
6. To attend a non-management meeting with an auditor at least once a year and to attend a non - management meeting with the head of compliance and internal audit department at least once a year.
7. To review the risk level and risk assessment method of the internal auditor and to assess the awareness of the Board of Directors and the management with regard to significant risk and operational risk.
8. To consider and ensure the accuracy and completeness of the disclosure of information of the Company in the case of the Connected Transactions, or the transactions that may lead to conflicts of interests and to provide an opinion to the Board of Directors regarding the connected transaction or the transaction that may entail a potential conflict of interest before entering into such a transaction, according to the rules and regulations of the SET and SEC.
9. To review and acknowledge the Company's compliance with the business code of conduct, ethics and corporate governance.

10. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
  - 10.1 an opinion on the accuracy, completeness and creditability of the Company's financial report.
  - 10.2 an opinion on the adequacy of the Company's internal control system.
  - 10.3 an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business.
  - 10.4 an opinion on the suitability of an auditor.
  - 10.5 an opinion on the transactions that may lead to conflicts of interests.
  - 10.6 the number of the audit committee meetings, and the attendance of such meetings by each committee member.
  - 10.7 an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
  - 10.8 other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors.
11. To review and approve the Charter of the internal audit it at least once a year
12. To consider and approve the annual internal audit plan and prioritize it according to risk level. To review the internal audit report and consider with the management the Company's weak points or failings and get responses from management.
13. To approve the appointment, transfer and dismissal of the head of compliance and internal audit department, as well as to determine the independence of such function.
14. The Audit Committee has the right to hire the outsources of professionals to help audit when necessary.
15. If the Board of Directors or the management unreasonably ignores the recommendations made in the Audit Committee's report or the committee is suspicious of a transaction that might have a material impact on the financial condition or operational results of the company, the Audit Committee will report such finding to the Office of Securities and Exchange Commission or the SET.
16. To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

The Company's independent director as at 31 December 2016 consists of:

- |                           |                                 |
|---------------------------|---------------------------------|
| 1. Mr. Anand Panyarachun  | Chairman                        |
| 2. Mr. Preecha Oonchitti  | Chairman of the Audit Committee |
| 3. Mr. Somrit Srithongdee | Audit Committee                 |
| 4. Mrs. Sununta Tiasuwan  | Audit Committee                 |

Regulation on the Qualification of “Independent Director” according to Notification of Capital Market Supervisory Board No. TorJor. 4/2552 dated 20 February 2009 means a director who has the following qualifications:

1. Holds shares not excess 1 percent of issued shares with voting rights of the applicant, parent company, subsidiary company, associated company, major shareholder, or person with control power over the applicant. For this purpose, shares held by related person of such independent director shall also be included.
2. The independent director must not be or does not use to be a director who takes part in management, an employee, an officer, an advisor who receives regular monthly salary, or a person who has control power over the applicant, parent company, subsidiary company, associated company, subsidiary company on the same level, major shareholder, or person with control power over the applicant; except for the case that such director has already passed from the aforementioned position at not less than 2 years before the date of petition submission to The Securities and Exchange Commission (SEC). However, such prohibited characters shall not include in case that an independent director used to be a government officer or an advisor of government agency who is a major shareholder or has control power over the applicant.
3. The independent director must not be a person who has relationship by cognate or by legally registration in form of parents, spouse, relatives, and child including child's spouse of director, major shareholder, person who has control power, or person who would be nominated as management or person with control power over the applicant or subsidiary company.
4. Does not have or use to have business relationship with the applicant, parent company, subsidiary company, associated company, major shareholder, or person with control power over the applicant in the manner that would obstruct the exercise of his independent consideration; and is not or does not use to be shareholder with significant shareholding, person with control power over person who has business relationship with the applicant, parent company, subsidiary company, associated company, major shareholder, or person with control power over the applicant; except for the case that such director has already passed from the aforementioned position at not less than 2 years before the date of petition submission to The Securities and Exchange Commission (SEC). The relationship mentioned above shall include regular business transactions for rent to rent out real estates, any transactions related to assets, services, provision or receipt of financial supports in form of taking or granting loan, guarantee, pledging of assets as liability collaterals, including other similar forms or actions that make the applicant or counterparty have liability obligation to make settlement to the other party at the amount of 3 percent of net tangible assets of the applicant or 20 Million Baht or over, depends on which amount is lower. For this purpose, the calculation of the aforementioned liability obligation shall be in accordance with the method used for the calculation of related transactions according to the Notification of Capital Market Supervisory Board Re: Regulations on the Undertaking or Related Transactions by adaptation. However, in considering such liability obligation, liability obligation incurred during the past one year before the date that business relationship with the same person arises shall also be included.
5. The independent director must not be or does not use to be an external auditor of the applicant, parent company, subsidiary company, associated company, major shareholder, or person with control power over the applicant; and is not or a shareholder with significant shareholding, a person with control power, or a partner of audit firm of external auditor of the applicant and of parent company, subsidiary company, associated company, major shareholder, or person with control power where the applicant is a member; except for the case that such director has already passed from the aforementioned position at not less than 2 years before the date of petition submission to the board.

6. The independent director must not be or does not use to be any professional service provider including services on legal consultant or financial consultant who receives service fee more than 2,000,000 Baht per annum from the applicant, parent company, subsidiary company, associated company, major shareholder, person who has control power over the applicant; and is not a shareholder with significant shareholding, a person who has control power, or a partner of such professional service provider; except for the case that such director has already passed from the aforementioned position at not less than 2 years before the date of petition submission to The Securities and Exchange Commission (SEC).
7. The independent director must not be a director who is appointed to be representative of the director of applicant, major shareholder, or shareholder who is a related person to such major shareholder.
8. Do not undertake business with similar nature or business that has significant competition with the applicant or subsidiary company, or is not a significant partner in partnership or a director who takes part in management, an employee, an officer, an advisor who receives regular monthly salary, or a person who holds shares more than 1 percent of issued shares with voting rights of other companies that undertake business with similar nature and with significant competition with business of the applicant or subsidiary company
9. Does not have any other characteristics that make such director unable to independently express opinion about business operation of the applicant after getting the appointment to be an independent director with the qualifications as prescribed in Clause (1) to (9). The independent director may be assigned from the Board of Directors to make decision in business operation of the applicant, parent company, subsidiary company, associated company, subsidiary company on the same level, major shareholder, or person with control power over the applicant in form of collective decision. Regulations prescribed in Clause (2), (4), (5), and (6) in the part that requires qualification of an independent director of the applicant be considered during the past two year before the date of the petition submission to The Securities and Exchange Commission (SEC) shall be enforced to petition submitted to The Securities and Exchange Commission (SEC) since 1 July 2010 onwards.

For a person whose the applicant appoints to be independent director is a person that has or used to have business relationship or professional service provisions exceed the amount prescribed in Clause (4) or (6), the applicant shall receive relaxation for the prohibition on having or using to have business relationship or professional service provisions exceed the aforementioned amount only in the case that the applicant manages to have the opinion of the Board of Directors, considering under Section 89/7, that the appointment of such person would not have any effect on taking duty or on expressing independent opinion and that the applicant manages to disclose the following information in letter of appointment for shareholder's meeting that has agenda on the consideration of the appointment of independent director.

- A. Business relationship or professional service provision that makes such person unqualified according to the regulations prescribed.
- B. Reason and necessity for the appointment of such person as independent director.
- C. Opinion of the Board of Directors of the applicant in proposing to appoint such person as independent director.

In the purpose under Clause (5) and (6), "partner" means a person who is assigned from an audit firm or a professional service provider to be a signatory in audit report or professional service providing report (as the case may be) on behalf of such juristic person.

## Nomination and Remuneration Committee

Lists of the company's nomination and remuneration committee as of 31 December 2016 are as follows:

- |                           |  |
|---------------------------|--|
| 1. Mrs. Sunanta Tiasuwan  | Chief of Nomination and Remuneration Committee |
| 2. Mr. Preecha Ounjitti   | Nomination and Remuneration Committee          |
| 3. Mr. Somrit Srithongdee | Nomination and Remuneration Committee          |

### The responsibility of nomination and remuneration committee

1. To consider policies, rules and practices to present to the board of directors
  - 1.1 The policies, rules and practices for nominate the company's directors, subcommittees and chief executives such as chief executive officer and/or managing director, deputy managing director and assistant managing director
  - 1.2 The policies, rules and practices for recruit, selection and screening the right person to be appointed for committee, managing director or equivalent person of companies or businesses that the company owns shares at least 50%
  - 1.3 The remuneration policy and other benefits including amount of payment and benefits for director, members of subcommittee and chief executive of the company comprising committees, managing director or equivalent person of companies or businesses that the company owns shares at least 50%

### 2. Personal Recruit, Selection and Screening

The recruit, selection and screening processes to offer the company the right persons for positions as follows:

- 2.1 Director
- 2.2 Committees of subcommittees subject to the board of directors
- 2.3 Chief executives of the company are Chief executive officer and/or managing director, deputy managing director and assistant managing director
- 2.4 The committee, managing director or equivalent person of companies or businesses that the company owns shares at least 50%

### 3. Remuneration

To remuneration and present to board of directors then they can consider the appropriate payment for directors, committees of subcommittees, chief executive such as chief executive officer and/or managing director, deputy managing director, assistant managing director including committees, managing director and or equivalent person of companies or businesses that the company owns shares at least 50% according to the policies and rules of the company, subsidiaries or businesses that the company owns shares at least 50%. However it depends on circumstances. The company will compare the rates of payment with the rates of other company in the same industry or similar. The directors of the company who are charged with more duties should be paid as the proper rates as their duties.

### 4. Other Duties and Responsibilities

- 4.1 To consider and present essential details to board of directors then they can adjust the proper size and composition of board of directors that suit to the organization and changing environment. Board of directors must consist of persons who have rich knowledge and experiences in many fields that will be benefit management and operation of the company.

- 4.2 To consider and present the board of directors any paths to analysis the directors and other chief executives such as chief executive officer and/or managing director, deputy managing director and assistant managing director. Then the board can consider the proper annual bonus for them according to their responsibilities, related risks and long-term value added of shareholders' equity.
- 4.3 To assess the performances of directors and chief executive officer and/or managing director to present their performance report to the board.
- 4.4 To consider and present the board of directors a succession plan for positions such as chief executive officer and/or managing director, deputy managing director and assistant managing.
- 4.5 To reveal the policies and reports that summarize the overall operation of nomination and remuneration committee. Then put them together with the annual report of the company.
- 4.6 To seek for comments from independent consultant specialist in case of necessities including salary research and director or top executive nomination. The company will pay for the specialist.

### The Company's secretary

The Company's secretary as at 31 December 2016 was Mr. Pongsak Maision. The responsibilities are to provide suggestions regarding laws and regulations that the committee have to know as well as to arrange and facilitate meetings of directors and shareholders to ensure efficiency.

### The company's management as of December 31, 2016 :

1. Mr.Torsak Lertsrisakulrat      Managing Director
  2. Mrs. Allawan Smarnsodtiwong      Senior Vice President-Project Development and Design Department
  3. Mr. Pongsak Maision      Vice President-Legal and Corporate Secretary
  4. Mr. Supphaphong Amrarong      Vice President-Accounting, Finance and Information Technology Department
  5. Mr.Phisith Tangkhanich      Vice President-Personnel and Corporate Affairs Department
  6. Mr. Ekachai Paiboonphan      Vice President Project Development and Construction Department 1
  7. Mr. Songchai Borisut      Vice President Sale and Customer Service Department
  8. Miss Chalinee Pratyasunti      Director of the Department of Management
  9. Mrs.Pichapas Phowattanakul      Assistant Vice President-Accounting, Finance and Information Technology Department
  10. Miss Puntipa Suktippayaroj      Assistant Vice President of Sale and Customer Service Department
  11. Mr.Nattawoot Seaheng      Assistant Business Development Director
- **The Scope of authorities and accountability of the Managing Director:**
    1. To undertake, manage, and operate routine business for the company's benefit. To comply with the company's objectives and the Articles of the Association including: regulations, resolutions, policies, action plans, and budgets as assigned by the Board of Directors.

2. Managing director has authority to perform any actions that are in normal business practice with the approval power as prescribed in table of authority stipulated by the Company. In case that managing director engages in any actions with the value exceeding the authorized scope, managing director shall grant approval from management committee and /or board of directors before undertaking such actions.
3. To propose approval by the Management Committee for any investments or developments not included in the annual policies. The scope of the Managing Directors excludes operations concerning the Connected Transaction or Assets Acquisition and Disposition of the company's assets dictated by the SET's regulations.

#### **Committee and Management Nomination**

##### **1. Board of Directors Nomination**

The Board of Directors shall consist of no more than 12 persons; currently there are nine directors of the total 12 seats who have been approved by the shareholders. The company has no Nomination Committee to recruit the directors, and does not exercise cumulative voting where a shareholder can divide his vote to appoint the directors, as stipulated in Section 70 of the Public Company Limited Act. The appointment of the directors is decided by the majority of existing votes of shareholders present in the meeting. In order to nominate directors the shareholders may elect one or more directors to gather a committee, or use other measures subject to the discretion of the shareholders. Each shareholder is allowed one vote per share and they may not divide their vote.

##### **2. The Audit Committee Nomination**

The Audit Committee consists of one Chairman of Audit Committee member, and at least two but not more than four Audit Committee directors. The company passed a resolution at the Board of Directors Meeting No.3/2015 on May 14, 2015 resolving to establish an Audit Committee consisting of:

- |                            |                                 |
|----------------------------|---------------------------------|
| (1) Mr. Preecha Oonchitti  | Chairman of the Audit Committee |
| (2) Mr. Somrit Srithongdee | Audit Committee                 |
| (3) Mrs. Sununta Tiasuwan  | Audit Committee                 |

They are the directors who do not partake in the management according to the regulations and conditions of Stock Exchange of Thailand. The Audit Committee was nominated at the Board of Director assembly since 14 May 2015 onwards.

##### **3. Director and Management Remuneration**

Management Remuneration for the year 2016 follows:

Total remuneration of the 12 directors (including resigned directors) within the year 2016 equaled 8,880,000 Baht.

Total remuneration of the 8 members of the management team (including salary and provident funds) within the year 2016 equaled 15,846,340 Baht.



## Detail of management remuneration for the year 2016

Directors	Position	Office Period	No. of Participation	Remuneration amount (Baht)
1. Mr. Anand Panyarachun	Chairman	1992-present	7/7	1,440,000.00
2. Mr. Veraphan Teepsuwan	Vice Chairman	1 April 2003-present	7/7	600,000.00
3. Mr. Preecha Oonchitti	Independent Director and Chairman of Audit Committee	1 April 2003-present	7/6	880,000.00
4. Mr. Somrit Srithongdee	Audit Committee	26 February 2009-present	7/7	760,000.00
5. Mrs. Sunanta Tiasuwan	Audit Committee	16 February 2005 - Present	7/6	840,000.00
6. Mr. Thaveepol Kongseri	Advisory Committee	2014-Present	7/7	720,000.00
7. Mr. Chatchawin Charoen-Rajapark	Executive Director	7 March 2005 -Present	7/6	800,000.00
8. Mr. Titiwut Soukpornchaikul	Executive Director	16 November 2006 - Present	7/7	680,000.00
9. Mr. Paiboon Wongjongjaihan * <sup>1</sup>	Acting Managing Director	25 September 2015-1 October 2016	5/5	200,000.00
10. Mr. Tinnawat Mahatharadol	Executive Director	25 September 2015-Present	7/7	680,000.00
11. Mr. Nuttawit Boonyawat	Executive Director	24 April 2015 -Present	7/7	680,000.00
12. Mr. Pongpinit Tejagupta	Director	24 April 2015 -Present	7/7	600,000.00
13. Mr. Torsak Lertsrisakulrat * <sup>2</sup>	Managing Director	3 October 2016-Present	1/1	-
<b>Total</b>				<b>8,880,000.00</b>

Remark : \*<sup>1</sup> Mr. Paiboon Wongjongjaihan has resigned from the board that took effect since 1 October 2016.

\*<sup>2</sup> Mr. Torsak Lertsrisakulrat was appointed to the board as director in place of Mr. Paiboon Wongjongjaihan that took effect since 3 October 2016.

#### 4. Inside Information Usage Control

The Company requires executives to report any conflicts of interest, especially when internal information was used for personal interest. The Company also requires executives to report changes in their company's shareholding at the Board of Directors Meeting. The Company informed all executives of the regulations of the Securities & Exchange Commission (SEC), and Stock Exchange of Thailand (SET), as well as the penalties for violation of these regulations.

On 23 February 2017, the company set policies that not allow the board, executives and employee/workers of the company who take responsibilities related to inside information including their spouse and underage children buy or sell any security of the company in the 15-day period before the day that the company will disclose financial statement and essential financial details of the company including 1 day after the day that the company will disclose financial statement and essential financial details.

#### 5. Internal Control

It is the company's intention that the internal control system shall proceed to The Board of Directors, and be assigned to the Audit Committee's assessment of inspection of the internal control system. The internal control system maintains appropriate and sufficient efficiency of business operations. In addition to being used resourcefully, the properties maintain protection of erroneous reduction, damages, and dishonesty. The accounting system and the financial report are both convinced and correct, and follow practice with the regulations and laws related to business operations.

In 2016 the Audit Committee evaluated the internal control system, in order to interrogate and review the significance for administration. This summary illustrates the company's internal control system, which consists of the following divisions: organization, environment, risk management, management control activities, information and communication measures, and monitoring systems, which maintain that the company has sufficient operation control procedures. The details are as follows:

##### (1.) Control Environment

The company encourages the environment factor in order to sustain a sufficient organizational structure in accordance with internal control. The internal control system is divided into departments who are responsible for their own sectors. The internal control system is utilized for the purpose of inspection of operations. The major departments create a performance handbook in order to adjust insignificant jobs sufficiently, and reduce work redundancy. All departments are required to follow the same standards. The company reports business performance each year in categories such as: economics, market, and competition in order to maintain a high standard. Control environment appropriately influences the efficiency of internal control.

##### (2.) Risk Management

As a means of risk Assessment the company has analyzed and evaluated all risk factors of both internal and external causes, which may influence the business operations. Through the evaluated risk process the company follows a successful objective. The existence of any risk in the evaluation consistent of general indoctrination will be managed in an effective matter. Furthermore, if any risk is found, the Executive Committee will be informed at once.

(3.) Management Control Activities

The company's internal control activities are aimed at stipulating control when necessary through appropriate policy. The internal control activities such as: environment control, regulations, procedures, commands, and manual operation are clearly stated and specific to each activity. The established and related the audit committee the activities under the inspection of the Board of Directors. The related committees perform operations within the scope of their authority and responsibilities as assigned by The Board of Directors.

(4.) Internal Information and Communication

The company is required to communicate information concerning the operation system through financial reports and follow-ups on policies and regulations. The company collects and prepares information data from outside sources. The company proposes any sufficient or relevant information to the appropriate business and the executive management.

(5.) Monitoring and Evaluation System

The company's internal control operates efficiently and sufficiently to support the objectives of the business operation, and maintains ongoing monitoring and evaluation of the internal control department. In the year 2015, the company held 6 meetings with the Director Committee and the Executive Conference almost every month, in order to monitor the internal control process and operate successfully 12 seats who have been approved by the shareholders. The company has no Nomination Committee to recruit the directors, and does not exercise cumulative voting where a shareholder can divide his vote to appoint the directors, as stipulated in Section 70 of the Public Company Limited Act. The appointment of the directors is decided by the majority of existing votes of shareholders present in the meeting. In order to nominate directors the shareholders may elect one or more directors to gather a committee, or use other measures subject to the discretion of the shareholders. Each shareholder is allowed one vote per share and they may not divide their vote.

## Good Corporate Governance

### Policy on Corporate Governance

The Board realizes the importance of good corporate governance to effective performance. This is a stepping stone to success and sustainable growth. So that the company has set the following policy on corporate governance:

- Equitable and credible treatment to the stakeholders.
- The member of the Board of Directors determine to perform their duties at their best efforts for the benefit of the company. Their performance reflect leadership and management control. The Board of Directors also monitors to prevent conflict of interest.
- The Company sets ethics for the members of the board and employees to practice.
- Operation will be transparent and able to be audited. The internal control system is in place to deal with risks. There is an internal auditor to assure that the management efficiently perform under the policies of the company.

### Shareholders' rights and Shareholder Meeting

The Company has a policy to disclose all information for the consideration in the Shareholder meeting. The company held one shareholder meeting, the Ordinary General Meeting of Shareholders. The meeting was convened at a hotel located in Bangkok where the public transportation system is available for the shareholders' convenience to join the meeting. The company sent an invitation letter enclosed with information of each agenda to shareholders at least 7 days before the meeting. Each agenda has the board's opinion. The Company let shareholders register at least 1 hour before the meeting. The Chairman of the Board who chaired the meeting gave opportunities to shareholders to express their questions, opinion, and suggestions freely. Besides, the Company gave shareholders an alternative to authorize an independent director as their proxy to join the meeting.

### Rights of Stakeholders

The Company realized importance of stakeholders. No matter they are internal stakeholders : employees, executives and board or external stakeholders: shareholders, customers, partners, creditors, competitors and public sectors because they all encourage the company to increase competitiveness and profit. The Company will follow provision of laws and related regulations in order to protect their rights.

### The Board

The Board as of December 31, 2016 there were 12 directors consisting of

- 5 executive directors
- 3 non - executive directors
- 4 Independent directors (This is 33 % of all board members)

Chairman and Managing Director are not the same person. This leads to transparency, especially in supervision and daily work, because they have separate responsibilities. Conflict of interest or Managing Director's monopolization will not happen easily because of the balance of power. Moreover, this enables Chairman to make a better independent decision for the highest benefit of company and shareholders.

The Board has involved in making decision and setting company's vision, mission, policy, goal, business plan and budget. The board has supervised the management to act in accordance with the business and budget plans. The board assigned the management to set up internal control system and to fix its authorities. The board always follow up the management operation and internal control system at the Board of Directors Meeting.

The Board holds a meeting every quarter. If necessary, an ad hoc meeting will be held with the exact date and agenda. Documents will be submitted to the board at least 5 days ahead to give the board time for consideration. In 2016, the board held 6 meetings. The participation of each director is mentioned in Directors remuneration. as in Clause 3

The minutes of the Board of Directors Meeting is prepared and kept in file approval. They are available for the board and related people to audit.

The board realizes importance of accurate and credible financial report. The board makes a report on its responsibility for financial statements. It covers important factors in line with the Code of Best Practices for Directors of Listed Company suggested by the Stock Exchange of Thailand. This is stated in the 2016 Annual Report.

## Conflict of Interest

The Company launched written principles of good corporate governance under the topic of the conflict of interest and stock trading in an effort to prevent conflict of interest.

## Business Ethics

The board launched employees' ethics for their guidance of practices. The way employees treat the company and stakeholder should be honest, fair and transparent. Employees signed to acknowledge and agree to adopt them. The Company will monitor whether they behave or not to encourage the good corporate governance.

## Director and Management Remuneration

The Company's board of director will allocate the remuneration for directors that are approved in the ordinary shareholders' meeting 1/2016 dated 29, April 2016 which are not more than 9.5 million baht per year. In 2016, the company has paid totally 8,880,000 baht to the board of directors. And for the management team, their remunerations will depend on the company's operation results and performance of each management. Each management's remuneration will be approved by the company's executive board and / or board of directors.

## Controlling System and Internal Audit

The board realizes importance of internal control system particularly in finance and operation. The company has an internal auditor to audit employees' operation. This is to ensure that main duties, financial activities, legal compliance and company's requirements have been practiced effectively. The internal auditor is granted with independence to audit. The internal auditor reports directly to the Audit Committee who then reports directly to the Board of Directors. The board will inform the management to practice and improve.

According to the 2016 internal audit reports, the Company had the policy to keep the information as well as the document form regarding the company's asset in the standard way. This is to ensure that the use of asset is in compliance with the company's principles and in such a way that maximize the company's interest. Apart from the mentioned policy, significant defects were not found. There was only daily work's error which was solved at times.

## Risk Management

The Company has not had Risk Management Committee. However, it has analyzed risks and laid preventive measures in order to minimize the risk. The details are stated in topic of Clause 5 (2) Risk Management Measure.

## Investors Relation

The Board realizes that either financial or non-financial information of the company has effect on investors and the stakeholder's decision making. Thus, the management has to reveal all accurate, credible and up-to-date information. The management always follows this rules strictly. For investor relationship, the Company has not had a particular unit because there are not many activities. In practices, CEO and Executive Director will contact investors, shareholders and analyst. For information, investors can contact at telephone no. 0-2263-1010 or email address: [estar@estarpcl.com](mailto:estar@estarpcl.com)

## Inter - Related Transactions

In the year 2016, the Company did not have any related transactions with major shareholders, directors, and management of the Company except for those disclosed in financial statements of the year 2016.

### Policy and direction on inter-related transaction management

In the future, the company has no policy to enter into any inter - related transaction. If there are necessarily related transactions needed to operate for the company benefit, the Company will consider them circumspectly and ensure that they will cost the same value and condition with others. The Company will appoint the outside experts to present independent opinion on the fair price in compliance with the procedure of SEC and SET's regulatory principles, methodology in the disclosure of connected transaction as well as rules and regulations of related law and will take the company benefits as a priority. In addition, the Audit Committee will be responsible for following up the inter-related transaction and take action in line with related rules and regulations.



## Discussion and Analysis of Finance and Overall

### Overall operation

- For the year ended 31 December 2016, the company and its subsidiaries earned net profit after tax of 200.18 million baht, year's profit was increased 68.59 million baht or 52.12% from 2015 which earned net profit after tax of 131.59 million baht. Details are as follows:
- In 2016, the company and its subsidiaries earned gross profit of 576.51 million baht or 30.20% of total revenues from real estate sales, rental and services increasing 162.78 million baht or 39.37% from 2015 because the group of companies' operating revenues comes from the ownership transferences of condominiums and housing projects in Bangkok and Rayong. In 2015, the company has condominiums that completely and ready for transferring in September 2015 resulting in increase of revenue recognition. There were more ownership transferences in 2016 leading to the increasing revenue of company.
- The selling expense increased 19.48 million baht or 18.24% from 2015 mostly resulting from increasing in ownership transference fee, special business tax and commission which fluctuated by the income from ownership transference. The administrative expense increased 6.54 million baht or 3.37% from 2015 mostly resulting from increasing in expenses of outsourcing and reparation.
- The company has evaluated the new lands and found that the new lands' values was increasing from the last year. At present, most of lands owned by the company have increasing value in market which above the book value, so the company has to adjust the price according to the book value to resulting in currently land prices. To do that the company reversed the impairment of those lands that used to be recorded in expenses resulting in profit of 30.16 million baht from impairment loss reversal in 2016.

In 2016, a subsidiary of the company has demolished building to develop new project in the same land to increase revenue in the future so this progress made the company get loss of 37.14 million baht from asset retirement.

As of 31 December 2015, the company has remaining short-term loan of 151 million baht and long-term loan due date in 1 year 210 million baht with the loan according to bank credit contract which not withdraw yet in amount of 1,600 million baht. In 2016, the company has debt to equity ratio of 0.23 times.

In 2016, the company divided bonus continually for 3 years since 2014. The company can cleared its deficits (Separate Financial Statements) and it's expected that the company can divide bonus continually because it gained profits from projects sales at present such as Starview, Nara 9, Amber, housing projects in Rayong and etc.

### Revenues from sales and services

At present the company and its subsidiaries earned the revenues from real estate sales, rental and services which come from 3 businesses: real estate development for sales, real estates for rent and golf course resulting in total revenue of 1,909.27 million baht increasing 216.30 million baht from 2015 or 12.78%. The revenues from 3 businesses are summed up as follows:

- In 2016, the revenue from for-sale real estate development business is 1,829.04 million baht or 95.80% of total revenues from real estate sales, rental and services which increased 223.77 million baht or 13.94% from year 2015 mostly come from revenue recognition of land with house sales and condominiums. In 2016, there were more ownership transferences than 2015 leading to rising revenues. The revenue recognitions from ownership transference for projects in Bangkok and Rayong are as follows:

Summary of sales	2016 (million baht)			2015 (million baht)		
	Bangkok	Rayong	Total	Bangkok	Rayong	Total
Revenues from land with house sales	39.00	114.54	153.54	130.82	68.04	198.86
Revenues from condominium sales	1,675.50	-	1,676.05	1,406.41	-	1,406.41
Total revenues	1,714.50	114.54	1,829.04	1,537.23	68.04	1,605.27

- In 2016, the revenue from rental real estate business is 31.27 million baht or 1.64% of the total revenues from real estate sales, rental and services, decreasing 4.83 million baht or 13.38% from 2015 because there were less short-term group customers while long-term customer in rental house and condominium business still be the same group.
- In 2016, the revenue from golf course is 48.96 million baht or 2.56% of the total revenues from real estate sales, rental and services which decreasing 2.64 million baht or 5.12% from 2015 because in 2016 there were less customers in golf course leading to decreasing revenues from food and beverage bills.

#### Cost of sales and services

In 2016, the company and its subsidiaries had costs of real estate sales and rental at 1,332.76 million baht increasing 53.52 million baht or 4.18% from 2015. The costs of sales and services in 2015 are composed of:

- The costs of land with house and condominium sales are 1,276.66 million baht or 95.79% of the joint cost, increased by 52.26 million baht or 4.16% from 2015 which can be fluctuated according to increasing revenue.
- The cost of real estate rental business is 19.90 million baht or 1.49% of the joint cost, increasing 1.23 million baht or 6.59% because in 2016 there were house renovations continuously from 2015 and yearly increasing employee's salary so the cost was slightly increased.
- The cost of golf course business is 36.24 million baht or 2.72% of the joint cost, increasing 1.07 million baht or 3.04% resulting from maintenance cost for the golf course and other equipment related to the golf course and yearly increasing employee's salary.

#### Other incomes

In 2016, there were other incomes of 28.21 million baht, increasing 7.18 million baht or 34.14% from 2015 mostly came from increasing revenue from service charges.

#### Distribution expense

In 2016, the distribution expense was 126.25 million baht, increasing 19.48 million baht or 18.24% from 2015 which fluctuated by increasing revenue from sales. It's resulting of brokerage, transference fee, special business tax and project promotion cost that stimulus the sales.

**Administrative expense**

In 2016, the administrative expense was 200.74 million baht, increasing 6.54 million baht or 3.37% from 2015, mostly come from rising expenses related to employee, recruitment and common expense that paid to condominium's juristic persons for the units that not transfer the ownership yet.

**Reversal impairment loss of assets/Impairment loss of assets**

In 2016 and 2015, the company has engaged qualified assessors to review the value of assets that's expected to be returned including lands for development and real estates for investment purpose. The results are the new asset appraised value in 2016 is higher than current book value, so the company reversed the impairment loss of assets that used to recognize the loss of 30.16 million baht, reversed the impairment loss of assets of 44.05 million baht in 2015.

**Loss from Asset Retirement**

In 2016, one of the company's subsidiaries has demolished building to develop the land for new project to increase the revenue resulting in loss from asset retirement of 37.14 million baht increasing from 2015.

**Financial expenses**

In 2016, the interest expenses are 8.56 million baht, increasing 6.42 million baht or 300% from 2015. The company took on loan from commercial bank to use in the company's operating. In 2016, the company has complete condominium so the interest expense was record in financial expenses while in 2015 the interest expense was record as cost of real estate development.

**Income tax expenses**

In 2016, the company earned profit before tax 262.19 million baht, increasing 90.76 million baht or 52.94% from 2015. The company has income tax expense of 62.01 million baht, increasing 22.17 million baht or 55.65% from 2015. The income tax expense fluctuated according to the increasing profit in 2016.

**Net gain (loss)**

In 2016, the company and its subsidiaries earned net profit of 200.18 million baht, increasing 67.53 million baht or 50.91% from 2015. In 2016, the company earned gross profit higher than 2015 which increasing 162.78 million baht or 39.34% while the operating expense was rising 72.78 million baht or 27.86% from 2015. The main factor is the company has a loss of 37.14 million baht which generated by asset retirement of its subsidiary accompanied with reversal impairment loss of assets of 30.16 million baht. These factors make the company's net gain in 2016 higher than 2015.

**Financial statement****Components of assets**

As of 31 December 2016, the company and its subsidiaries own a total assets of 5,791.07 million baht, decreasing 469.26 million baht or 7.50% from the number on 31 December 2015. Mostly of decrease results of real estate development cost and inventory which are the main activities of the company's operating. In 2016, the company has transferred more ownerships of houses and condominium's units to the customers leading to decreasing total asset. Details of asset changes are as follows:

- As of 31 December 2016, cash and cash equivalent was 80.10 million baht, increasing 14.53 million baht or 22.16% from 31 December 2015 because in December 2016 the company earned clients' payment for house and condominium ownership transferences resulting in higher deposit in the end of the year.

- As of 31 December 2016, the temporary investment was 37.46 million baht, increasing 8.06 million baht or 27.41% from 31 December 2015 because in December 2016 the company has credit balance from ownership transferences so the company invested in consolidated fund but in 2015 the company withdrawal the fund gradually resulting in decreasing temporary investment at the end of the year.
- As of 31 December 2016, the cost of real estate development and inventories was 2,749.92 13 million baht, decreasing 491.21 million baht or 15.16% from date 31 December 2015 because in 2016 there were ownership transferences in the company's projects to the customers which transferred to cost of sales according to the number of ownership transferences then the overall real estate development costs and inventories were decreased in 2016. It's including the real estate development cost of 2,098.68 million baht, inventories of 650.79 million baht and other inventories 0.45 million baht.
- As of 31 December 2016, the prepaid expense for construction was 26.14 million baht, decreasing 1.57 million baht or 6.39% from 31 December 2015. The prepaid expense is the expense pay for the company's project contractors and when the company pays for the construction cost in each time those amount of money will be rebated from the payment that was disbursed each time, so when the construction is completed, the prepaid expense for construction will be decreased. In 2016, the prepaid expenses for construction was increased by 26.53 million baht and gradually curtail expenditures when the company paid the construction cost of 24.96 million baht.
- As of 31 December 2016, the current assets was 29.02 million baht, increasing 22.80 million baht from 31 December, mostly resulting of the categorization of deposit income tax that waiting for refund from non-current assets.
- As of 31 December 2016, the real estate for investment purpose-net was 1,298.32 million baht, decreasing 5.80 million baht or 0.44% from 31 December 2015 because in 2016 there was an annual asset evaluation and found that most lands had increasing in value above the recorded book value, and used to recognition of impairment as expenses in the past, so the company has reversal impairment loss of those lands at amount of 12.05 million baht and the subsidiaries at amount of 15.19 million baht. The subsidiary has demolish building to develop land for new project leading to an asset retirement of 37.14 million baht that lead to lower value of real estate for investment-net.
- As of 31 December 2016, lands, building and equipment values were 367.98 million baht, decreasing 2.06 million baht or 0.56% from 31 December 2015 because in 2016 the company has demolished a sale office.
- As of 31 December 2016, the deferred income tax asset was 15.28 million baht, decreasing 3.25 million baht or 17.54% from 31 December 2015. The company used the deferred income tax as income tax expense for 2016 resulting in lower deferred income tax asset.
- As of 31 December 2016, the land and improving land-net were 1,134.55 million baht, increasing 7.75 million baht or 0.69% from 31 December 2015 because in 2016 there was an annual land evaluation and found that most lands were increasing in value, above the book value, and used to recognition of impairment as expenses in the past, so the company has reversal impairment loss of those lands 2.92 million baht and bought lands to develop in the future resulting in increasing book value of those lands.
- As of 31 December 2016, the other non-current assets was 10.74 million baht, decreasing 19.46 million or 64.44% from 31 December 2015 mostly resulting from categorization of deposit income tax that waiting for refund as current assets.

**Components of liability and shareholders' equity**

As of 31 December 2016, the company and subsidiaries had a total liability of 1,064.21 million baht, decreasing 543.91 million baht or 33.82% from 31 December 2015. Details of changes in liability of the company and subsidiaries are as follows:

- As of 31 December 2016, the short-term loans from financial institution were 151 million baht, increasing from December 2015 because the company took on loan for construction projects.
- As of 31 December 2016, the trade account payable and other payables were 93.95 million baht, increasing 23.27 million baht or 32.92% from 31 December 2015 because there were more condominium construction projects and contractor payable charged a lot of construction costs at the end of 2016.
- As of 31 December 2016, the long-term loans that have due date in 1 year were 210 million baht, decreasing 424.97 million baht or 66.93% from 31 December 2015. The company took on loans from commercial banks for construction projects and paid back the debts more than taking loan so the long-term loans were decreased.
- As of 31 December 2016, the prepaid income from clients was 406.47 million baht, decreasing 244.94 million baht or 37.60% from 31 December 2015 resulting of recording the prepaid income from clients as real estate sales income from condominium and land with house ownership transference in 2016 then prepaid income from clients was decreased from 2015.
- As of 31 December 2016, the accrued income tax was 3.14 million baht, decreasing 12.71 million baht or 80.19% from 31 December 2015. The company earned taxable profits in 2016 and 2015 while in 2016 the company paid taxes to the Revenue Department so accrued income tax was decreased.
- As of 31 December 2016, the accrued expense was 29.74 million baht, decreasing 14.29 million baht or 32.46% from 31 December 2015 mostly comes from decreasing estimated liability of renovation from insurance.
- As of 31 December 2016, other current liabilities were 29.73 million baht, decreasing 19.81 million baht or 39.99% from 31 December 2015 as the result of refunding retention money to contractors at the due date according to the contract.
- As of 31 December 2016, the long-term reserved benefits of employee were 16.83 million baht, increasing 2.99 million baht or 21.60% from 31 December 2015. The company records the estimated liabilities of employee's reserved benefits according to Actuarial science every month so the benefits were increased.
- As of 31 December 2016, non-current liabilities were 7.07 million baht, increasing 3.32 million baht or 31.95% from 31 December 2015 mostly comes from decreasing electric meter deposits resulting from the company transferred ownerships to customers who bought condominium units.

As of 31 December 2016, the company and its subsidiaries had shareholders' equity of 4,726.85 million baht, increasing 74.64 million baht or 1.60% from 31 December 2015. The company earned gross profit of 200.18 million baht in 2016 and the reserve according to the law increased 10.82 million baht. In 2016, the company divided bonus from its 2015-operation at amount of 125.53 million baht and the non-controlling shareholders' equity was decreased by 2.32 million baht.

## Liquidity

### Cash flow

In 2016, the company and its subsidiaries had cash and cash equivalent of 14.53 million baht which generated from operation, investment and financing, decreased by 1.45 million baht from 2015. Details are as follows:

- Net cash flow in operation in 2016, there was cash flow from operation 449.46 million baht, increasing 85.90 million baht from 2015 resulting from the company earned profits from operation as cash income more than in 2015 which increasing 190.01 million baht from 2015. In 2016, the operations in assets and liabilities had not much changes and the company had paid income taxes 72.85 million baht, increasing 55.29 million baht from 2015 and paid debts 20.05 million baht, decreasing 45.54 million baht from 2015 resulting to higher net cash flow in operation.
- Net cash flow from investment in 2016, there was investing cash flow of 35.54 million baht while investing cash flow in 2015 was 128.09 million baht. This is a result from the company bought unit trusts more than selling unit trusts in 2016 so it's resulting in increasing disbursed cash 7.86 million baht and gained cash from selling buildings and equipment 2.77 million baht. The company also bought real estates for investment, building, equipment, intangible assets, lands and land improvements increased by 30.68 million baht. While in 2015, the company has purchasing at amount of 11.39 million baht and earned cash from selling unit trusts more than buying unit trusts at amount of 139.12 million baht. The sum up of income (disbursed) in investment in 2015-2016 are as follows:

(unit : million baht)

Investment activities	2016	2015
Net unit trust purchase- distribution	(7.86)	139.12
Buy real estates for investment purpose	(12.40)	(7.20)
Buy buildings, equipment and intangible assets	(18.19)	(4.04)
Buy land and land improvement	(0.09)	(0.15)
Cash receipts from selling real estates for investment purpose and lands for development	0.23	0.20
Cash receipts from selling equipment	2.77	0.16
Net current cash flow gain (disbursed)	(35.54)	128.09

- Net cash flow (disbursed) from financing activities in 2016 has cash flow disbursed in financing activities 399.38 million baht, decreasing 76.29 million baht from 2015. In 2016, the company paid debts for its short and long term loans 862.37 million baht and withdraw the loans to use in condominium construction in Bangkok at amount of 588.40 million baht and paid dividends 125.41 million baht while in 2015 the company paid back its debt more than withdraw the loans 325.13 million baht and paid dividends 150.54 million baht so the net cash flow (disbursed) from financing activities in 2016 is lower than 2015.

**Liquidity ratio**

The liquidity ratio as of 31 December 2016 was 3.17 times, increasing 0.87 times from 31 December 2015. The company and its subsidiaries had current assets of 2,930.18 million baht and the current liability of 924.03 million baht. The company's liquidity is in good condition.

As of 31 December 2016, the current assets decreased by 444.89 million baht from 31 December 2015. Main cause is decreasing in costs for real estate development and inventory which decreased by 491.21 million baht resulting from transferring cost of sales when transfer ownership to customers which in 2016 there were more ownership transferring resulting to quicker liquidity ratio. This is resulting to 14.53 million baht in cash and cash equivalents in 2016 and 15.98 million baht in 2015.

As of 31 December 2016, the current liability decreased by 542.44 million baht from 31 December 2015 resulting from short and long term loans that due date in 1 year which decreasing 77.50 million baht from paying back debt more than taking on loan. The pre-paid income from customers was decreased by 244.94 million baht because there was income recognition from ownership transferring and the deferred income tax decreased by 12.71 million baht after the company paid income tax.

**Profitability Ratios**

In 2016, the company has gross profit 576.51 million baht, increasing 162.78 million baht from 2015 mostly comes from the higher income from operations especially the income from selling real estates. The expenses in selling and administration in 2016 was 326.99 million baht, increasing 26.02 million baht resulting to 14.18% profits of operation and 10.25% profits of operation in 2015. This is indicate that the company has better profitability in 2016.

**Capital structure**

Debt to Equity ratio as of 31 December 2016 was 0.23 times, decreasing 0.12 times from 2015 which is performance better. The company and its subsidiaries had a total of liability decreased by 543.91 million baht as of 31 December 2016 as the company has remaining loans 557.47 million baht, decreasing 77.50 million baht from 2015. The company and its subsidiaries has the ability of solvency and other liability obligations normally.

## Remuneration for auditor

The Company and its subsidiaries paid remuneration on the account audit (audit fee) and other services (non-audit fee) to SAM NAK-NGAN EY Company Limited (its previous name — Ernst and Young Company Limited) for the accounting period of 2016, as the followings;

Company	(audit fee)	(non-audit fee)
Eastern Star Real Estate Public Company Limited	880,000.-Baht	17,900.- Baht
Eastern Star Resort Company Limited	180,000.-Baht	12,326.-Baht
Seastar Properties Company Limited	210,000.-Baht	12,520.- Bath
Eastern Star-Lai San New World Company Limited	30,000.-Baht	-
Total	1,300,000.-Baht	42,746.-Baht



## The Board of Directors Responsibility

### For Financial Statements

The Board of Directors is responsible for the Company's consolidated financial statements and related financial information included in this annual report. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Thailand and necessarily include certain amounts that are based on management's appropriate estimates and judgements.

The consolidated financial statements were audited by Ms. Gingkarn Atsawarangsarit of EY Office Limited an auditor accepted by the Securities and Exchange Commission was given access to all financial records and related data, including minutes of all meetings of shareholders, the Board of Directors and other committees. The company believes that all representations made to the auditor during her audits were valid and appropriate.

The Board of Directors also assigns the management to establish and maintain efficient internal control systems in order to reasonably believe that the financial and accounting data for the financial statements preparation is sufficient and accurate. The internal control is continually reviewed for its effectiveness to maintain the company assets and prevent frauds in operations. To be assured that the financial statements are reliable, accurate and completed, the Board of Directors has designated the Audit Committee whose members are non-executive from the management to monitor and review the financial statements including the company's internal control systems. The Committee meets with representative of management, the auditor and the internal auditor to discuss financing reporting, accounting and internal control matters.

The Board of Directors is satisfied with the overview of internal control systems and trusts that the consolidated financial statements for the period ended 31 December 2016 is fair and reliable.

## Independent Auditor's Report

To Eastern Star Real Estate Public Company Limited and its subsidiaries

### Opinion

I have audited the accompanying consolidated financial statements of Eastern Star Real Estate Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Eastern Star Real Estate Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eastern Star Real Estate Public Company Limited and its subsidiaries and of Eastern Star Real Estate Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 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 opinion.

**Key Audit Matters**

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

***Recognition for revenue from sales of real estate***

The Company's accounting policy on revenue recognition for revenue from sales of real estate, sales of land, sales of land with houses and sales of residential condominium units are disclosed in Note 4.1 to the consolidated financial statements. Revenue from sales of real estate is a significant amount in the statement of comprehensive income, and the Company has significant numbers of property units for sale and property sales agreements. I have therefore identified revenue recognition as a key audit matter and focused on the amount and timing of the recognition for revenue from sales of real estate.

I performed the audit procedures on the revenue recognition of the Company including:

- a. Assessing and testing the Company's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- b. Applying a sampling method to select property sales agreements to assess whether revenue recognition was consistent with the conditions of the relevant property sales agreement, and whether it was in compliance with the Company's policy.
- c. On a sampling basis, examining supporting documents for actual real estate sales transactions occurring during the year and near the end of the accounting period.
- d. Performing analytical procedures on disaggregated data of revenue from sales of real estate.

*Impairment evaluation of investment properties*

As discussed in Note 4.8 and Note 13 to the consolidated financial statements, in evaluating impairment of investment properties of the Company and its subsidiary, management had to exercise significant judgement with respect to the analysis of the nature of the assets and asset use, and determination of key assumptions. I have therefore identified the provision for impairment of investment properties as a key audit matter and focused on the amount of provision for impairment of investment properties.

I assessed the internal controls of the Group relevant to the determination of provision for impairment of investment properties by making enquiry of responsible executives and gaining an understanding of the controls. In addition, I assessed the methods and the assumptions applied by management in determining such provision. The audit procedures included, among others, the following.

- a. A consideration of related internal and external information to assess whether there are any indicators of impairment of investment properties and an analysis of information related to the asset's fair value less costs to sell and its value in use.
- b. A review of the basis applied in determining impairment of investment properties, the consistency of the application of that basis, and the rationale for the recording of provision.
- c. A review of the reasonableness of the report on net realisable values prepared by the Company's management or the appraisal reports of independent appraisers.

In addition, I assessed the disclosure of information by the Group's management with respect to assessment of impairment of investment properties.

**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 Financial Statements**

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

In preparing the 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 Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the 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 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 Mrs. Gingkarn Atsawarangsalit.



Gingkarn Atsawarangsalit  
Certified Public Accountant (Thailand) No. 4496

EY Office Limited  
Bangkok: 23 February 2017

## Statement of financial position

Eastern Star Real Estate Public Company Limited and its subsidiaries

As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	7	80,100,039	65,573,624	60,793,207	55,865,956
Current investments	8	37,456,934	29,401,555	25,057,832	17,169,655
Trade and other receivables	9	7,554,533	8,193,992	8,279,753	8,586,346
Real estate development costs and inventories	10	2,749,915,067	3,241,133,150	2,750,190,034	3,237,604,084
Advance for construction work		26,136,525	24,571,306	26,136,525	24,571,306
Other current assets		29,020,345	6,216,299	46,607,548	4,358,660
Total current assets		2,930,183,443	3,375,089,926	2,917,064,899	3,348,156,007
Non-current assets					
Finance lease contract receivables	11.1	32,586,751	34,226,471	32,586,751	34,226,471
Investments in subsidiaries	12	-	-	911,921,450	934,517,510
Investment properties	13	1,298,319,145	1,304,118,158	952,382,569	940,298,659
Property, plant and equipment	14	367,981,662	370,035,209	90,770,086	93,416,312
Intangible assets	15	1,417,092	1,331,514	1,313,650	1,242,669
Deferred tax assets	26	15,277,603	18,527,107	14,562,723	17,956,245
Land and improvement awaiting development	16	1,134,553,821	1,126,802,439	984,987,515	972,205,790
Other non-current assets		10,744,968	30,198,910	3,975,047	23,637,371
Total non-current assets		2,860,881,042	2,885,239,808	2,992,499,791	3,017,501,027
Total assets		5,791,064,485	6,260,329,734	5,909,564,690	6,365,657,034

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



## Statement of financial position (continued)

Eastern Star Real Estate Public Company Limited and its subsidiaries

As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from a financial institution	17	151,000,000	-	151,000,000	-
Trade and other payables	18	93,948,532	70,676,319	91,142,896	68,473,692
Current portion of long-term loans	19	210,000,000	634,969,135	210,000,000	634,969,135
Advance received from customers		406,472,209	651,406,031	403,336,834	649,537,997
Income tax payable		3,144,876	15,847,687	3,144,876	15,847,687
Accrued expenses		29,735,489	44,026,201	25,851,550	40,401,955
Other current liabilities	20	29,732,045	49,542,415	23,899,037	44,051,450
<b>Total current liabilities</b>		<b>924,033,151</b>	<b>1,466,467,788</b>	<b>908,375,193</b>	<b>1,453,281,916</b>
<b>Non-current liabilities</b>					
Provision for long-term employee benefits	21	16,828,099	13,844,948	13,253,699	10,990,635
Retention guarantees		104,611,267	105,095,399	104,611,267	105,095,399
Advance received from land lease	11.2	5,153,691	5,480,091	5,153,691	5,480,091
Deferred tax liabilities	26	6,517,350	6,845,294	6,517,350	6,845,294
Other non-current liabilities		7,066,642	10,390,138	6,864,454	10,079,175
<b>Total non-current liabilities</b>		<b>140,177,049</b>	<b>141,655,870</b>	<b>136,400,461</b>	<b>138,490,594</b>
<b>Total liabilities</b>		<b>1,064,210,200</b>	<b>1,608,123,658</b>	<b>1,044,775,654</b>	<b>1,591,772,510</b>

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

## Statement of financial position (continued)

Eastern Star Real Estate Public Company Limited and its subsidiaries

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Shareholders' equity</b>					
Share capital					
Registered	22				
5,172,246,185 ordinary shares of Baht 1 each		5,172,246,185	5,172,246,185	5,172,246,185	5,172,246,185
Issued and paid up					
5,022,246,185 ordinary shares of Baht 1 each		5,022,246,185	5,022,246,185	5,022,246,185	5,022,246,185
Share discount		(429,264,886)	(429,264,886)	(429,264,886)	(429,264,886)
Capital reserve for share-based payment transactions	23	978,875	978,875	978,875	978,875
Retained earnings					
Appropriated - statutory reserve	24	38,529,204	27,707,634	38,529,204	27,707,634
Unappropriated (deficits)		(96,391,125)	(162,537,346)	232,299,658	152,216,716
Other components of shareholders' equity		74,131,479	74,131,479	-	-
Total shareholders' equity		4,610,229,732	4,533,261,941	4,864,789,036	4,773,884,524
Non-controlling interest of the subsidiaries		116,624,553	118,944,135	-	-
<b>Total shareholders' equity</b>		<b>4,726,854,285</b>	<b>4,652,206,076</b>	<b>4,864,789,036</b>	<b>4,773,884,524</b>
<b>Total liabilities and shareholders' equity</b>		<b>5,791,064,485</b>	<b>6,260,329,734</b>	<b>5,909,564,690</b>	<b>6,365,657,034</b>
		-	-	-	-

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

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Directors

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## Statement of comprehensive income

Eastern Star Real Estate Public Company Limited and its subsidiaries

For the year ended 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Profit or loss:					
Revenues					
Revenue from sales of real estate and revenue					
from rental and services		1,909,265,304	1,692,967,793	1,831,306,803	1,606,855,686
Other income		28,208,803	21,029,716	35,086,270	29,132,854
Total revenues		1,937,474,107	1,713,997,509	1,866,393,073	1,635,988,540
Expenses					
Cost of real estate sold and cost of rental					
and services		1,332,757,505	1,279,239,596	1,277,655,933	1,225,682,943
Selling expenses		126,250,821	106,770,197	120,587,877	101,606,285
Administrative expenses		200,743,001	194,201,594	173,381,429	168,137,556
Loss on diminution in value of assets		-	4,271,287	27,862,285	1,810,082
Reversal of loss on diminution in value of assets	12, 13, 16	(30,161,307)	(44,050,931)	(20,241,723)	(45,331,967)
Loss from written off of assets		37,137,136	-	-	-
Total expenses		1,666,727,156	1,540,431,743	1,579,245,801	1,451,904,899
Profit before finance cost and income tax expenses		270,746,951	173,565,766	287,147,272	184,083,641
Finance costs		(8,560,508)	(2,141,138)	(8,560,508)	(2,141,138)
Profit before income tax expenses		262,186,443	171,424,628	278,586,764	181,942,503
Income tax expenses	26	(62,011,356)	(39,839,316)	(62,155,374)	(39,958,742)
Profit for the year		200,175,087	131,585,312	216,431,390	141,983,761
Other comprehensive income:					
Other comprehensive income					
Other comprehensive income not to be reclassified to profit and loss in subsequent periods					
Actuarial gain and loss		-	1,333,838	-	1,031,270
Less: income tax effect		-	(266,768)	-	(206,254)
Other comprehensive income not to be reclassified to profit and loss in subsequent periods - net of income tax		-	1,067,070	-	825,016
Other comprehensive income for the year		-	1,067,070	-	825,016
Total comprehensive income for the year		200,175,087	132,652,382	216,431,390	142,808,777
Profit attributable to:					
Equity holders of the Company		202,494,669	132,737,777	216,431,390	141,983,761
Non-controlling interests of the subsidiaries		(2,319,582)	(1,152,465)	-	-
		200,175,087	131,585,312	216,431,390	141,983,761

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

## Statement of comprehensive income (continued)

Eastern Star Real Estate Public Company Limited and its subsidiaries

For the year ended 31 December 2016

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		202,494,669	133,748,517	216,431,390	142,808,777
Non-controlling interests of the subsidiaries		(2,319,582)	(1,096,135)	-	-
		<u>200,175,087</u>	<u>132,652,382</u>	<u>216,431,390</u>	<u>142,808,777</u>
<b>Earnings per share</b>	27				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>0.040</u>	<u>0.026</u>	<u>0.043</u>	<u>0.028</u>

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

# Statement of changes in shareholders' equity

Eastern Star Real Estate Public Company Limited and its subsidiaries

For the year ended 31 December 2016

	Consolidated financial statements										(Unit: Baht)	
	Equity attributable to the parent's shareholders											
	Issued and paid-up share capital	Share discount	Capital reserve for share-based payment transactions	Retained earnings		Other comprehensive of equity			Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries		Total shareholders' equity
				Appropriated	Unappropriated (deficit)	Surplus from change in the ownership interests in subsidiaries	Total other attributable to owners of the Company					
<b>Balance as at 1 January 2015</b>	5,022,246,185	(429,264,886)	-	20,608,445	(138,562,168)	74,131,479	74,131,479	-	4,549,159,055	120,040,270	4,669,199,325	
Profit for the year	-	-	-	-	132,737,777	-	-	-	132,737,777	(1,152,465)	131,585,312	
Other comprehensive income for the year	-	-	-	-	1,010,740	-	-	-	1,010,740	56,330	1,067,070	
Total comprehensive income for the year	-	-	-	-	133,748,517	-	-	-	133,748,517	(1,096,135)	132,652,382	
Share-based payment transactions (Note 23)	-	-	978,875	-	-	-	-	-	978,875	-	978,875	
Dividend paid (Note 29)	-	-	-	-	(150,624,506)	-	-	-	(150,624,506)	-	(150,624,506)	
Transfer unappropriated retained earnings to statutory reserve (Note 24)	-	-	-	7,099,189	(7,099,189)	-	-	-	-	-	-	
<b>Balance as at 31 December 2015</b>	5,022,246,185	(429,264,886)	978,875	27,707,634	(162,537,346)	74,131,479	74,131,479	-	4,533,261,941	118,944,135	4,652,206,076	
<b>Balance as at 1 January 2016</b>	5,022,246,185	(429,264,886)	978,875	27,707,634	(162,537,346)	74,131,479	74,131,479	-	4,533,261,941	118,944,135	4,652,206,076	
Total comprehensive income for the year	-	-	-	-	202,494,669	-	-	-	202,494,669	(2,319,582)	200,175,087	
Dividend paid (Note 29)	-	-	-	-	(125,526,878)	-	-	-	(125,526,878)	-	(125,526,878)	
Transfer unappropriated retained earnings to statutory reserve (Note 24)	-	-	-	10,821,570	(10,821,570)	-	-	-	-	-	-	
<b>Balance as at 31 December 2016</b>	5,022,246,185	(429,264,886)	978,875	38,529,204	(96,391,125)	74,131,479	74,131,479	-	4,610,229,732	116,624,553	4,726,854,285	

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

## Statement of changes in shareholders' equity (continued)

Eastern Star Real Estate Public Company Limited and its subsidiaries

For the year ended 31 December 2016

	Separate financial statements					(Unit: Baht)
	Issued and paid-up share capital	Capital reserve for share-based payment transactions	Retained earnings		Total shareholders' equity	
			Share discount	Unappropriated		
Balance as at 1 January 2015	5,022,246,185	(429,264,886)	-	20,608,445	167,131,634	4,780,721,378
Profit for the year	-	-	-	-	141,983,761	141,983,761
Other comprehensive income for the year	-	-	-	-	825,016	825,016
Total comprehensive income for the year	-	-	-	-	142,808,777	142,808,777
Share-based payment transactions (Note 23)	-	-	978,875	-	-	978,875
Dividend paid (Note 29)	-	-	-	-	(150,624,506)	(150,624,506)
Transfer unappropriated retained earnings to statutory reserve (Note 24)	-	-	-	7,099,189	(7,099,189)	-
Balance as at 31 December 2015	5,022,246,185	(429,264,886)	978,875	27,707,634	152,216,716	4,773,884,524
Balance as at 1 January 2016	5,022,246,185	(429,264,886)	978,875	27,707,634	152,216,716	4,773,884,524
Total comprehensive income for the year	-	-	-	-	216,431,390	216,431,390
Dividend paid (Note 29)	-	-	-	-	(125,526,878)	(125,526,878)
Transfer unappropriated retained earnings to statutory reserve (Note 24)	-	-	-	10,821,570	(10,821,570)	-
Balance as at 31 December 2016	5,022,246,185	(429,264,886)	978,875	38,529,204	232,299,658	4,864,789,036

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

## Cash flows statement

Eastern Star Real Estate Public Company Limited and its subsidiaries

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from operating activities</b>				
Profit before income tax expenses	262,186,443	171,424,628	278,586,764	181,942,503
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Decrease in real estate development costs as a result of transfer to cost of sales	1,277,655,933	1,225,682,943	1,277,655,933	1,225,682,943
Reversal of allowance for doubtful accounts	(2,000)	(3,000)	-	-
Depreciation and amortisation	24,705,659	31,470,348	9,235,931	16,337,844
Provision for long-term employee benefits	2,983,151	3,081,653	2,263,064	2,484,522
Recognised income from finance lease	(1,326,680)	(1,331,585)	(1,326,680)	(1,331,585)
Share-based payment transactions	-	978,875	-	978,875
Gain on sales of unit trust	(21,510)	(880,785)	(21,510)	(880,785)
Unrealised gain on changes in value of unit trust	(172,091)	(248,868)	(4,890)	(20,215)
Loss on diminution in value of assets	-	4,271,287	27,862,285	1,810,082
Reversal of loss on diminution in value of assets	(30,161,307)	(44,050,931)	(20,241,723)	(45,331,967)
Loss from written off of assets	37,137,136	-	-	-
Gain on disposal and written off investment properties	(198,299)	(99,279)	-	-
Loss (gain) on disposal and written off of building and equipment	1,099,157	(408)	1,079,991	45,285
Finance cost	8,560,508	2,141,138	8,560,508	2,141,138
Profit from operating activities before changes in operating assets and liabilities	1,582,446,100	1,392,436,016	1,583,649,673	1,383,858,640
Decrease (increase) in operating assets				
Trade and other receivables	641,459	(3,593,769)	306,593	(2,231,460)
Real estate development costs and inventories	(756,498,943)	(736,474,263)	(755,565,118)	(736,194,286)
Advance for construction work	(26,530,800)	(401,549)	(26,530,800)	(401,549)
Other current assets	(2,976,174)	(1,218,643)	(22,420,258)	(1,136,113)
Finance lease receivables and advance received from land lease	2,640,000	2,640,000	2,640,000	2,640,000
Other non-current assets	(943,458)	922,083	(121,913)	955,579
Increase (decrease) in operating liabilities				
Trade and other payables	23,077,426	(98,874,054)	22,528,709	(98,385,073)
Accrued expenses	(12,613,859)	7,894,983	(12,873,552)	8,657,408
Advance received from customers	(244,933,822)	(87,912,469)	(246,201,163)	(85,900,567)
Other current liabilities	(19,810,370)	14,366,637	(20,152,413)	15,114,211
Retention guarantees	(484,132)	(45,046,284)	(484,132)	(45,046,284)
Other non-current liabilities	(3,323,496)	1,967,691	(3,214,721)	2,291,786
Cash flows from operating activities	540,689,931	446,706,379	521,560,905	444,222,292
Cash paid for interest expenses	(20,054,356)	(65,594,952)	(20,054,356)	(65,594,952)
Cash paid for income tax	(72,849,088)	(17,555,600)	(71,792,608)	(16,486,562)
Tax refund	1,669,643	-	-	-
<b>Net cash flows from operating activities</b>	<b>449,456,130</b>	<b>363,555,827</b>	<b>429,713,941</b>	<b>362,140,778</b>

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

## Cash flows statement (continued)

Eastern Star Real Estate Public Company Limited and its subsidiaries

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from investing activities</b>				
Increase in fixed deposits	(523)	(617)	(523)	(617)
Acquisition of unit trust	(42,000,000)	(263,500,000)	(42,000,000)	(263,500,000)
Proceed from disposal of building and equipment	2,768,019	163,036	2,739,252	90,039
Proceed from sales of unit trust	34,138,746	402,621,660	34,138,746	402,621,660
Proceed from disposal of investment properties	232,474	197,016	-	-
Acquisition of investment properties	(12,403,116)	(7,195,485)	(30,000)	-
Acquisition of building and equipment and intangible assets	-18,188,559	-4,040,353	(10,389,209)	(2,744,627)
Acquisition of land and improvement awaiting development	(91,936)	(151,440)	(9,860,136)	(8,291,340)
<b>Net cash flows from (used in) investing activities</b>	<b>(35,544,895)</b>	<b>128,093,817</b>	<b>(25,401,870)</b>	<b>128,175,115</b>
<b>Cash flows from financing activities</b>				
Cash receipt from short-term loans	345,500,000	155,000,000	345,500,000	155,000,000
Repayment of short-term loans	(194,500,000)	(155,000,000)	(194,500,000)	(155,000,000)
Cash receipt from long-term loans	242,900,000	607,000,000	242,900,000	607,000,000
Repayment of long-term loans	(667,869,136)	(932,130,865)	(667,869,136)	(932,130,865)
Dividend paid	(125,415,684)	(150,540,524)	(125,415,684)	(150,540,524)
<b>Net cash flow used in financing activities</b>	<b>(399,384,820)</b>	<b>(475,671,389)</b>	<b>(399,384,820)</b>	<b>(475,671,389)</b>
<b>Net increase in cash and cash equivalents</b>	<b>14,526,415</b>	<b>15,978,255</b>	<b>4,927,251</b>	<b>14,644,504</b>
Cash and cash equivalents at beginning of year	65,573,624	49,595,369	55,865,956	41,221,452
<b>Cash and cash equivalents at end of year</b>	<b>80,100,039</b>	<b>65,573,624</b>	<b>60,793,207</b>	<b>55,865,956</b>
<b>Supplemental cash flows information</b>				
<b>Non-cash transactions</b>				
Transfer advance for construction work to real estate development costs	24,965,580	51,763,279	24,965,580	51,763,279
Transfer equipment to investment properties	191,998	87,015	-	-
Transfer equipment to real estate to development costs	5,383	51,937	5,383	51,937
Transfer equipment to other non-current assets	200,000	1,159,661	200,000	1,159,699
Transfer equipment to other current assets	44,398	-	44,393	-
Accounts payable for purchase of building and equipment	303,456	138,363	144,561	4,066
Accounts payable for purchase of investment properties	254,088	224,395	-	-
Transfer interest expenses to real estate development costs	9,705,801	54,539,959	9,705,801	54,539,959
Transfer interest expenses to land awaiting development	-	8,465,723	-	8,465,723
Transfer investment properties to other non-current assets	763	295	-	-
Transfer other non-current assets to intangible assets	200,000	360,001	200,000	360,001
Transfer real estate to development costs to land awaiting development	4,737,858	-	4,737,858	-
Dividend payable	111,193	83,982	111,193	83,982

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



## Notes to consolidated financial statements

Eastern Star Real Estate Public Company Limited and its subsidiaries

For the year ended 31 December 2016

### 1. General information

#### Corporate information

Eastern Star Real Estate Public Company Limited ("The Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the property development. Its major shareholder is Sunrise Group, which was incorporated in Thailand, and consists of:-

	Percentage of shareholding (base on paid-up capital) (as at 13 May 2016*)
1. Bangkok Broadcasting & Television Co., Ltd.	43.65
2. BBTV Equity Co., Ltd.	10.21
3. Sunrise Equity Co., Ltd.	5.56
4. GL Assets Co., Ltd.	0.11
5. Person	2.61

\*The latest closing date of the shares register book

The registered office of the Company is at 898 Ploenchit Tower Building, 5th floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok.

### 2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

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

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Eastern Star Real Estate Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

<u>Subsidiary companies</u>	<u>Nature of business</u>	<u>Country of incorporation</u>	<u>Percentage of shareholding</u>	
			<u>2016</u>	<u>2015</u>
			%	%
Eastern Star Resort Co., Ltd.	Golf course	Thailand	81.30	81.30
Seastar Properties Co., Ltd.	Rental and real estate	Thailand	99.13	99.13
Eastern Star-Lai San				
New World Co., Ltd.	Real estate	Thailand	60.00	60.00

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

- 2.3 The separate financial statements present investments in subsidiaries under the cost method.

### 3. New financial reporting standards

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

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

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

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

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

#### **TAS 27 (revised 2016) Separate Financial Statements**

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

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

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

#### **a) Sales of land, sales of land with houses and sales of residential condominium units**

Sales of land, sales of land with houses and sales of residential condominium units are recognised as revenue when the significant risks and rewards of ownership of the goods have passed to the buyer, whereby construction works are completed and the ownerships have been transferred to buyers after all payments received from the buyers.

#### **b) Rental and services income**

Rental of land and units in residential buildings and related services income are recognised on an accrual basis over the period of contract. Other services income is recognized when the services have been rendered.

#### **c) Revenue from financial lease**

The Company recognises revenue from financial lease based on the effective interest rate method.

#### **d) Revenue from golf course and sport membership**

A subsidiary recognises revenue from golf course and sport memberships over the period of contracts.

#### **e) Interest income**

Interest income is recognised on an accrual basis based on the effective interest rate method.

### **4.2 Cost of land, cost of land with houses sold and cost of residential condominium units sold**

In determining the cost of land, cost of land with houses sold and cost of residential condominium units sold, the anticipated total development costs (taking into account actual costs incurred to date) are attributed to land, land with houses sold, and residential condominium units sold on the basis of the salable area and then recognised as costs in the income statement concurrently with revenue from sales.

Development costs are stated at cost, consisting of cost of land, design fees, utilities, and construction.

### 4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### 4.4 Current investments

Investments in unit trusts that are held for trading are stated at fair value based on their net asset.

Changes in the carrying amounts of securities are recorded as gains or losses in the income statements.

The weighted average method is used for computation of the cost of unit trust.

### 4.5 Trade receivables

Trade receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

### 4.6 Real estate development costs and inventories

Real estate development costs are stated at cost less provision for loss on diminution in value of projects. The details of cost calculation are as follows:

- Land - Cost of land using the weighted average method, calculating it separately for each project.
- Construction in progress - Construction in progress consists of the cost of construction, public utility costs and interest capitalised (if any) to cost of projects by records cost of construction and public utilities based on the actual cost incurred.

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the First-in First-out method.

### 4.7 Investments

Investments in subsidiaries are accounted for in the separate financial statements using the cost method, net of allowance for impairment loss (if any).

#### 4.8 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for impairment loss (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 2 - 5 years for fixtures and building infrastructure, 20 years for building development and 40 - 50 years for building. Depreciation of the investment properties is included in determining income.

No depreciation is provided on investment properties - land.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

#### 4.9 Property, plant and equipment/Depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation, and less allowance for impairment loss (if any). Depreciation of building and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives as follow:

Buildings and construction	-	5 - 50 years
Sales office	-	5 and 20 years
Machines and equipment	-	5 years
Furniture, fixtures and office equipment	-	5 - 10 years
Vehicles	-	3 - 10 years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

#### 4.10 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

Computer software	-	5 - 10 years
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#### 4.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Capitalisation rates are calculated based on the weighted average of the interest expenses incurring during the year on loans for development of projects.

#### 4.12 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

#### 4.13 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The asset acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.14 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the investment properties, property, plant and equipment, land and improvement awaiting development and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

#### **4.15 Employee benefits**

##### *Short-term employee benefits*

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### *Post-employment benefits*

##### Defined contribution plans

The Company and its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the contributions of the Company and its subsidiaries are recognised as expenses when incurred.



#### Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

#### **4.16 Provisions**

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.17 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that they are probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.18 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.

## 5. Significant accounting judgments and estimates

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

### Leases

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

### Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

### Property, plant and equipment and investment properties/Depreciation

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

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

### Project development costs estimation

In calculating cost of land and houses sold, the Company and its subsidiaries have to estimate all project development costs, comprising land and land improvement costs, design and construction costs, public utility costs, borrowing costs and other related costs. The management estimates these costs based on their business experience and revisits the estimations on a periodical basis or when the actual costs incurred significantly vary from the estimated costs.

### Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## 6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with its related parties. These transactions which have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Transactions with subsidiary companies</u>				
(eliminated from the consolidated financial statements)				
Income of central service management	-	-	2	3
Other income	-	-	6	7
Purchase of land	-	-	10	8
<u>Transactions with related parties</u>				
Revenue from real estate sales	-	7	-	7
Office rental and service expenses	6	5	6	5

The pricing policies for the related parties transactions between the Company with its related parties are as follows: -

- Central service management, office rental and service charges are set on a mutually agreed basis.
- Revenue from real estate sales and other income are based on the same basis that charge to outside parties.
- The purchase price of land is based on the agreed price.

**Nature of relationship**

Company's name	Relationship	Connection
Eastern Star Resort Co., Ltd.	Subsidiary company	Direct shareholding and common directors
Seastar Properties Co., Ltd.	Subsidiary company	Direct shareholding and common directors
Eastern Star-Lai San New World Co., Ltd.	Subsidiary company	Direct shareholding and common directors
Related person of Bangkok Broadcasting & Television Co., Ltd.	Related person	Direct and indirect shareholding

The balances of the accounts between the Company and those related parties are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
<b>Other receivables (Note 9)</b>				
Subsidiaries	-	-	1,996	2,165
<b>Deposits for land</b>				
A subsidiary	-	-	20,000	-
<b>Other payables (Note 18)</b>				
Subsidiaries	-	-	332	329
<b>Accrued interest</b>				
A subsidiary	-	-	63	63
<b>Retentions</b>				
Related party	1,393	1,393	1,393	1,393
<b>Advance received</b>				
Related parties	4,446	4,521	4,446	4,521

On 9 June 2016, the Company entered into an agreement with a subsidiary to purchase land without structures thereon for a total consideration of Baht 68 million, with a deposit in a certain amount to be paid in installments and the transfer of ownership to make within six months from the date of the agreement. However, the Company and the subsidiary cancelled the agreement to purchase the land on 26 December 2016 and the subsidiary returned the deposit to the Company in full in February 2017.

#### Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Short-term employee benefits	31,799	33,254	24,776	26,982
Post-employment benefits	1,982	7,414	1,982	7,011
Share-based payment (Note 23)	-	248	-	248
Total	33,781	40,916	26,758	34,241

#### **7. Cash and cash equivalents**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Cash	1,021	1,213	203	190
Bank deposits	79,079	64,361	60,590	55,676
Total	80,100	65,574	60,793	55,866

As at 31 December 2016, bank deposits in current accounts, saving accounts and fixed deposits with an original maturity of three months or less carried interests between 0.10% and 0.875% per annum (2015: between 0.10% and 0.80% per annum).

## 8. Current investments

(Unit: Thousand Baht)

Consolidated financial statements				
2016		2015		
Amount	Interest rate	Amount	Interest rate	
	(% per annum)		(% per annum)	
Fixed deposits 12 months	43	42	1.25	
Investments in unit trust of mutual fund	37,242	29,111		
Add: Unrealised gain on changes in value of unit trust	172	249		
Total	37,457	29,402		

(Unit: Thousand Baht)

Separate financial statements				
2016		2015		
Amount	Interest rate	Amount	Interest rate	
	(% per annum)		(% per annum)	
Fixed deposits 12 months	43	42	1.25	
Investments in unit trust of mutual fund	25,010	17,108		
Add: Unrealised gain on changes in value of unit trust	5	20		
Total	25,058	17,170		

## 9. Trade and other receivables

(Unit: Thousand Baht)

Consolidated financial statements		Separate financial statements	
2016	2015	2016	2015
<b><u>Trade accounts receivable - third parties</u></b>			
Not yet due	980	1,449	-
Past due not over 3 months	216	266	-
Past due 3 - 6 months	45	37	-
Total trade accounts receivable	1,241	1,752	-
<b><u>Other receivables</u></b>			
Other receivables - related parties			
(Note 6)	-	-	1,996
Other receivables - third parties	3,323	3,664	2,993
Accrued income	9,760	9,692	9,760

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Advanced payment	2,227	2,084	2,197	2,064
Interest receivable	1	1	1	1
Total other receivables	15,311	15,441	16,947	17,253
Less: Allowance for doubtful debts	(8,997)	(8,999)	(8,667)	(8,667)
Total other receivables - net	6,314	6,442	8,280	8,586
Total trade and other receivables - net	7,555	8,194	8,280	8,586

**10. Real estate development costs and inventories**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Land	909,291	1,037,855	910,021	1,033,193
Construction under development	1,840,407	2,205,160	1,840,407	2,205,160
Total	2,749,698	3,243,015	2,750,428	3,238,353
Less: Provision for loss on diminution in value of projects	(238)	(2,443)	(238)	(749)
Real estate development costs - net	2,749,460	3,240,572	2,750,190	3,237,604
Other inventories	455	561	-	-
Total	2,749,915	3,241,133	2,750,190	3,237,604

The Company has mortgaged certain plots of land and structures thereon with a net book value as at 31 December 2016 of Baht 1,973 million (2015: Baht 2,856 million) as collateral for credit facilities granted by a bank.

As at 31 December 2015, real estate development costs included Baht 6 million (the Company only: Baht 3 million) of costs of land ready-for-sale that was jointly owned by the Company and a subsidiary. The Company and the subsidiary recorded costs of land in proportion to their ownership, with half allocated to each party. However, in June 2016, the subsidiary has already sold the land to the Company.

During the year ended 31 December 2016, the Company included borrowing costs in the cost of real estate development amounting to Baht 10 million (2015: Baht 55 million).



Additional information of the Company's projects.

	(Unit: Million Baht)	
	Consolidated and separate	
	financial statements	
	2016	2015
Total estimated sales value of projects on hand		
of which contracts have been signed	12,949	13,023
Total value of contracts signed of land and		
structures thereon	9,319	8,600
Percentage of total estimated sales value of projects on	71.97	66.04
hand		
Total value of contracts signed of land and structures		
thereon not yet recognised as revenue	2,232	3,339

#### 11. Finance lease contract receivables/Advance received from land lease

On 23 August 2007, the Company entered into a contract to lease a land and plaza center building to a company. The lease tenor is for 25 years 5 months commencing from 23 August 2007 and the total contractual value of the lease is Baht 97.3 million, which the Company received the contractual lease fee on the lease registration date at Baht 24 million and for the remaining amount, the Company received the 1<sup>st</sup> lease fee for the total leasing period of 17 months at Baht 2.4 million. After which, the lease fee is payable annually. The lease fee for the 2<sup>nd</sup> - 5<sup>th</sup> year is Baht 2.4 million per year and afterwards the lease fee will be increased by 10% every 5 years. The Company recognises the land and building leasing fee by apportioning all leasing fee under the lease contract to the fair value of the land and the plaza center building as follows:-

- 11.1 From the total building lease fee of Baht 64.2 million, the advance of Baht 15.8 million was received on the lease registration date and the remaining amount will be receivable at 66% of annual lease fee as mentioned in above contract. The Company will gradually recognise as income from the building lease fee under financial lease contract. The remaining accounts receivable under the finance lease agreement are as follows:-

(Unit: Thousand Baht)

Consolidated and separate financial statements  
as at 31 December 2016

	Less than 1 year	1-5 years	Over 5 years	Total
Original investment in lease agreement	1,743	7,666	24,054	33,463
Unearned financial income	(98)	(338)	(440)	(876)
Present value of the minimum payment debtor has to pay under lease agreement	1,645	7,328	23,614	32,587

(Unit: Thousand Baht)

Consolidated and separate financial statements  
as at 31 December 2015

	Less than 1 year	1-5 years	Over 5 years	Total
Original investment in lease agreement	1,742	7,492	25,970	35,204
Unearned financial income	(102)	(360)	(516)	(978)
Present value of the minimum payment debtor has to pay under lease agreement	1,640	7,132	25,454	34,226

11.2 From total land lease fee of Baht 33.1 million, the advance of Baht 8.2 million was received on the lease registration date and the remaining amount will be receivable at 34% of annual lease fee as mentioned in above contract. The Company will gradually recognise as income from the land lease fee under the operating lease contract throughout the lease tenor. The outstanding balance is as follows:-

(Unit: Thousand Baht)

Consolidated and separate  
financial statements

	2016	2015
Total minimum amount which the debtor has to pay under the outstanding operating lease		
Within 1 year	898	898
1 - 5 years	3,949	3,859
Over 5 years	12,391	13,379
Total	17,238	18,136
Add: Advance received for land lease (net from recognised income)	5,154	5,480
Land lease income to be recognised in future	22,392	23,616

## 12. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Separate financial statements									
	Paid-up capital		Shareholding percentage		Cost		Impairment loss on investments		Net	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
			(%)	(%)						
Eastern Star Resort Co., Ltd.	500,000	500,000	81.30	81.30	409,374	409,374	-	(3,089)	409,374	406,285
Seastar Properties Co., Ltd.	1,150,000	1,150,000	99.13	99.13	934,680	934,680	(528,133)	(502,447)	406,547	432,233
Eastern Star-Lai San New World Co., Ltd.	160,000	160,000	60.00	60.00	96,000	96,000	-	-	96,000	96,000
					<u>1,440,054</u>	<u>1,440,054</u>	<u>(528,133)</u>	<u>(505,536)</u>	<u>911,921</u>	<u>934,518</u>

As at 31 December 2016 and 2015, the Company possessed 343 remaining golf-membership rights, which were not included in the financial statements because the Company obtained such rights at no cost as a result of its investment in a subsidiary.

## 13. Investment properties

The net book value of investment properties as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements
	Land	Building and improvements	Total	Land
31 December 2016:				
Cost	1,199,157	651,404	1,850,561	998,884
Less: Accumulated depreciation	-	(472,429)	(472,429)	-
Less: Allowance for impairment	(79,813)	-	(79,813)	(46,501)
Net book value	<u>1,119,344</u>	<u>178,975</u>	<u>1,298,319</u>	<u>952,383</u>
31 December 2015:				
Cost	1,199,127	808,830	2,007,957	998,854
Less: Accumulated depreciation	-	(596,786)	(596,786)	-
Less: Allowance for impairment	(107,053)	-	(107,053)	(58,555)
Net book value	<u>1,092,074</u>	<u>212,044</u>	<u>1,304,118</u>	<u>940,299</u>

A reconciliation of the net book value of investment properties for the years 2016 and 2015 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	1,304,118	1,298,031	940,299	928,245
Addition - at cost	12,433	6,708	30	-
Disposal and written off - net book value at disposal and written off date	(37,171)	(99)	-	-
Transfer in - net book value at transfer date	192	87	-	-
Impairment loss	-	(4,271)	-	-
Reversal of impairment loss	27,240	12,054	12,054	12,054
Depreciation charged	(8,493)	(8,392)	-	-
Net book value at end of year	1,298,319	1,304,118	952,383	940,299

The fair value of the investment properties as at 31 December 2016 and 2015 stated below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Land	1,657,186	1,505,891	1,487,566	1,361,448
Building and improvement	211,120	258,559	-	-

The fair values of the above investment properties have been determined based on valuations performed by an accredited independent valuer. The fair value of the land of the Company and its subsidiary have been determined based on market prices, while that of the land and building and improvement of its subsidiary has been determined using the force sale.

As a result of the impairment assessment in 2016, the Company and its subsidiary reversed Baht 27 million (2015: Baht 40 million), of the impairment losses previously recognised, recording the reversal in profit or loss in the consolidated financial statements. This reversal was comprised of reversal of impairment of the Company and its subsidiary's land for sale amounting to Baht 12 million (2015: Baht 12 million),

the subsidiary's land on which buildings for rent were located amounting to Baht 15 million (2015: recognised impairment loss of Baht 4 million), and the Company's land awaiting development amounting to Baht 3 million (2015: Baht 32 million), as described in Note 16 to the consolidated financial statements.

The Company has mortgaged certain plots of land with a net book value as at 31 December 2016 of Baht 204 million (2015: Baht 204 million) as collateral for credit facilities granted by a bank.

#### 14. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements								
	Land and improvement	Buildings and construction	Machines and equipment	Furniture and fixtures	Office equipment	Vehicles	Construction in progress	Total
<u>Cost</u>								
1 January 2015	156,168	452,690	42,680	20,017	24,702	30,319	2,322	728,898
Additions	-	354	1,046	67	1,611	-	644	3,722
Disposals and written off	-	(4)	(1,669)	(3,385)	(3,766)	(164)	-	(8,988)
Transfer in (out)	-	(7,003)	(38)	239	(183)	(124)	(863)	(7,972)
31 December 2015	156,168	446,037	42,019	16,938	22,364	30,031	2,103	715,660
Additions	-	1,461	3,825	421	1,874	5,353	5,074	18,008
Disposals and written off	-	(18,212)	(1,084)	(4,948)	(3,179)	(7,028)	-	(34,451)
Transfer in (out)	-	273	21	-	(9)	3,974	(4,726)	(467)
31 December 2016	156,168	429,559	44,781	12,411	21,050	32,330	2,451	698,750
<u>Accumulated depreciation</u>								
1 January 2015	737	249,116	36,817	14,738	20,548	12,864	-	334,820
Depreciation for the year	-	12,759	1,811	2,468	1,614	3,972	-	22,624
Accumulated depreciation on disposals and written off	-	(4)	(1,635)	(3,378)	(3,645)	(164)	-	(8,826)
Accumulated depreciation on transfer out	-	(6,285)	(37)	(52)	(182)	(117)	-	(6,673)
31 December 2015	737	255,586	36,956	13,776	18,335	16,555	-	341,945
Depreciation for the year	-	7,045	1,997	1,226	1,585	3,900	-	15,753
Accumulated depreciation on disposals and written off	-	(18,185)	(1,030)	(3,878)	(3,109)	(4,382)	-	(30,584)
Accumulated depreciation on transfer out	-	-	(12)	-	(14)	-	-	(26)
31 December 2016	737	244,446	37,911	11,124	16,797	16,073	-	327,088
<u>Allowance for impairment</u>								
1 January 2015	-	3,680	-	-	-	-	-	3,680
31 December 2015	-	3,680	-	-	-	-	-	3,680
31 December 2016	-	3,680	-	-	-	-	-	3,680

(Unit: Thousand Baht)

## Consolidated financial statements

	Land and land improvement	Buildings and construction	Machines and equipment	Furniture and fixtures	Office equipment	Vehicles	Construction in progress	Total
<b>Net book value</b>								
31 December 2015	155,431	186,771	5,063	3,162	4,029	13,476	2,103	370,035
31 December 2016	155,431	181,433	6,870	1,287	4,253	16,257	2,451	367,982

**Depreciation for the year**

2015 (Baht 3 million included in cost of real estate sold and services, and the balance in administrative expenses)	22,624
2016 (Baht 3 million included in cost of real estate sold and services, and the balance in administrative expenses)	15,753

(Unit: Thousand Baht)

## Separate financial statements

	Land and land improvement	Buildings and construction	Machines and equipment	Furniture and fixtures	Office equipment	Vehicles	Construction in progress	Total
<b>Cost</b>								
1 January 2015	4,320	129,402	2,674	19,798	15,192	17,714	2,233	191,333
Additions	-	354	275	67	1,121	-	633	2,450
Disposals and written off	-	-	(336)	(3,384)	(1,913)	(107)	-	(5,740)
Transfer in (out)	-	(7,002)	(66)	(80)	(183)	(124)	(773)	(8,228)
31 December 2015	4,320	122,754	2,547	16,401	14,217	17,483	2,093	179,815
Additions	-	847	329	421	1,543	2,578	4,505	10,223
Disposals and written off	-	(18,210)	(206)	(4,948)	(2,417)	(7,028)	-	(32,809)
Transfer in (out)	-	273	14	-	(26)	3,974	(4,505)	(270)
31 December 2016	4,320	105,664	2,684	11,874	13,317	17,007	2,093	156,959
<b>Accumulated depreciation</b>								
1 January 2015	737	44,557	1,910	14,583	12,200	9,116	-	83,103
Depreciation for the year	-	9,898	260	2,468	1,168	2,125	-	15,919
Accumulated depreciation on disposals and written off	-	-	(320)	(3,378)	(1,801)	(107)	-	(5,606)
Accumulated depreciation on transfer out	-	(6,285)	(63)	(370)	(182)	(117)	-	(7,017)
31 December 2015	737	48,170	1,787	13,303	11,385	11,017	-	86,399
Depreciation for the year	-	4,202	287	1,226	1,124	1,961	-	8,800
Accumulated depreciation on disposals and written off	-	(18,182)	(192)	(3,878)	(2,356)	(4,382)	-	(28,990)
Accumulated depreciation on transfer out	-	-	-	-	(20)	-	-	(20)
31 December 2016	737	34,190	1,882	10,651	10,133	8,596	-	66,189
<b>Net book value</b>								
31 December 2015	3,583	74,584	760	3,098	2,832	6,466	2,093	93,416
31 December 2016	3,583	71,474	802	1,223	3,184	8,411	2,093	90,770

**Depreciation for the year**

2015 (Included in administrative expenses)	15,919
2016 (Included in administrative expenses)	8,800

As at 31 December 2016, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment loss) of those assets amounted to approximately Baht 88 million (Separate financial statements: Baht 33 million) (2015: Baht 105 million (Separate financial statements: Baht 50 million)).

The Company has mortgaged certain plots of land and structures thereon with a net book value as at 31 December 2016 of Baht 4 million (2015: Baht 5 million) as collateral for credit facilities granted by a bank.

#### 15. Intangible assets

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Computer software - cost	6,682	6,166	5,745	5,239
Less: Accumulated amortisation	(5,265)	(4,834)	(4,431)	(3,996)
Net book value	<u>1,417</u>	<u>1,332</u>	<u>1,314</u>	<u>1,243</u>

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Net book value at beginning year	1,332	1,249	1,243	1,141
Additions	345	177	307	161
Transfer in - net book value at transfer date	200	360	200	360
Amortisation	(460)	(454)	(436)	(419)
Net book value at end of year	<u>1,417</u>	<u>1,332</u>	<u>1,314</u>	<u>1,243</u>

**16. Land and improvement awaiting development**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Land	1,122,725	1,117,896	973,159	963,299
Development costs	11,829	11,828	11,829	11,829
Total	1,134,554	1,129,724	984,988	975,128
Less: Provision for loss on diminution in value	-	(2,922)	-	(2,922)
Net	1,134,554	1,126,802	984,988	972,206

A reconciliation of the net book value of land and improvement awaiting development for the years 2016 and 2015 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	1,126,802	1,086,188	972,206	923,452
Addition - at cost	92	151	9,860	8,291
Transfer in - net book value at transfer date	4,738	-	-	-
Reversal of diminution in value	2,922	31,997	2,922	31,997
Borrowing costs	-	8,466	-	8,466
Net book value at end of year	1,134,554	1,126,802	984,988	972,206

As at 31 December 2016, land awaiting development of Baht 0.5 million (separate financial statements: Baht 0.2 million) (2015: Baht 0.5 million (Separate financial statements: Baht 0.2 million)) was land of which ownership is jointly held by the Company and a subsidiary. The Company and the subsidiary recorded the cost of land based on their ownership, with half allocated to each party.

During the year ended 31 December 2016, the Company has no borrowing costs included in the cost of land and improvement awaiting development (2015: included borrowing costs in the cost of land and improvement awaiting development amounting to Baht 8 million).



In May 2015, the Company purchased some of land awaiting development of which ownership is jointly held by the subsidiary. The purchase of land transaction is included in the disclosure of transaction with subsidiary in Note 6 to consolidated financial statements.

#### 17. Short-term loans from a financial institution

(Unit: Thousand Baht)

	Interest rate (Percent per annum)	Consolidated and Separate financial statements 2016	2015
Short-term loans from a financial institution	MLR - 1%	151,000	-
Total		151,000	-

A short-term loan from a financial institution is secured by the mortgage of the Company's land and structures thereon as described in Notes 13 to consolidated financial statements.

#### 18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade accounts payable				
- unrelated parties	81,904	54,125	79,494	52,169
Other payables - related parties (Note 6)	-	-	332	329
Other payables - unrelated parties	12,045	16,551	11,317	15,976
Total	93,949	70,676	91,143	68,474

#### 19. Long-term loans

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2016	2015
Long-term loans from banks	210,000	634,969
Less: Current portion	(210,000)	(634,969)
Long-term loans - net of current portion	-	-

Movements in the long-term loans account during the year ended 31 December 2016 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
Balance as at 1 January 2016	634,969
Add: Additional borrowings	242,900
Less: Repayments	(667,869)
Balance as at 31 December 2016	210,000

Long-term loans as at 31 December 2016 are the long-term loans with a local bank which had the principal terms of such credit facilities as follows:

Total facilities	: Baht 1,810 million
Interest rate	: MLR - 1% and MLR - 1.75%
Interest period	: Monthly
Principal repayment schedules	: Payments of principal are to be made at 70% of the value of secured condominium units of each contract which transferred to customers, with full repayment to be made within 60 months after the date of the first draw down of principal.

As at 31 December 2016, the long-term credit facilities of the Company which have not yet been drawn down totaling Baht 1,600 million (2015: Baht 1,843 million).

The loans and credit facilities are secured by mortgage of land with structures thereon as described in Notes 10, 13 and 14 to the consolidated financial statements, respectively.

## 20. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Retention payable	18,726	39,905	18,726	39,905
Other current liabilities	11,006	9,637	5,173	4,146
Total	29,732	49,542	23,899	44,051

## 21. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Provision for long-term employee benefits				
at beginning of year	13,845	12,097	10,991	9,537
Included in profit or loss:				
Current service cost	2,665	2,650	2,008	2,137
Interest cost	318	432	255	348
Included in other comprehensive income:				
Actuarial gain and loss arising from				
Demographic assumptions changes	-	1,829	-	2,147
Financial assumptions changes	-	1,480	-	911
Experience adjustments	-	(4,643)	-	(4,089)
Provision for long-term employee benefits				
at end of year	16,828	13,845	13,254	10,991

Long-term employee benefit expenses included in the profit or loss were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Current service cost	2,665	2,650	2,008	2,137
Interest cost	318	432	255	348
Total expenses recognised in profit or loss	2,983	3,082	2,263	2,485

Such expenses are included administrative expenses in profit or loss.

The Company and its subsidiaries expect to pay Baht 0.6 million of long-term employee benefits during the next year (Separate financial statements: Baht 0.1 million)

(2015: Baht 3.1 million, separate financial statements: Baht 2.6 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 18 - 23 years (Separate financial statements: 19 years) (2015: 18 - 23 years, separate financial statements: 19 years).

Significant actuarial assumptions are summarised below:

	Consolidated and separate financial statements	
	2016	2015
	(% per annum)	(% per annum)
Discount rate	2.57	2.57
Average future salary increase rate	4 - 5.85	4 - 5.85
Staff turnover rate (depending on age)	0 - 60	0 - 60

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 are summarised below:

	Consolidated financial statements		(Unit: million Baht) Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(13)	15	(10)	12
Salary increase rate	15	(13)	11	(10)
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Turnover rate	(13)	15	(10)	11

## 22. Share capital

On 24 April 2015, the Annual General Meeting of the Company's shareholders approved an increase in the registered share capital from Baht 5,022 million to Baht 5,172 million by issuing an additional 150,000,000 shares with a par value of Baht 1 each to support the exercise of the warrants of ESOP No. 1. The Company registered such increase in its registered share capital with the Ministry of Commerce on 8 May 2015.

## 23. Warrants

On 30 June 2015, the Company allotted warrants under Employee Stock Option Plan No. 1 (ESOP No. 1) to the directors, management and/or employees of the Company for 150,000,000 units. The details are as follows:

No. of warrants issued: 150,000,000 units

No. of shares reserved for exercise:	Not exceeding 150,000,000 shares
Term:	Not exceeding 3 years from the issuance date of warrants
Offering price:	Baht 0
Exercise price:	Baht 1.05 per ordinary share
Exercise ratio:	1 ordinary share per 1 warrant (may be changed following the conditions for adjustment of right)
Exercise Date:	The last business day of March, June, September and December throughout the term of the warrants. Except for in case of the last exercise date, it is able to exercise the rights for 15 business days before the maturity date of the warrants. The first exercise date is in June 2015.

Exercise period:

Exercise No.1

Within 12 months from the offering date, the warrant holders can exercise not exceeding 40% of warrant allotted, on the exercise date throughout the term of the warrants.

Exercise No.2

After 12 months but not over 24 months from the offering date, the warrant holders can additionally exercise 30% of warrant allotted, on the exercise date throughout the term of the warrants.

Exercise No.3

Over 24 months from the offering date, the warrant holders can exercise all warrants without the restriction, on the exercise date throughout the term of the warrants.

The estimated fair values of each share option can be exercised in Exercise No.1, No.2 and No.3 are Baht 0.00, Baht 0.05 and Baht 0.01, respectively. These were calculated using the Black-scholes Merton formula. The model inputs were the share price at the price determination date of Baht 0.93, the exercise price of Baht 1.05, an expected dividend yield of 3%, the life of the share options of 3 years, and a risk-free interest rate of 1.45%, 1.46% and 1.50%, respectively.

As at 31 December 2016, the Company has capital reserves for share-based payment of Baht 1 million (2015: Baht 1 million).

As at 31 December 2016, there are 126,000,000 warrants (ESOP No. 1) remained unexercised (2015: 142,600,000 warrants).

The Company had cancelled a cumulative total of 24,000,000 warrants to purchase ordinary shares of the Company issued to directors and employees of the Company up to 31 December 2016 due to resignations of directors and employees, which made them ineligible to receive the warrants.

## 24. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

During the year 2016, the Company transferred unappropriated retained earnings to statutory reserve amounting to Baht 11 million (2015: Baht 7 million).

## 25. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Payment of land and construction during the year	765,124	790,044	765,124	790,044
Changes in real estate development costs and inventories	512,491	434,949	512,385	434,949
Salaries and wages and other employee benefits	136,235	123,081	96,456	86,322
Depreciation and amortisation	24,706	31,470	9,236	16,338
Marketing expenses	126,251	106,770	120,588	101,606
Cost of other goods incurred and recognised during the year	6,573	6,858	-	-

## 26. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2016	2015	2016	2015
<b>Current income tax:</b>				
Current income tax charge	59,347	32,334	59,347	32,334
Adjustment in respect of income tax of previous year	(257)	-	(257)	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	2,921	7,505	3,065	7,625
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>62,011</b>	<b>39,839</b>	<b>62,155</b>	<b>39,959</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2016	2015	2016	2015
Deferred tax relating to the actuarial gain or loss	-	267	-	206

The reconciliation between accounting profit and income tax expense is shown below.

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2016	2015	2016	2015
Accounting profit before tax	262,186	171,425	278,587	181,943
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	52,437	34,285	55,717	36,389
Adjustment in respect of income tax of previous year	(257)	-	(257)	-

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	2016	2015
Tax effects of:		
Non-deductible expenses	1,076	861
Additional taxable revenues	1,348	3,767
Additional capital expenditure deductions allowed	(179)	-
Additional expense deductions allowed	(4,604)	(3,763)
Tax exempted revenue	(3,038)	-
Tax losses	14,889	4,123
Others	339	566
Income tax expenses reported in the statement of comprehensive income	62,011	39,839

The components of deferred tax assets and deferred tax liabilities as at 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	2016	2015
<b>Deferred tax assets</b>		
Allowance for doubtful accounts	1,487	1,487
Allowance for diminution in value of inventories	48	150
Allowance for diminution in value of assets	9,300	12,296
Advance received for land rental income	881	783
Provision for long-term employee benefits	3,366	2,769
Others	196	1,042
<b>Total</b>	<b>15,278</b>	<b>18,527</b>
<b>Deferred tax liabilities</b>		
Finance lease contract receivables	6,517	6,845
<b>Total</b>	<b>6,517</b>	<b>6,845</b>



As at 31 December 2016 the subsidiaries have unused tax losses totaling Baht 211 million (2015: Baht 189 million). No deferred tax assets have been recognised on these amounts as the subsidiaries believes future taxable profits may not be sufficient to allow utilisation of unused tax losses.

Details of expiry date of unused tax losses are summarised as below:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
31 December 2017	35	35	-	-
31 December 2018	40	40	-	-
31 December 2019	39	39	-	-
31 December 2020	22	21	-	-
31 December 2021	75	-	-	-
	211	135	-	-

## 27. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit attributable to equity holders of the Company (Thousand Baht)	202,495	132,738	216,431	141,984
Weighted average number of ordinary shares (Thousand shares)	5,022,246	5,022,246	5,022,246	5,022,246
Earnings per share (Baht/share)	0.040	0.026	0.043	0.028

There is no disclosure of diluted earnings per share in the financial statements for the year ended 31 December 2016 since the exercise price of warrants to purchase ordinary shares of the Company exceeded the fair value of the Company's ordinary shares.

## 28. Segment information

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

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have three reportable segments as follows:

- (1) Real estate business
- (2) Golf course business
- (3) Rental business

The chief operating decision maker 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 total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

Transfer prices between business segment are set out in Note 6 to the consolidated financial statements.

Below is the revenue and gross profit of the Company and its subsidiaries for the year ended 31 December 2016 and 2015 by segments.

(Unit: Million Baht)

	For the year ended 31 December									
	Real estate business		Golf course business		Rental business		Adjustments and eliminations		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Revenues</b>										
External customers	1,829	1,605	49	52	31	36	-	-	1,909	1,693
Inter- segment	-	-	2	2	-	-	(2)	(2)	-	-
<b>Total revenues</b>	<u>1,829</u>	<u>1,605</u>	<u>51</u>	<u>54</u>	<u>31</u>	<u>36</u>	<u>(2)</u>	<u>(2)</u>	<u>1,909</u>	<u>1,693</u>
<b>Operating results</b>										
<b>Gross profit of segments</b>	553	380	13	17	11	17	-	-	577	414
Other income									28	21
Selling expenses									(126)	(107)
Administrative expenses									(201)	(194)
Loss on diminution in value of assets									-	(4)
Reversal of loss on diminution in value of assets									30	44
Loss from written off of assets									(37)	-
Finance cost									(9)	(2)
Income tax expenses									(62)	(40)
Non-controlling interests of the subsidiaries									2	1
<b>Profit for the year attributable to equity holders of the Company</b>									<u>202</u>	<u>133</u>

The following table presents segment assets of the Company and its subsidiaries as at 31 December 2016 and 2015.

(Unit: Million Baht)

	Consolidated financial statements as at 31 December							
	Real estate business		Golf course business		Rental business		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Real estate development cost and inventories	2,749	3,236	1	5	-	-	2,750	3,241
Investment properties	952	940	-	-	346	364	1,298	1,304
Property, plant and equipment	91	93	276	276	1	1	368	370
Land and improvement awaiting development	1,135	1,127	-	-	-	-	1,135	1,127
Unallocated assets							240	218
<b>Total segment assets</b>							<b>5,791</b>	<b>6,260</b>
Additions to non-current assets other than financial instruments, deferred tax assets and other non-current assets	12	10	7	1	13	7	32	18

### Geographic information

The Company and its subsidiaries operate 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.

### Major customers

For the years 2016 and 2015, the Company and its subsidiaries have no major customer, with revenue of 10% or more of an entity's revenue.

## 29. Dividend payment

Dividend	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Dividend announced from operating result for the year 2015	Annual General Meeting of the shareholders on 29 April 2016	126	0.025
Total dividend for 2016		126	
Dividend announced from operating result for the year 2014	Annual General Meeting of the shareholders on 24 April 2015	151	0.03
Total dividend for 2015		151	

### 30. Provident fund

The Company and its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees, and the Company and its subsidiaries contributed to the fund monthly at the rates of 3 - 5% of basic salary. The fund, which is managed by Ayudhya Fund Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2016 amounting to approximately Baht 2 million were recognised as expenses (Separate financial statements: Baht 2 million) (2015: Baht 2 million, Separate financial statements: Baht 2 million).

### 31. Commitments and contingent liabilities

As at 31 December 2016, the Company and its subsidiaries have the following outstanding commitments and contingent liabilities:

- 31.1 The Company has the outstanding commitments in respect of agreements to construction including project and interior design of projects amounting to Baht 651 million (2015: Baht 646 million).
- 31.2 The Company and its subsidiaries have entered into several lease agreements to lease buildings and equipment and services, with terms of generally between 1 and 3 years.

Future minimum payments required under these operating leases contracts are as follows:

Payable	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
In up to 1 year	10	19	8	19
In over 1 and up to 3 years	4	12	4	12

#### 31.3 Bank guarantees

There were the following outstanding bank guarantees issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business of the Company.

(Unit: Million Baht)

	Consolidated and separate financial statements	
	2016	2015
Letters of guarantee for arrangement and maintenance of public utilities	40	41
Letters of guarantee for electricity usage	7	8
Letters of guarantee for elevators	6	14
Total	53	63

Bank guarantees facilities are secured by the Company's land and structures thereon.

### 31.4 Litigation

As at 31 December 2016, civil lawsuits were filed against the Company with and amount in disputes totaling Baht 3 million. At present, the cases are under the court proceeding. The Company's management believes that there will have no significant impact on the financial position and operating results of the Company.

However, the Company has set aside charges that may arise from the final of judicial processes in its financial statements as it considers appropriate.

### 32. Fair value hierarchy

As at 31 December 2016, the Company and its subsidiaries had the assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)			
	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Current investments	37	-	-	37
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	1,558	310	1,868

(Unit: Million Baht)

	Separate Financial Statements			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Current investments	25	-	-	25
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	1,488	-	1,488

### 33. Financial instruments

#### 33.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, finance lease contract receivables, trade and other payables, short-term loans from a financial institution and long-term loans. The financial risks associated with these financial instruments and how they are managed in described below.

##### ***Credit risk***

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables and other receivables as stated in the statement of financial position.

##### ***Interest rate risk***

The Company and its subsidiaries exposure to interest rate risk relates primarily to their cash at financial institutions, current investments, finance lease contract receivables, short-term loans from a financial institution and long-term loan with interest bearing. However, most of these financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

As at 31 December 2016

	Fixed interest rates					Total	Interest rate (% p.a.)
	Within	1-5	Over	Floating	Non-interest		
	1 year	years	5 years	interest rate	bearing		
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	80	-	80	0.10 - 0.875
Current investments	-	-	-	-	37	37	-
Trade and other receivables	-	-	-	-	8	8	-
Finance lease contract receivables	2	7	24	-	-	33	0.30
<b>Financial liabilities</b>							
Short-term loans from							
a financial institution	-	-	-	151	-	151	MLR - 1
Trade and other payables	-	-	-	-	94	94	-
Long-term loans	-	-	-	210	-	210	MLR - 1

(Unit: Million Baht)

As at 31 December 2015

	Fixed interest rates					Total	Interest rate (% p.a.)
	Within	1-5	Over	Floating	Non-interest		
	1 year	years	5 years	interest rate	bearing		
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	60	6	66	0.10 - 0.80
Current investments	-	-	-	-	29	29	-
Trade and other receivables	-	-	-	-	8	8	-
Finance lease contract receivables	2	7	25	-	-	34	0.30
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	-	71	71	-
Long-term loans	-	-	-	635	-	635	MLR - 1

### 33.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term and loans denominated in Thai Baht bearing the market interest rate, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

During the year, there were no transfers with in the fair value hierarchy.

### **34. Capital management**

The primary objective of the Company's capital management is to ensure that it has an appropriate financial capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Group's total debt-to-equity ratio was 0.23:1 (2015: 0.35:1).

### **35. Event after the reporting period**

#### **Dividend payment**

At the Company's Board of Directors' meeting held on 23 February 2017, the Board passed a resolution proposing the payment of a dividend of Baht 0.04 per share, or a total sum of approximately Baht 201 million, from the Company's operating result for the year 2016. The dividend will be paid to the shareholders within 25 May 2017. The dividend payment is subject to approval of the Annual General Meeting of the Company's shareholders.

#### **Entire Business Transfer**

On 9 January 2017, the Company entered into an agreement to transfer the entire business of Seastar Properties Company Limited, the Company's subsidiary, through a transfer of the all assets and liabilities of the subsidiary existing on 1 February 2017, the transfer date, at the net asset value of Baht 406 million. The Company will then proceed with the dissolution and liquidation of the subsidiary in the fiscal year in which the entire business transfer takes place. This action is in accordance with the resolution of the Board of Directors Meeting of the Company No. 7/2016 on 11 November 2016.

On 6 February 2017, the extraordinary general meeting of shareholders No. 2/2017 of the subsidiary passed a resolution to approve the dissolution of the company. The subsidiary has already registered its dissolution with the Ministry of Commerce on 10 February 2017. At present, the subsidiary is in the process of liquidation.



As at 31 December 2016, the Company recorded provision for impairment of investments in the subsidiary amounting to Baht 528 million. The Company did not record deferred tax assets because a certain amount can be utilised for income tax purposes has to wait for the results of the tax audit.

### **36. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2017.



Eastern Star Golf course



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