

บริษัท วีรีเทล จำกัด (มหาชน)

We Retail Public Company Limited

BANGKOK
MIDTOWN



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Message from Chairman

In year 2016, The Community mall on Kanlapaphruek road namely “Metro West Town” was officially opened in February 2016. But there are still not enough tenants because the overall economy has not improved. Many tenants decided to delay the opening of their branches and effect to the income of the Company. The Company has plan to renovate the front landscape of this project and make new access path to the project for support customer convenience and make more interesting in this project to new tenants. At the same time, the company has joint ventures with those who are proficient in the retail business to operate discount store business. The first two stores opened in November 2016 under the name "All-D", and plans to open 100 stores within two years, and are confident that they will make profit for the company in the future.

In term of company's performance in 2016, the Company still experiencing losses. And its development of a large shopping complex on Ratchadapisek Road has not much progress since potential business partners have still concerned with the economy recession.

However, the Board of Directors will encourage the Company to develop more new projects for both community malls and office buildings in good locations which will provide continually revenues to the Company. I, as the Chairman of Board of Directors, would like to ensure all shareholders that the Board of Directors and employees of the Company will fully cooperate in doing the Company's business, a real estate development, to be stable and sustainable in order to bring the Company's share back to resume trading in the Stock Exchange of Thailand as a return for all shareholders who always give trust and support to the Company.

Finally, I, on behalf of the Board of Directors, would like to convey my sincere appreciation to all the Company's shareholders, suppliers, customers, financial institutions and employees for trust and support which led the success to the Company in the past and future. Please be assured that the Board of Directors will utilize our knowledge, capability and experience to make the Company succeed in accordance with the Company's ambitions.

(Mr. Tawatchai Nakhata)

Chairman

Audit Committee Report

Audit Committee of We Retail Public Company Limited consists of;

- | | |
|-------------------------------|-----------------------------|
| 1. Mr. Chirdsak Kukiattinun | Chairman of Audit Committee |
| 2. Mr. Chaikakorn Boonlapapat | Director of Audit Committee |
| 3. Mr. Prasong Vara-ratanakul | Director of Audit Committee |

In 2016, the Audit Committee has focused and strictly conducted the audit of investment and appropriately controlled the Company's expense. The Committee has monitored the audited results in every quarters, as well as provided recommendation and improvement of the Company's internal operation to ensure that it is correct and appropriate to increase efficiency in the operation. The Committee has also encouraged the employees to participate in training in area of real estate business, internal operation, and laws and regulations relating to business operation in order to have better knowledge and expertise.

Furthermore, the Committee has emphasized on compliance with the laws, accounting standards, and the Company's code of conduct, including correctly and completely presenting related party transaction between the Company, parent company and subsidiary

The Committee has considered and is of the opinion that the Company's internal control system is sufficient and suitable for the business according to the principles of good corporate governance. The Company's financial statements were prepared in conformity with generally accepted accounting principles and the information disclosure is complete and sufficient.

For the Company's auditors in 2017, the Audit Committee has considered and agreed to appoint Mr. Supachai Phanyawattano, C.P.A. number 3930, and/or Ms. Chonlaros Suntiasvaraporn, C.P.A. number 4523 and/or Ms. Krongkaew Limkittikul, C.P.A. number 5874 of E.Y. Office Limited should be appointed as the Company's auditors, which any one of them shall audit and comment on the financial statement of the Company.

(Mr. Chirdsak Kukiattinun)

Chairman of Audit Committee

General Information of the Company

We Retail Public Company Limited was originally known as Daidomon Group Public Company Limited registered as a legal entity according to the Civil and Commercial Code with registration number 12084/25331 on October 9, 1990, and registered as a public company on April 27, 2001.

Company Name	WR
Registration Number	0107544000019
Location	100/1 Vorasombat Building, 17th Floor, Rama 9 Rd., Huaykwang, Bangkok
Type of Business	Property Development: shopping mall, office building and commercial area.
Telephone Number	+662 645-0128 to 31
Fax Number	+662 645-0024
Registered Capital	4,761,824,999.40 Baht; divided into 4,535,071,428 ordinary shares at par value of 1.05 Baht
Paid-up Capital	2,615,114,338.20 Baht; divided into 2,490,585,084 ordinary shares at par value of 1.05 Baht
Auditor	Mr. Supachai Phanyawattano Certified Public Accountant (Thailand) No. 3930 E.Y. Office Limited

Major Shareholders (as at 30 December 2016):

<u>List of Shareholders</u>	<u>No. of Shares (shares)</u>	<u>%</u>
1. Property Perfect Public Company Limited	2,365,428,156	94.97
2. Thailand Securities Depository Company Limited for Depositors	61,735,488	2.48
3. Mr. Kampol Tatiyakavee	51,181,818	2.05
4. Ms. Wiorn Thongtang	3,765,927	0.15
5. Krungthai Bank Public Company Limited	3,689,600	0.15
6. Others	<u>4,877,937</u>	<u>0.19</u>
Total	2,490,585,084	100.00 %

Source: Thailand Securities Depository Co., Ltd.

Backgrounds:

October 9, 1990	Established the company under the name of Daidomon Group Public Company Limited, registered as a legal entity according to the Civil and Commercial Code, to operate food and beverage business.
April 27, 2001	Converted from limited company to public company and changed its name to Daidomon Group Public Company Limited.
November 24, 2011	Changed the name to We Retail Public Company Limited in order to comply with its new business of shopping center, office building, and commercial area replacing its original food and beverage business.
December 15, 2011	Sold out all assets of food and beverage business under Daidomon trademark to Hotpot Public Company Limited.
December 16, 2011	Acquired 99.99 percent of common shares of Centerpoint Shopping Mall Company Limited, which is the owner of the freehold and leasehold right on Ratchadaphisek Road to operate shopping center.

Major events in past 3 years:

In 2014, Metro West Town has opened its operation for phase 1 (Building A and B) on November 2014. Although the Company has income from rent in this year, but the Company and its subsidiary still have net loss of Baht 35 million because of a few rental space. This loss also comes from land lease, consulting fees and interest payment during the year. This year, total assets of the Company increase approximately Baht 2,313.9 million comparing to last year which mainly comes from assets for investment.

In 2015, Metro West Town has opened all 4 buildings on 14 September 2015. And the Company allocated 1,223,049,370 shares (newly issued ordinary shares of the Company) to the existing shareholders of the Company in proportion to their shareholding (Rights Offering), at a par value of Baht 1.05 per share. Subscription and payment period were 28-Sep-2015 to 02-Oct-2015 and has been registered to MOC on 14 October 2015. The Registered and Paid-up Capital of the Company is

Registered Capital: 4,761,824,999.40 Baht; divided into 4,535,071,428 ordinary shares at par value of 1.05 Baht
Paid-up Capital: 2,615,114,338.20 Baht; divided into 2,490,585,084 ordinary shares at par value of 1.05 Baht

In 2016, Metro West Town is officially open. In February 2016, And "All Discount Co., Ltd." a joint venture company was set up to operate a discount store in March, 2016, with registered capital 100,000,000 Baht. The Company holds 500,000 shares or 50% of the total shares. The first two branches were launched in November 2016.

(Unit: Baht)

	Consolidated			Company		
	2016	2015	2014	2016	2015	2014
Revenue	74,877,526	49,797,144	4,756,842	73,239,126	45,861,144	736,942
Other Revenue	4,100,972	3,063,610	3,822,853	64,095,295	60,800,727	44,720,394
EBITDA	(59,406,235)	3,754,134	(35,714,183)	53,338,520	67,031,652	11,697,576
Net Profit (Loss)	(97,782,624)	(5,002,803)	(35,000,856)	22,933,501	40,501,654	4,707,794
Total Assets	2,658,640,123	2,759,711,532	2,313,892,639	2,812,812,811	2,815,400,019	2,285,017,799
Total Liabilities	214,216,009	217,504,794	1,112,037,405	71,593,617	97,114,326	952,588,067
Shareholders' Equity	2,444,424,114	2,542,206,738	1,201,855,234	2,741,219,194	2,718,285,693	1,332,429,732

Financial Ratios	2016	2015	2014
Current Ratio (Times)	2.63	2.68	0.05
Operating Profit Margin	0.34	0.62	-
Net Profit Margin	(1.24)	(0.09)	-
Debt to Equity Ratio (Times)	0.09	0.09	0.93
Book Value per Share (Baht)	0.98	1.02	1.05
Earnings (Loss) per Share (Baht)	(0.04)	(0.003)	(0.03)
Dividend per Share (Baht)	-	-	-

Note: * Calculated from separate financial statements

The Company has prepared the annual financial statements for the year 2016 and appointed E.Y. Office Limited, which authorized Mr. Supachai Phanyawattano as an auditor C.P.A. number 3930, to audit the financial statements of the Company. The auditor's opinion is that the financial statements present fairly, in all material respects, the financial position of We Retail Public Company Limited and its subsidiary as of December 31, 2016 and their financial performance and cash flows for the year then ended, in accordance with Thai Accounting Standards.

Summary of the audited financial statement of the Company and its subsidiary:

Balance Sheet (as of 31 December)

(Unit: Baht)

	Financial Statement – Consolidated			Financial Statement -Company		
	2016	2015	2014	2016	2015	2014
Total current assets	140,764,856	215,700,312	44,751,010	1,431,813,577	1,404,984,599	1,065,799,239
Total non-current assets	2,517,875,267	2,544,011,220	2,269,141,629	1,380,999,234	1,410,415,420	1,219,218,560
Total assets	2,658,640,123	2,759,711,532	2,313,892,639	2,812,812,811	2,815,400,019	2,285,017,799
Total current liabilities	53,499,610	80,473,963	963,061,376	50,052,107	79,709,961	929,816,083
Total non-current liabilities	160,716,399	137,030,831	148,976,029	21,541,510	17,404,365	22,771,984
Total liabilities	214,216,009	217,504,794	1,112,037,405	71,593,617	97,114,326	952,588,067
Total Equity	2,444,424,114	2,542,206,738	1,201,855,234	2,741,219,194	2,718,285,693	1,332,429,732

Income Statement (as of 31 December)

(Unit: Baht)

	Financial Statement – Consolidated			Financial Statement -Company		
	2016	2015	2014	2016	2015	2014
Total Revenues	78,978,498	52,860,754	8,579,695	137,334,421	106,661,871	45,457,336
Total Expenses	163,482,873	62,566,214	50,389,355	107,400,003	48,269,088	34,247,847
Financial Costs	483,703	483,703	(499,794)	483,703	18,547,815	(4,132,414)
Net Profit (Loss)	(97,782,624)	(5,002,803)	(35,000,856)	22,933,501	40,501,654	4,707,794
Earnings (Loss) per Share	(0.039)	(0.01)	(0.03)	0.009	0.03	0.01

Cash Flow Statement (as of 31 December)

(Unit: Baht)

	Financial Statement – Consolidated			Financial Statement -Company		
	2016	2015	2014	2016	2015	2014
Net Cash In from (Use Out) Operating Activities	(68,780,717)	(192,130,864)	(10,800,373)	(122,703,439)	(122,703,439)	25,912,898
Net Cash In from (Use Out) Investing Activities	(60,087,313)	(158,335,054)	(113,175,915)	(260,093,322)	(260,093,322)	(381,575,055)
Net Cash In from (Use Out) Financing Activities	(10,000,000)	525,360,738	98,532,000	560,360,738	560,360,738	353,900,000
Net increase (decrease) in cash and cash equivalents	(138,868,030)	174,894,820	(25,444,288)	177,563,977	177,563,977	(1,762,157)
Cash and cash equivalents at beginning of year	191,275,956	16,381,136	41,825,424	11,360,681	11,360,681	13,122,838
Cash and Cash Equivalents at end of year	52,407,926	191,275,956	16,381,136	188,924,658	188,924,658	11,360,681

The Company in Brief:

Originally, the Company operated Japanese restaurant business such as grilling, sukiyaki, and shabu under 4 brands; Daidomon, Yasuki, Umami and Mitake, having totaling 26 branches. Each brand has different styles. The Company also had one product which is seasoning sauce selling in retail and wholesale.

On December 15, 2011, the Company sold out all assets of food and beverage business. And on December 16, 2011, the Company has invested in common shares from Centerpoint Shopping Mall Company Limited (“Centerpoint”), which operates property development business in form of shopping center, office building, and commercial space types to replace the original business, and changed the Company’s name to We Retail Public Company Limited on November 29, 2011.





On March 15, 2016, “All Discount Co., Ltd.” a joint venture company was set up to operate a discount store with registered capital 100,000,000 Baht. The Company holds 500,000 shares or 50% of the total shares.

The Company has stated plan to develop shopping center in form of Open Shopping Complex or community mall which require small amount of investment, shopping complex, office building, and commercial space, which will focus on area near community and residence, or along large scale mass transportation system such as skytrain or subway.

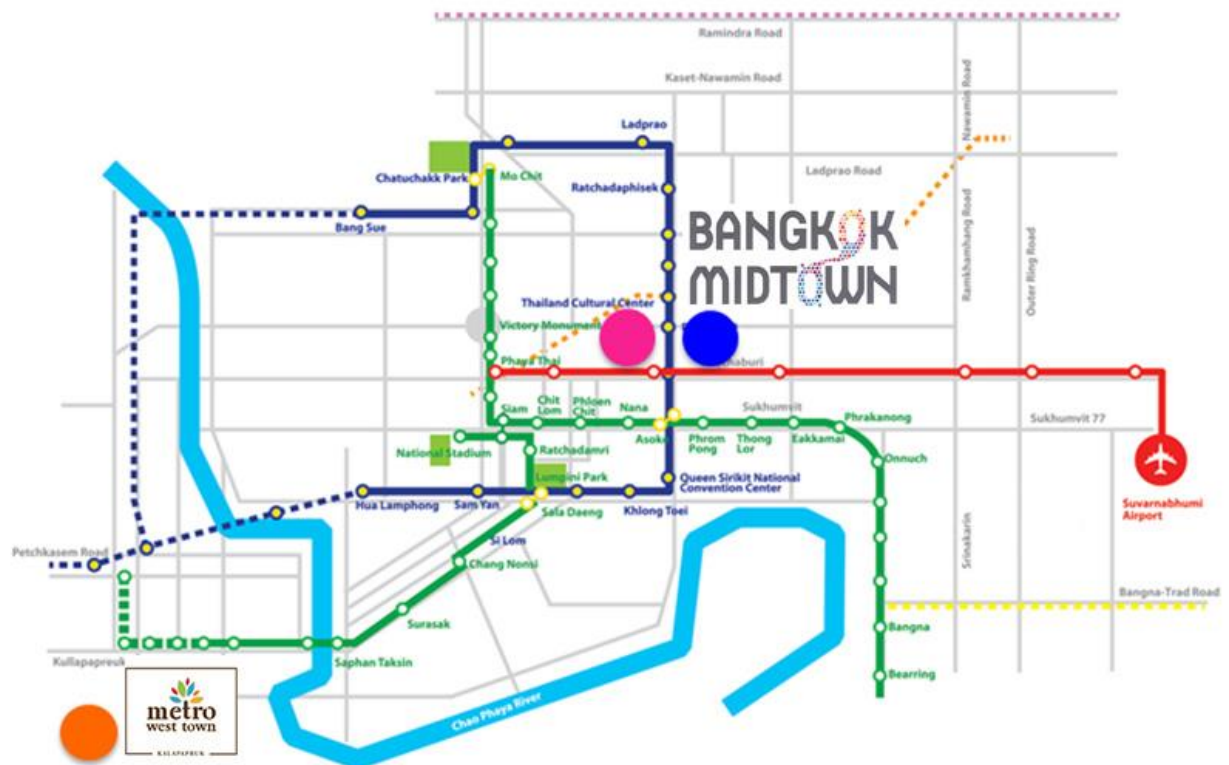
Currently, Metro West Town can be operated in September 2015, located on Kalapaprak Road and the Company is developing a project named “Bangkok Midtown” (Phase 1) developed by Centerpoint Shopping Mall Company Limited (the Company’s subsidiary) and located on Ratchadaphisek Road, outbound (west side), in the area that was the old Jusco Department Store. This will be developed into a large shopping center with the total construction area of more than 150,000 square meters, and total saleable area of more than 59,000 square meters. Currently, this shopping center under construction.

The First two discount stores were launched in November 2016.

Project Summary:

	Metro West Town	Bangkok Midtown (Phase 1)
Project's Owner	We Retail Public Company Limited	Centerpoint Shopping Mall Company Limited
Project Type	Community Mall	Shopping Mall
Location	Kalapapruk Road, Phasi Charoen District, Bangkok	Ratchadaphisek Road, West Side, Huakwang Sub-district, Huakwang District, Bangkok
Project's Characteristics	Consists of 4 connected buildings (Building A, B, C, and D), divided into supermarket, restaurant and plaza.	One building with 8 floors, and 2 underground floors, which consists of various segments such as clothing store, restaurant and variety of stores.
Land's Area	11-1-34.5 Rai	13-3-9.2 Rai
Construction Area	20,559 square meters	152,878 square meters
Leasable Area	10,221 square meters	59,145 square meters
Parking Space	300 vehicles	1,500 vehicles
Investment	692 million Baht	4,650 million Baht
Project's Features	Located on the main road and in front of Metro Park Sathorn project that has a large population.	Located on the main road and near MRT, Cultural Centre Station, and is a high population density area.
Target Customer Group	Medium Group, teenager, working group, and new generation of family live nearby, including residents of Metro Park Sathorn project.	Teenager and working group, and MRT users, including residents of Din Daeng, Ratchadaphisek, Suthisarn, Huakwang, and Ladphrao.
Construction	- Done -	2.5 years (2018-2020)
Operation Launch	Launched on 14 September 2015	Approximately Q4/2020
		

Project Location of the Company and its Subsidiary



Capital Structure:

At the end of December 31, 2014, the Company has a registered capital of 4,761,824,999.40 Baht, divided into 2,490,585,084 ordinary shares at the par value of 1.05 Baht and paid-up capital of 2,615,114,338.20 Baht.

As at the end of period	31 December 2016	31 December 2015	31 December 2014
Authorized Share Capital:			
- Amount of Shares (Baht)	4,761,824,999.40	4,761,824,999.40	4,761,824,999.40
- Number of Shares (Shares)	4,535,071,428	4,535,071,428	4,535,071,428
Issued and Fully Paid-up Share Capital			
- Amount of Shares (Baht)	2,615,114,338.20	2,615,114,338.20	1,330,912,499.70
- Number of Shares (Shares)	2,490,585,084	2,490,585,084	1,267,535,714
Par Value (Baht)	1.05	1.05	1.05

*** As of March 4, 2014, the Company decreased its paid-up capital by decreasing par value from 5.00 Baht to 1.05 Baht. And, later, on March 5, 2014, the Company registered capital increase of another 3,267,535,714 shares, or 3,430,912,499.70 Baht according to the resolution of the Extraordinary General Meeting No. 2/2013 on December 19, 2013 And, later, in period of September 28, 2015 – October 2, 2015, the Company allocated 1,223,049,370 shares (newly issued ordinary shares of the Company) to the existing shareholders of the Company in proportion to their shareholding (Rights Offering) and has been registered to MOC on 14 October 2015.*

Management Structure

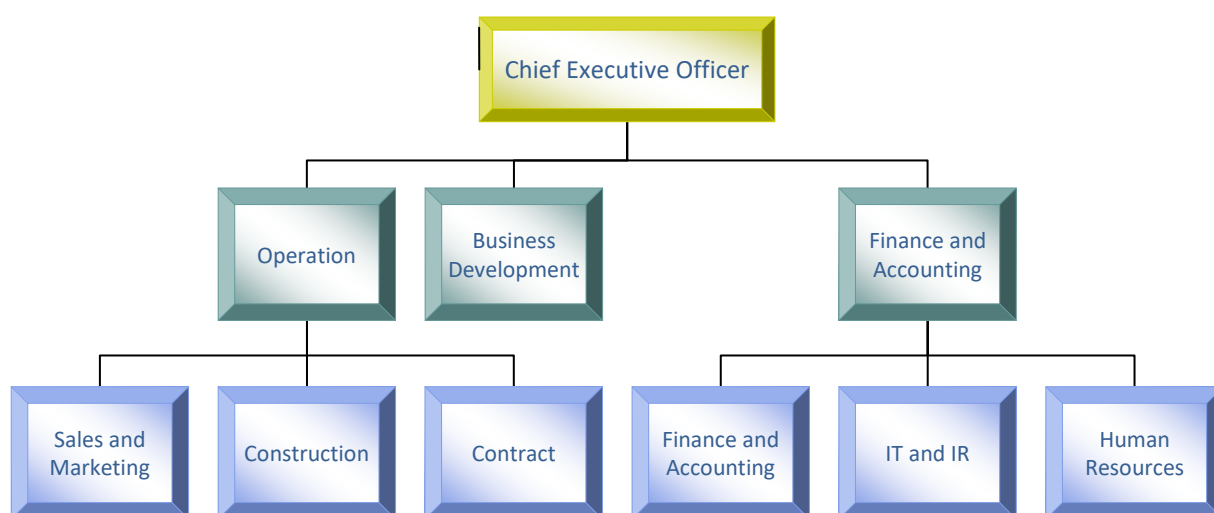
Board of Directors:

- | | |
|-------------------------------|--|
| 1. Mr. Tawatchai Nakhata | Chairman |
| 2. Mr. Chainid Adhyanasakul | Director and Vice Chairman |
| 3. Mr. Pramote Rermyindee | Director |
| 4. Mr. Kampol Tatiyakavee | Director |
| 5. Mr. Virayuk Puntupetch | Independent Director |
| 6. Mr. Chirdsak Kukiattinun | Director, Independent Director and Chairman of Audit Committee |
| 7. Mr. Chaikorn Boonlapapat | Director, Independent Director and Audit Committee |
| 8. Mr. Prasong Vara-ratanakul | Director, Independent Director and Audit Committee |

Managements of the Company:

1. Mr. Chainid Adhyanasakul Chief Executive Officer (Acting)
2. Ms. Wanna Apichonbancha Finance and Accounting Director
3. Ms. Wanphenlux Manjaisiri Building and Facilities Management Director

Organization Structure



The List of Directors and Managements of We Retail Public Company Limited

Name-Surname	Age	Education	Shares (%)	Period	Position	Business
Mr. Tawatchai Nakhata	70	Doctor Of Philosophy, University Of Illinois U.S.A. Master Of Science, University Of Illinois U.S.A. B.Eng (Second Class Honor) C.U. Audit Committed Program (ACP) 13/2006 Director Accreditation Program (DAP) 52/2006 Thai Institute of Directors	-	2011-Present 2011-Present 2010-Present 1992-Present 1985-2009 1974-1985	Chairman Vice Chairman Director Chief Executive Director Managing Director Civil Engineer	We Retail Plc. Kiroro Resort Holdings Co.,Ltd. (Japan) Khonburi Sugar Public Company Limited Property Perfect Plc. Ceda Co., Ltd. Department of Public Works, MOI
Mr. Chainid Adhyanasakul	63	Bachelor of Laws, Chulalongkorn University Thai Barrister-at-Law, Thai Bar Association	-	2011-Present 1985-Present 2016-Present 2007-Present 2002-2014 2007-2014 1999-2014 1995-2010	Vice Chairman CEO/ Vice Chief Executive Director Director Director Director Director Director	We Retail Plc. Property Perfect Plc. All Discount Co.,Ltd. Centrepont Shopping Mall Co., Ltd. Krungthep Land Plc. Bright Development Bangkok Co., Ltd. Estate Perfect Co., Ltd. Thai Property Plc.
Mr. Pramote Rermyindee	63	Bachelor of Laws, Chulalongkorn University Thai Barrister-at-Law, Thai Bar Association Graduate Diploma in Business Law Thammasat University Director Certification Program (DCP) 69/2006 Director Accreditation Program (DAP) 43/2005 Thai Institute of Directors	-	2011-Present 2015-Present 2008-Present	Director Director Company Secretary	We Retail Plc. Thai Property Plc. Property Perfect Plc.
Mr. Kampol Tatiyakavee	58	B.A. Engineering, Chulalongkorn University M.A. Engineering, University of Texas Director Certification Program (DCP) 74/2006 Director Accreditation Program (DAP) 55/2006 Thai Institute of Directors	2.05%	2013-Present 2010-Present 2012-Present 2012-2014 2010-2013 2008-2010	Director/Chief Operation Officer Director Director/Director of Audit Committee Director Chief Executive Officer Chief Executive Officer	Amata VN Plc. We Retail Plc. Muangthai Leasing Plc. ThreeSixtyFive Plc. We Retail Plc. Pattaya Food Industry Co., Ltd.

Name-Surname	Age	Education	Shares (%)	Period	Position	Business
Mr. Virayuk Puntupetch	71	Master of Science (Business Administration). Bachelor of Arts (Political Science), major in Public Finance.	-	2015-Present 2007-2015	Independent Director Vice Chairman of the Board/ Independent Director and Chairman of the Remuneration and Human Resources.	We Retail Plc. Property Perfect Plc.
Mr. Chirdsak Kukiattinun	64	B.Sc. (Economics) Major in Accounting and Finance, London School of Economics political Science, University of London (1975) M.Sc. (Systems Analysis) Aston University (1976) Director Certification Program, Thai Institute of Directors	-	2011-Present 2011-Present 2014-2015 2011-2012	Chairman of the Audit Committee Director of Risk Management Chief Executive Officer Director of Audit Committee	We Retail Plc. Property Perfect Plc. CTH Plc. Thai Property Plc.
Mr. Chaikorn Boonlapapat	71	Bachelor of Law, Thammasat University	-	2011-Present 2010-Present	Director of Audit Committee Advisor of Chairman of Phayathai Hospital Advisor of Board of Director	We Retail Plc. Prasit Pattana Co., Ltd. Cable Thai Holding Plc.
Mr. Prasong Vara-ratanakul	69	Master of Public Administration, Chulalongkorn University. Bachelor of Commerce, Chulalongkorn University. Bachelor of Laws, Ramkhamhaeng University. Director Certification Program (DCP) 72/2006 Audit Committed Program (ACP) 12/2006 Advanced Audit Committee Program (ACP) 16/2014, Thai Institute of Directors	-	2015-Present 2015-Present 2007-Present 2006-2014	Director of Audit Committee Director of Audit Committee Chairman of the Audit Committee Chairman of the Audit Committee	We Retail Plc. Thai Property Plc. Thai Factory Development Plc. Krungthep Land Plc.

Name-Surname	Age	Education	Shares (%)	Period	Position	Business
Ms. Wanna Apichonbancha	57	Bachelor of Accountancy, Thammasat University M.BA. Thammasat University M.Sc. (MIS) Chulalongkorn University	-	2013-Present 2009-2013 1999-2009	Finance and Accounting Director Director Finance and Property Director	We Retail Plc. Nai Lai Transport Co., Ltd. Boots Retail (Thailand) Ltd.
Ms. Wanphenlux Munjaisiri	57	Bachelor of Political Science, Ramkhamhaeng University	-	2015-Present 2011-2014	Building and Facilities Management Director Marketing and Sale Director	We Retail Plc. Thai Property Plc.

Inter-Related Transactions with Related Parties:

The Company had accounting transactions with related persons and companies, the important remaining balance and inter-items between the Company and related persons and companies, as per note to financial statements for the year ended December 31, 2016 to 2015, are as follows:

Names and Relationships

Name	Relationship
Property Perfect Plc.	Parent company
Centerpoint Shopping Mall Co., Ltd.	Legal subsidiary

1) Inter-Company Revenues and Expenses

	Pricing Policy	2016 (Thousand Baht)	2015 (Thousand Baht)
Interest Income			
Centerpoint Shopping Mall Co., Ltd.	5.02-5.84% p.a.	60,018	57,745
Interest Expense			
Property Perfect Plc.	5.02-5.84% p.a.	-	40,268

2) Inter-Company Assets and Liabilities

	2016 (Thousand Baht)	2015 (Thousand Baht)
Accrued Interest Receivable - Related Party	195,643	135,629
Centerpoint Shopping Mall Co., Ltd.		
Accrued Interest Payable - Related Party	-	-
Property Perfect Plc.		

Risk Factors:**1) Risk from the business competition**

It is a risk from the competitors in the same business of the Company, who would compete with the Company in customers and tenants' attraction. The Company also faces risk of lower number of customers which are tenants' customers if there are other new shopping centers opened in nearby areas. This will affect the businesses of tenants, which in turn has an effect on the occupancy rates and rental and service fees of the Company.

However, the Company will have planned to develop projects in the most outstanding location area such as nearby the subway line or community area and in order to reduce the effect of such competition, the Company has also prepared marketing promotion and campaign to attract more tenants and customers to the shopping centers.

2) Risk of operating new business

The Company has hired the experienced and expert personnel to operate the project as well as the major shareholder (Property Perfect Plc.), who even has no direct experience toward the developing the shopping center project. However, Property Perfect Plc. has the long experience in property development business. Therefore, Property Perfect Plc. can have the expert and experience in choosing successful location of the project.

3) Risk of the delay from receiving the rental and service fee of project

Rent of space is the Company's main income. If the tenants are inability to pay the rent on time, it will affect the operating performance of the Company. However, there are groups of long-term lease contracts especially anchors which the Company receive a lump sum of advance rental and service. These anchors have not much burden to pay the rest rental and service fee. Therefore, it can mitigate the risk of not pay the rental and service fee from the anchors. Besides, the Company always looks after the rental and service fee payment from both anchors and co-tenants, the 6-12 months rental and service fee deposits in order to mitigate risk of delay receiving the rental and service fee.

We Retail Public Company Limited and its subsidiary
Report and consolidated financial statements
31 December 2016

Independent Auditor's Report

To the Shareholders of We Retail Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of We Retail Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of 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 We Retail 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 We Retail Public Company Limited and its subsidiary and of We Retail 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.

Capital expenditures capitalized into project costs

In 2016, the Group recorded cost of real estate development of Baht 79 million, which comprise leasehold rights and rental pre-operating cost amounting to Baht 40 million, borrowing costs amounting to Baht 31 million and fees and design cost amounting to Baht 8 million. As those transactions were highly significant to the financial statements, I focused my audit on the correctness of project cost recognition in compliance with financial reporting standards.

I assessed the internal controls of the Group relevant to purchases and payments, as well as the preparation of financial reports, and selected sample transactions to audit the supporting documents for additional costs, including tests of calculation and checks of the recording of borrowing costs as cost of real estate development, which are qualifying assets, was compliant with financial reporting standards. In addition, I audited the disclosure of information relating to cost of real estate development in notes to the financial statements.

Impairment of investment properties

As at 31 December 2016, the Group had an outstanding balance of investment properties of project developed amounting to Baht 761 million, under cost method. Financial reporting standards require the disclosure of fair value of investment properties in notes to the financial statements. The Company hired an independent appraiser to measure the fair value of investment properties (project developed), as disclosed in note 11. The measurement of fair value was based on the assumptions and judgment of both the management and an independent appraiser and the measurement of fair value was considered the Group already considered the impairment of investment properties (project developed). In 2016, the Group recorded allowance for impairment on certain project amounting to approximately Baht 11.5 million in the account.

I assessed the knowledge, competency and integrity of the independent appraiser, read the appraisal report prepared by the independent appraiser and considered the reasonableness of the approach and assumptions used in the fair value measurement through inquiry with the independent appraiser and the management and performed an analytical review of relevant information. In addition, I tested the calculation of fair value and considered the completeness and accuracy of the disclosures made in notes to the financial statements.

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 Mr. Supachai Phanyawattano.

Supachai Phanyawattano
Certified Public Accountant (Thailand) No. 3930

EY Office Limited
Bangkok: 20 February 2017

We Retail Public Company Limited and its subsidiary

Statement of financial position

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>
Assets					
Current assets					
Cash and cash equivalents		52,407,926	191,275,956	51,346,551	188,924,658
Trade and other receivables	7	13,123,012	10,403,678	208,771,110	146,033,497
Short-term loan to related parties	6	60,000,000	-	1,156,492,000	1,056,492,000
Other current assets		<u>15,233,918</u>	<u>14,020,678</u>	<u>15,203,916</u>	<u>13,534,444</u>
Total current assets		<u>140,764,856</u>	<u>215,700,312</u>	<u>1,431,813,577</u>	<u>1,404,984,599</u>
Non-current assets					
Restricted bank deposits		-	10,000,000	-	10,000,000
Investment in subsidiary	8	-	-	514,500,000	514,500,000
Investment in joint venture	9	-	-	12,500,000	-
Advances for purchases of land	10	-	12,357,000	-	-
Investment properties	11	1,536,023,418	1,514,848,653	687,364,614	714,396,309
Building improvement and equipment	12	695,124	711,677	695,124	711,677
Leasehold rights	13	939,083,206	974,072,375	159,144,045	164,839,929
Deferred tax assets	19	38,217,558	28,240,468	4,076,990	3,258,958
Other non-current assets		<u>3,855,961</u>	<u>3,781,047</u>	<u>2,718,461</u>	<u>2,708,547</u>
Total non-current assets		<u>2,517,875,267</u>	<u>2,544,011,220</u>	<u>1,380,999,234</u>	<u>1,410,415,420</u>
Total assets		<u>2,658,640,123</u>	<u>2,759,711,532</u>	<u>2,812,812,811</u>	<u>2,815,400,019</u>

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

We Retail Public Company Limited and its subsidiary

Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	14	27,673,662	43,869,459	24,549,822	43,396,063
Leasehold rights payable		-	10,000,000	-	10,000,000
Creditors per rehabilitation plan	15	6,811,829	6,811,829	6,811,829	6,811,829
Deposits and cash received in advance		14,419,527	18,216,180	14,419,527	18,216,180
Income tax payable		3,465,155	-	3,465,155	-
Other current liabilities		1,129,437	1,576,495	805,774	1,285,889
Total current liabilities		53,499,610	80,473,963	50,052,107	79,709,961
Non-current liabilities					
Accrued land rental expenses		158,379,286	135,358,375	19,303,007	15,830,519
Other non-current liabilities		2,337,113	1,672,456	2,238,503	1,573,846
Total non-current liabilities		160,716,399	137,030,831	21,541,510	17,404,365
Total liabilities		214,216,009	217,504,794	71,593,617	97,114,326
Shareholders' equity					
Share capital	16				
Registered					
4,535,071,428 ordinary shares of Baht 1.05 each		4,761,824,999	4,761,824,999	4,761,824,999	4,761,824,999
Issued and fully paid-up					
2,490,585,084 ordinary shares of Baht 1.05 each		2,615,114,338	2,615,114,338	2,615,114,338	2,615,114,338
Share premium	16	61,152,469	61,152,469	61,152,469	61,152,469
Adjustment of share capital from reverse acquisition		65,335,309	65,335,309	-	-
Retained earning					
Appropriated - statutory reserve	17	3,310,000	2,110,000	3,310,000	2,110,000
Unappropriated (deficit)		(300,488,002)	(201,505,378)	61,642,387	39,908,886
Total shareholders' equity		2,444,424,114	2,542,206,738	2,741,219,194	2,718,285,693
Total liabilities and shareholders' equity		2,658,640,123	2,759,711,532	2,812,812,811	2,815,400,019

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

Directors

We Retail Public Company Limited and its subsidiary

Statement of comprehensive income

For the year ended 31 December 2016

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit or loss:				
Revenues				
Rental and related service income	32,688,208	14,451,004	31,049,808	10,515,004
Revenues from building management services	42,189,318	35,346,140	42,189,318	35,346,140
Other income				
Interest income	2,348,817	1,166,214	62,343,140	58,903,331
Other income	1,752,155	1,897,396	1,752,155	1,897,396
Total revenues	<u>78,978,498</u>	<u>52,860,754</u>	<u>137,334,421</u>	<u>106,661,871</u>
Expenses				
Cost of rental and service	49,583,205	18,886,434	49,583,205	18,886,434
Selling expenses	10,484,254	3,079,272	10,484,254	3,079,272
Administrative expenses	91,915,414	40,600,508	35,832,544	26,303,382
Loss on impairment of investment properties	11,500,000	-	11,500,000	-
Total expenses	<u>163,482,873</u>	<u>62,566,214</u>	<u>107,400,003</u>	<u>48,269,088</u>
Profit (loss) before share of loss from investment in joint venture, finance cost and income tax	(84,504,375)	(9,705,460)	29,934,418	58,392,783
Share of loss from investment in joint venture	(15,436,390)	-	-	-
Profit (loss) before finance cost and income tax	(99,940,765)	(9,705,460)	29,934,418	58,392,783
Finance cost	(483,703)	(483,703)	(483,703)	(18,547,815)
Profit (loss) before income tax	(100,424,468)	(10,189,163)	29,450,715	39,844,968
Income tax	19 2,641,844	5,186,360	(6,517,214)	656,686
Profit (loss) for the year	<u>(97,782,624)</u>	<u>(5,002,803)</u>	<u>22,933,501</u>	<u>40,501,654</u>
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	<u>(97,782,624)</u>	<u>(5,002,803)</u>	<u>22,933,501</u>	<u>40,501,654</u>
Basic earnings per share	20			
Basic earnings (loss) per share	(0.039)	(0.003)	0.009	0.026

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

We Retail Public Company Limited and its subsidiary

Cash flow statement

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash flows from operating activities				
Profit (loss) before tax	(100,424,468)	(10,189,163)	29,450,715	39,844,968
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	40,534,530	13,459,574	23,404,102	8,638,869
Allowance for doubtful accounts	3,173,957	-	3,173,957	-
Allowance for impairment loss on investment properties	11,500,000	-	11,500,000	-
Share of loss from investment in joint venture	15,436,390	-	-	-
Interest income	(2,348,817)	(1,166,214)	(62,343,140)	(58,903,331)
Interest expenses	483,703	483,703	483,703	18,547,815
Profit (loss) from operating activities before changes in operating assets and liabilities	(31,644,705)	2,587,900	5,669,337	8,128,321
Increase in operating assets				
Trade and other receivables	(5,869,335)	(9,083,026)	(5,893,291)	(9,083,027)
Other current assets	(1,213,240)	(2,274,953)	(1,669,472)	(2,278,096)
Other non-current assets	(74,914)	(1,996,712)	(9,914)	(1,996,713)
Increase (decrease) in operating liabilities				
Trade and other payables	(19,615,889)	(76,777,960)	(19,329,944)	(52,508,509)
Other current liabilities	(4,243,712)	9,556,180	(4,276,768)	9,584,081
Other non-current liabilities	(4,573,692)	(34,621,874)	4,137,145	(1,513,232)
Cash flows used in operating activities	(67,235,487)	(112,610,445)	(21,372,907)	(49,667,175)
Cash paid for interest expenses	-	(79,250,413)	-	(72,939,616)
Cash paid for corporate income tax	(3,870,091)	(1,436,220)	(3,870,091)	(1,254,548)
Cash received from interest income	2,324,861	1,166,214	2,324,861	1,157,900
Net cash flows used in operating activities	(68,780,717)	(192,130,864)	(22,918,137)	(122,703,439)

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

We Retail Public Company Limited and its subsidiary
Cash flow statement (continued)
For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash flows from investing activities				
Increase in short-term loan to related parties	(60,000,000)	-	(100,000,000)	(108,000,000)
Decrease in advances payment to contractors	-	16,739,719	-	16,739,719
Decrease in restricted bank deposits	10,000,000	10,000,000	10,000,000	10,000,000
Cash paid for investment in joint venture	(12,500,000)	-	(12,500,000)	-
Increase in investment properties	(9,581,172)	(184,777,917)	(1,796,829)	(178,536,185)
Increase in equipment	(363,141)	(296,856)	(363,141)	(296,856)
Cash received from advance for purchase of land	12,357,000	-	-	-
Net cash flows used in investing activities	<u>(60,087,313)</u>	<u>(158,335,054)</u>	<u>(104,659,970)</u>	<u>(260,093,322)</u>
Cash flows from financing activities				
Cash received from short-term loan from related party	-	245,000,000	-	245,000,000
Cash paid for short-term loan from related party	-	(1,019,993,569)	-	(1,019,993,569)
Cash paid for long-term loans	-	(35,000,000)	-	-
Cash paid for leasehold rights payable	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)
Cash received from the issuance of additional ordinary shares	-	1,345,354,307	-	1,345,354,307
Net cash flows from (used in) financing activities	<u>(10,000,000)</u>	<u>525,360,738</u>	<u>(10,000,000)</u>	<u>560,360,738</u>
Net increase (decrease) in cash and cash equivalents	<u>(138,868,030)</u>	<u>174,894,820</u>	<u>(137,578,107)</u>	<u>177,563,977</u>
Cash and cash equivalents at beginning of year	191,275,956	16,381,136	188,924,658	11,360,681
Cash and cash equivalents at end of year	<u>52,407,926</u>	<u>191,275,956</u>	<u>51,346,551</u>	<u>188,924,658</u>
	-	-	-	-
Supplemental cash flow information				
Non-cash transactions				
Amortise leasehold rights as cost of investment properties	12,162,857	28,274,808	-	3,882,264
Increase in investment properties as a result of accrued land rental expenses	28,259,260	62,819,405	-	6,145,613

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

We Retail Public Company Limited and its subsidiary

Statement of changes in shareholders' equity

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements					
	Issued and paid-up		Adjustment of share capital from reverse acquisition	Retained earnings		Total shareholders' equity
	share capital	Share premium		Statutory reserve	Deficits	
Balance as at 1 January 2015	1,330,912,500	-	65,335,309	80,000	(194,472,575)	1,201,855,234
Share capital increase (Note 16)	1,284,201,838	61,152,469	-	-	-	1,345,354,307
Total comprehensive income for the year	-	-	-	-	(5,002,803)	(5,002,803)
Unappropriated retained earnings transferred to statutory reserve (Note 17)	-	-	-	2,030,000	(2,030,000)	-
Balance as at 31 December 2015	2,615,114,338	61,152,469	65,335,309	2,110,000	(201,505,378)	2,542,206,738
Balance as at 1 January 2016	2,615,114,338	61,152,469	65,335,309	2,110,000	(201,505,378)	2,542,206,738
Total comprehensive income for the year	-	-	-	-	(97,782,624)	(97,782,624)
Unappropriated retained earnings transferred to statutory reserve (Note 17)	-	-	-	1,200,000	(1,200,000)	-
Balance as at 31 December 2016	2,615,114,338	61,152,469	65,335,309	3,310,000	(300,488,002)	2,444,424,114

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

We Retail Public Company Limited and its subsidiary

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Separate financial statements				
	Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Statutory reserve	Unappropriated	
Balance as at 1 January 2015	1,330,912,500	-	80,000	1,437,232	1,332,429,732
Share capital increase (Note 16)	1,284,201,838	61,152,469	-	-	1,345,354,307
Total comprehensive income for the year	-	-	-	40,501,654	40,501,654
Unappropriated retained earnings transferred to statutory reserve (Note 17)	-	-	2,030,000	(2,030,000)	-
Balance as at 31 December 2015	2,615,114,338	61,152,469	2,110,000	39,908,886	2,718,285,693
					-
Balance as at 1 January 2016	2,615,114,338	61,152,469	2,110,000	39,908,886	2,718,285,693
Total comprehensive income for the year	-	-	-	22,933,501	22,933,501
Unappropriated retained earnings transferred to statutory reserve (Note 17)	-	-	1,200,000	(1,200,000)	-
Balance as at 31 December 2016	2,615,114,338	61,152,469	3,310,000	61,642,387	2,741,219,194

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

We Retail Public Company Limited and its subsidiary**Notes to consolidated financial statements****For the year ended 31 December 2016****1. General information**

We Retail Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Property Perfect Public Company Limited, which is incorporated in Thailand. The Company is principally engaged in the property development, shopping mall and commercial areas and building management service. The registered office of the Company is at 100/1 Vorasombat Building, 17th Floor, Rama 9 Road, Huaykwang, Bangkok.

2. Basis for preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation is 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) These consolidated financial statements are prepared for a reverse acquisition, whereby We Retail Public Company Limited (“the Company”) is the legal parent company (acquiree for accounting purposes) and Centrepont Shopping Mall Company Limited is the legal subsidiary company (the acquirer for accounting purposes) (“subsidiary”). The subsidiary is domiciled in Thailand and principally engaged in development of property, shopping malls and commercial areas.

Because the consolidated financial statements represent a continuation of the financial statements of the subsidiary (the accounting acquirer), except for its capital structure, they reflect:

- 1) The assets and liabilities of the subsidiary (the accounting acquirer) recognised and measured at their pre-combination carrying amounts.

- 2) The assets and liabilities of the Company (the accounting acquiree) recognised and measured in accordance with TFRS 3 (revised 2009) “Business Combinations” (TFRS 3 (revised 2015) does not has any significant impact on the financial statements).
 - 3) The retained earnings and other equity balances of the subsidiary (accounting acquirer) before the business combination.
 - 4) The equity structure in the consolidated financial statements reflects the equity structure of the Company (the accounting acquiree) and the number of its ordinary shares.
- b) The Company is deemed to have control over an investee or subsidiary 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) Subsidiary is 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 subsidiary is prepared using the same significant accounting policies as the Company.
 - e) Material balances and transactions between the Company and its subsidiary company have been eliminated from the consolidated financial statements.
- 2.3 The separate financial statements present investment in subsidiary 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 subsidiary have adopted the revised (revised 2015) and new financial reporting standards issued by the Federation of Accounting Professions which became 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 did not have any significant impact on the financial statements of the Company and its subsidiary.

(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 (revised 2016) and new financial reporting standards and accounting treatment guidance which is 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. The managements of the Company and its subsidiary believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied.

The management of the Company and its subsidiary believe that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarized 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 financial statements of the Company and its subsidiary's 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***Rental and related service income*

Rental income is recognised as a revenue on a straight-line basis over the lease term and service income is recognised when services have been rendered.

Interest income

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

4.2 Cash and cash equivalents

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

4.3 Accounts receivable

Accounts receivable 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.

4.4 Investments

Investments in subsidiary and joint venture are for in the separate financial statements using the cost method less allowance for loss on impairment (if any).

4.5 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 loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on a straight-line basis over estimated useful lives of 30 years, and no depreciation has been provided on investment properties in progress. Depreciation of investment properties is included in profit or loss.

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

4.6 Building improvement and equipment and depreciation

Building improvement and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of building improvement and equipment is calculated by reference to their costs on the straight-line basis over the estimated useful life of 5 years.

Depreciation is included in profit or loss.

An item of building improvement 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 is included in profit or loss when the asset is derecognised.

4.7 Leasehold rights and amortisation

Leasehold rights is stated at cost less accumulated amortisation and allowance for loss on impairment of assets (if any).

Amortisation of leasehold rights is calculated by reference to its cost on a straight-line basis over the leasehold period.

Amortisation is included in profit or loss and is capitalised as part of project costs for leasehold rights of project under development.

4.8 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.

4.9 Related party transactions

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

They also include associate and individuals which directly or indirectly own a voting interest in the Company and its subsidiary that gives them significant influence over the Company and its subsidiary, key management personnel, directors and officers with authority in the planning and direction of operations of the Company and its subsidiary

4.10 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 long-term payables, while the interest element is charged to profit or loss over the lease period. The asset acquired under finance leases are depreciated over the shorter of the useful life of the asset and the leases 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.

4.11 Impairment of assets

At the end of each reporting period, the Company and its subsidiary perform impairment reviews in respect of the 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. Such reversal is recognised in profit or loss.

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

Defined benefit plans

The Company and its subsidiary have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiary 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.

4.13 Provisions

Provisions are recognised when the Company and its subsidiary 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.

4.14 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 subsidiary 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 it is 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 subsidiary 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 subsidiary record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.15 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 subsidiary 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 subsidiary 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 subsidiary 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 judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements 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 judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Building improvement and equipment/Investment properties/Depreciation

In determining depreciation of building improvement and equipment and investment properties, the management is required to make estimates of the useful lives and residual values of the building improvement and equipment and investment properties of the Company and its subsidiary and to review estimated useful lives and residual values when there are any changes.

In addition, the management is required to review building improvement 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 amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

6. Related party transactions

During the years, the Company and its subsidiary had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<u>Transactions with parent company</u>					
Interest expenses	-	40,268	-	40,268	5.02% - 5.84% per annum
<u>Transactions with subsidiary</u> (eliminated from the consolidated financial statements)					
Interest income	-	-	60,018	57,745	5.02% - 5.84% per annum
<u>Transactions with related companies</u>					
Revenues from building management services	42,189	21,997	42,189	21,997	With reference to the rate stipulated in the agreement
Interest income	1,192	-	1,192	-	6.25% per annum
Rental expenses	4,873	4,873	4,873	4,873	With reference to the rate stipulated in the agreement

As at 31 December 2016 and 2015, the balances of the accounts between the Company, its subsidiary and those related companies were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade and other receivables - related parties (Note 7)</u>				
Parent company	94	198	94	198
Subsidiary	-	-	195,648	135,629
Related companies (under common control)	4,106	4,574	4,106	4,574
Total trade and other receivable - related parties	<u>4,200</u>	<u>4,772</u>	<u>199,848</u>	<u>140,401</u>
<u>Other payables - related party (Note 14)</u>				
Parent company	<u>334</u>	<u>307</u>	<u>334</u>	<u>307</u>
Total other payables - related party	<u>334</u>	<u>307</u>	<u>334</u>	<u>307</u>

Short-term loan to related parties

As at 31 December 2016 and 2015, the balances of loan between the Company, its subsidiary and its related companies and the movement were as follows:

(Unit: Thousand Baht)

		Consolidated financial statements			
Loan to related party	Related by	Balance as at	Increase	Decrease	Balance as at
		31 December 2015	during the year	during the year	31 December 2016
All discount Company Limited	Related company	-	60,000	-	60,000
Total		-	60,000	-	60,000

(Unit: Thousand Baht)

		Separate financial statements			
Loan to related parties	Related by	Balance as at	Increase	Decrease	Balance as at
		31 December 2015	during the year	during the year	31 December 2016
Centrepont Shopping Mall Company Limited	Related company	1,056,492	40,000	-	1,096,492
All discount Company Limited	Subsidiary company	-	60,000	-	60,000
Total		1,056,492	100,000	-	1,156,492

Directors and management's benefits

During the current year, the Company had short-term employee benefit expenses payable to their directors and management amounting to Baht 1.8 million (2015: Baht 1.2 million).

7. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade receivables - related parties (Note 6)</u>				
Aged on the basis of due dates				
Not yet due	2,918	4,579	2,918	4,579
Past due				
Up to 3 months	90	94	90	94
Total trade receivables - related parties	3,008	4,673	3,008	4,673
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	1,029	1,433	1,029	1,433
Past due				
Up to 3 months	2,389	1,072	2,389	1,072
3 - 6 months	1,407	295	1,407	295
6 - 12 months	1,738	64	1,738	64
Over 12 months	1,553	30	1,553	30
Total	8,116	2,894	8,116	2,894
Less: allowance for doubtful debts	(3,290)	(30)	(3,290)	(30)
Total trade receivables - unrelated parties, net	4,826	2,864	4,826	2,864
Total trade receivables - net	7,834	7,537	7,834	7,537
<u>Other receivables</u>				
Interest receivable - related party (Note 6)	1,192	-	196,840	135,629
Accrued income - related party (Note 6)	-	99	-	99
Accrued income	4,097	2,768	4,097	2,768
Total other receivables	5,289	2,867	200,937	138,496
Trade and other receivables - net	13,123	10,404	208,771	146,033

8. Investment in subsidiary

The balances represent an investment in all shares of Centrepont Shopping Mall Company Limited. The subsidiary has registered and a paid-up capital of Baht 500 million.

On 25 February 2014, the Board of Directors of Centrepont Shopping Mall Company Limited passed a resolution to call up the remaining value of the ordinary shares, amounting to Baht 99.8 million (4,990,000 ordinary shares of Baht 20 each) from the Company. The Company has made payment of the ordinary shares.

9. Investment in joint venture

On 17 February 2016, the meeting of the Company's Board of Directors passed a resolution to approve the establishment of a joint venture, All Discount Company Limited to be engaged in retail business. Such company has a registered share capital of Baht 100 million (1,000,000 ordinary shares with a par value of Baht 100 each) in which the Company holds 50% interest. This Company registered its incorporation on 14 March 2016.

In the current year, All Discount Company Limited received share capital proceeds from the Company totaling Baht 12.5 million, as such company called up 25 percent of the par value.

During the year, the Company recorded share of loss from joint venture of amounting to Baht 15.44 million which was calculated from the financial statements prepared by the management of that joint venture, which were not audited or reviewed by its auditor. The share of loss in excess of the value of the investment, amounting to Baht 2.94 million, is presented in other payables (note 14)

10. Advances for purchases of land

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2016</u>	<u>2015</u>
Balance as at 1 January 2016	12,357	-
Add: Paid during the year	-	12,357
Less: Received during the year	(12,357)	-
Balance as at 31 December 2016	<u>-</u>	<u>12,357</u>

11. Investment properties

The investment properties of the Company and its subsidiary are shopping malls and commercial area for rent. The net book value of investment properties as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Project developed	Project under development	Total
31 December 2016			
Cost	681,593	890,049	1,571,642
<u>Less</u> Accumulated depreciation	(24,119)	-	(24,119)
<u>Less</u> Allowance for diminution in value	(11,500)	-	(11,500)
Net book value	645,974	890,049	1,536,023
31 December 2015			
Cost	679,814	841,825	1,521,639
<u>Less</u> Accumulated depreciation	(6,790)	-	(6,790)
Net book value	673,024	841,825	1,514,849

(Unit: Thousand Baht)

	Separate financial statements		
	Project developed	Project under development	Total
31 December 2016			
Cost	681,593	41,391	722,984
<u>Less</u> Accumulated depreciation	(24,119)	-	(24,119)
<u>Less</u> Allowance for diminution in value	(11,500)	-	(11,500)
Net book value	645,974	41,391	687,365
31 December 2015			
Cost	679,814	41,372	721,186
<u>Less</u> Accumulated depreciation	(6,790)	-	(6,790)
Net book value	673,024	41,372	714,396

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

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net book value at beginning of year	1,514,849	1,202,266	714,396	510,170
Acquisition of assets	9,581	184,778	1,797	178,536
Amortisation of leasehold rights to investment properties	12,162	28,275	-	3,882
Capitalised interest ⁽¹⁾	-	43,252	-	22,204
Increase from accrued land rental expenses	28,259	62,819	-	6,145
Depreciation charged	(17,328)	(6,541)	(17,328)	(6,541)
Allowance for impairment	(11,500)	-	(11,500)	-
Net book value at end of year	<u>1,536,023</u>	<u>1,514,849</u>	<u>687,365</u>	<u>714,396</u>

⁽¹⁾ Interest is charged at the rates 5.02% - 10.48% per annum

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

	(Unit: Thousand Baht)	
	Consolidated and separate	
	financial statements	
	<u>2016</u>	<u>2015</u>
Shopping malls and commercial area for rent ⁽¹⁾	750,000	812,000

⁽¹⁾ Including fair value of leasehold right which has net book value of Baht 104.0 million (2015: Baht 107.7 million)

Investment properties disclosed fair value using inputs of level 3 which is use of unobservable inputs such as estimates of future cash flows.

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the shopping mall and commercial areas for rent has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates. Further to appraisal, in the current year, the Company recorded in the account allowance for impairment amounting to Baht 11.5 million.

The shopping mall and commercial areas for rent are under construction, and the Company and its subsidiary expect to be able to reliably measure the fair value of these properties when construction is completed.

12. Building improvement and equipment

(Unit: Thousand Baht)

	Consolidated financial statements			
	Building improvement	Fixtures and office equipment	Motor vehicles	Total
Cost:				
1 January 2015	519	761	4,900	6,180
Additions	-	297	-	297
31 December 2015	519	1,058	4,900	6,477
Additions	-	363	-	363
31 December 2016	519	1,421	4,900	6,840
Accumulated depreciation:				
1 January 2015	248	333	4,900	5,481
Depreciation for the year	104	180	-	284
31 December 2015	352	513	4,900	5,765
Depreciation for the year	104	276	-	380
31 December 2016	456	789	4,900	6,145
Net book value:				
31 December 2015	167	545	-	712
31 December 2016	63	632	-	695
Depreciation for the year as included in administrative expenses				
2015				284
2016				380

(Unit: Thousand Baht)

	Separate financial statements		
	Building improvement	Fixtures and office equipment	Total
Cost:			
1 January 2015	519	761	1,280
Additions	-	297	297
31 December 2015	519	1,058	1,577
Additions	-	363	363
31 December 2016	519	1,421	1,940
Accumulated depreciation:			
1 January 2015	248	333	581
Depreciation for the year	104	180	284
31 December 2015	352	513	865
Depreciation for the year	104	276	380
31 December 2016	456	789	1,245
Net book value:			
31 December 2015	167	545	712
31 December 2016	63	632	695
Depreciation for the year as included in administrative expenses			
2015			284
2016			380

As at 31 December 2016, certain items of the assets had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of the assets amounted to approximately Baht 4.9 million (2015: Baht 4.9 million).

13. Leasehold rights

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Cost:		
1 January 2015	1,077,065	179,843
31 December 2015	1,077,065	179,843
31 December 2016	1,077,065	179,843
Accumulated amortisation:		
1 January 2015	68,083	9,307
Amortisation for the year	34,910	5,696
31 December 2015	102,993	15,003
Amortisation for the year	34,989	5,696
31 December 2016	137,982	20,699
Net book value:		
31 December 2015	974,072	164,840
31 December 2016	939,083	159,144
Amortisation for the year		
2015 (Consolidated financial statements: Baht 28.3 million and separate financial statements: Baht 3.9 million included in investment properties and the balance included in administrative expenses)	34,910	5,696
2016 (Consolidated financial statements: Baht 12.2 million included in investment properties and the balance included in administrative expenses)	34,989	5,696

The details of the leasehold rights are as follows:

The Company

Counterparty	Lease term	Lease period	Upfront fee and rental throughout the contract period	Remark
(Million Baht)				
Crown Property Bureau	30 years	1 April 2015 to 31 March 2045	141.2	a)
Individual	30 years	1 June 2013 to 31 May 2043	33.3	
Related company	30 years	1 October 2014 to 31 August 2044	212.3	

- a) On 15 November 2012, the Company entered into a memorandum of agreement to transfer the leasehold rights with an individual, in order to acquire leasehold rights from the Crown Property Bureau. The Company is to pay a consideration of Baht 50 million (The Company made payment of Baht 10 million and issued 4 promissory notes of Baht 10 million each availed by a bank. During the year 2016, the Company made settlement of baht 10 million under promissory notes, and the promissory notes are treated as having been fully settled).

According to the land lease agreement, no rental will be collected during the construction period of 2 years, commencing as from 1 April 2014 to 31 March 2015.

Subsidiary

Counterparty	Lease term	Lease period	Upfront fee and rental throughout the contract period (Million Baht)
Individual	26 years 8 months	8 April 2010 to 31 December 2036	374.6
A company	30 years	1 January 2015 to 31 December 2044	2,525.5

14. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Trade payables	4,948	4,948	4,948	4,948
Construction payables	-	6,548	-	6,548
Retention payables	1,042	20,067	1,042	20,067
Accrued interest expenses	4,635	4,152	4,635	4,152
Accrued expenses	10,600	6,010	7,595	6,007
Other payable - related party (Note 6)	334	307	334	307
Other payables	6,115	1,837	5,996	1,367
Total trade and other payables	<u>27,674</u>	<u>43,869</u>	<u>24,550</u>	<u>43,396</u>

15. Creditors per rehabilitation plan

On 18 November 2010, the Central Bankruptcy Court ordered the cancellation of the rehabilitation of the Company, since the Company had completed implementation of the rehabilitation plan. Remaining liabilities under the rehabilitation plan are debts of the 6th group of creditors, each of which is to receive settlement of principal from the amounts that the Company receives from the Exxa Insurance Public Co., Ltd. The comptroller in bankruptcy is considering the cases and the final outcome of the lawsuits involving the 6th group of creditors is not yet known.

16. Share capital

Consolidated financial statements

The equity structure in the consolidated financial statements reflects the equity structure of the Company and the number of its ordinary shares, and in the preparation of the consolidated financial statements for a reverse acquisition, the value of ordinary shares represents the sum of the value of ordinary shares of the subsidiary (accounting acquirer) outstanding before the business combination, the cost of the business combination and the value of the ordinary shares of the Company (accounting acquiree) issued after the business combination. Details are as follows:

	(Unit: Thousand Baht)
Value of ordinary shares of the subsidiary (accounting acquirer) outstanding before the business combination	400,200
Fair value of consideration transferred from reverse acquisition	56,229
Total	456,429
Value of ordinary shares of the Company (accounting acquiree) issued after the reverse business combination	2,181,302
Share premium from ordinary shares issued after the reverse business combination	103,871
Value of ordinary shares, in the consolidated financial statements	2,741,602

The value of the ordinary shares in the consolidated financial statements is presented to reflect the equity structure of the Company, which is the legal parent company (accounting acquiree). Details are as follows:

	(Unit: Thousand Baht)
Issued and fully paid share capital	2,615,114
Share premium	61,152
Adjustment of share capital from reverse acquisition	65,336
Total	<u>2,741,602</u>

Separate financial statements

On 21 April 2015, the Annual General Meeting of the Company's shareholders passed the following significant resolutions:

- a) Approved the allocation of 1,267,535,714 ordinary shares with a par value of Baht 1.05 to be sold to its existing shareholders (rights offering) in a ratio of 1 new share for every 1 existing share, at a price of Baht 1.10 each.
- b) Approved the allocation of 2,000,000,000 ordinary shares with a par value of Baht 1.05 each to be sold by private placement to unrelated parties in a single or multiple tranches, at prices which is not less than 90% of the market price. Currently, the Company is in the process of allocating the ordinary shares.

As at 31 December 2015, the Company's issued and fully paid share capital had increased from Baht 1,330,912,500 (1,267,535,714 ordinary shares with a par value of Baht 1.05 each) to Baht 2,615,114,338 (2,490,585,084 ordinary shares with a par value of Baht 1.05 each) as a result of the Company issuing 1,223,049,370 ordinary shares with a par value of Baht 1.05 each, to be allocated to the Company's existing shareholders at a price of Baht 1.10 per share, or for a total of Baht 1,345,354,307, with share premium of Baht 61,152,469, as discussed in a). The Company registered the increase in its issued and paid-up capital with the Ministry of Commerce on 14 October 2015. The Company is in the process of allocating the remaining 44,486,344 additional ordinary shares to its existing shareholders (via a rights offering) and/or by private placement, in accordance with a resolution of the Annual General Meeting of shareholders.

17. 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.

18. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Salaries and other employee benefits	14,731	14,201	14,731	14,201
Depreciation and amortisation	40,535	13,460	23,404	8,639
Rental expenses	47,435	12,689	9,620	3,444
Consulting fee	2,567	4,406	2,567	4,406
Marketing expenses	6,884	1,829	6,884	1,829

19. Income tax

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current income tax:				
Current income tax charge	7,335	-	7,335	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(9,977)	(5,186)	(818)	(657)
Income tax expenses (benefits) reported in the statement of comprehensive income	<u>(2,642)</u>	<u>(5,186)</u>	<u>6,517</u>	<u>(657)</u>

Reconciliation between accounting profit (loss) and income tax expenses (benefits) is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Accounting profit (loss) before tax	<u>(100,424)</u>	<u>(10,189)</u>	<u>29,451</u>	<u>39,845</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	(20,085)	(2,038)	5,890	7,969
Effects of:				
Utilisation of previously unrecognized tax losses	(2,612)	(7,660)	(2,612)	(7,660)
Tax effect of temporary differences	(3,830)	2,848	(818)	(558)
Tax effect of loss during the year	4,807	2,069	-	-
Tax effect of non-taxable income	(253)	(552)	(253)	(552)
Tax effect of non-deductible expenses	16,244	147	4,310	144
Share of loss from investment in joint venture	3,087	-	-	-
Income tax expenses (benefits) reported in the statement of comprehensive income	<u>(2,642)</u>	<u>(5,186)</u>	<u>6,517</u>	<u>(657)</u>

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax assets				
Allowance for doubtful accounts	635	-	635	-
Allowance for investment properties impairment	2,300	-	2,300	-
Accrued land rental expenses	694	-	694	-
Inter-interest capitalised to project cost of the subsidiary	27,643	21,496	-	-
Provision for long-term employee benefits	448	315	448	315
Unused tax loss	6,498	6,429	-	2,944
Total	<u>38,218</u>	<u>28,240</u>	<u>4,077</u>	<u>3,259</u>

As at 31 December 2016 the Company and its subsidiary had unused tax losses totaling Baht 32.6 million (2015: Baht 25.5 million). No deferred tax assets have been recognised on these amounts as the Company and its subsidiary believe that future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

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

	(Unit: Million Baht)	
	Consolidated financial statements	
	<u>2016</u>	<u>2015</u>
31 December 2016	6.4	6.4
31 December 2017	8.8	8.8
31 December 2018	8.2	8.2
31 December 2019	9.2	2.1
	<u>32.6</u>	<u>25.5</u>

20. Earnings per share

Basic earnings per share is calculated by dividing profit (loss) 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.

The following table sets forth the computation of basic earnings per share:

	Consolidated financial statements					
	Loss for the year		Weighted average number of ordinary shares		Earnings per share	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Loss for the year	(97,782)	(5,003)	2,490,585	1,579,162	(0.039)	(0.003)
	Separate financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Profit for the year	22,934	40,502	2,490,585	1,579,162	0.009	0.026

21. 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.

The Company and its subsidiary are principally engaged in the property development, shopping mall and commercial areas and building management services. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

22. Commitments

22.1 Capital commitment

As at 31 December 2016, the Company and its subsidiary had outstanding capital commitment of approximately Baht 110.2 million (2015: Baht 85.1 million) in respect of construction, a design contract for shopping center and office project and consulting contract.

22.2 Operating lease commitments

The Company and its subsidiary entered into an agreement to lease land for a period of 30 years for the purpose of constructing shopping malls.

As at 31 December 2016 and 2015, future minimum lease payments required under operating lease contracts were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Payable within:				
1 year	52	52	6	6
2 to 5 years	226	221	26	25
More than 5 years	1,910	1,967	246	251

As at 31 December 2016 and 2015, future minimum sublease payments expected to be received under non-cancellable subleases were as follows:

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	<u>2016</u>	<u>2015</u>
Receivable within:		
1 year	13	16
2 to 4 years	6	27

22.3 Service lease commitment

As at 31 December 2016, the Company had consultation agreements in respect of the real estate project, effective from October 2015 to December 2016. Under the conditions of the agreements, the Company is to pay a monthly service fee as stipulated in agreement. During the current year, the Company recognised fee expenses of Baht 3.6 million (2015: Baht 5.0 million).

23. Financial instruments

23.1 Financial risk management

The financial instruments of the Company and its subsidiary, as defined under Thai Accounting Standard No.107 “Financial Instruments: Disclosure and Presentations”, principally consist of the following.

<u>Financial assets</u>	<u>Financial liabilities</u>
- Cash and cash equivalents	- Trade and other payables
- Trade and other receivables	- Leasehold rights payable
- Short-term loan to related party	- Short-term loan from related party
- Advances to contractors	- Creditors per rehabilitation plan
- Restricted bank deposits	- Deposits and cash received in advance
- Advances for purchases of land	- Long-term loan

The financial risks associated with these financial instruments and how they are managed is described below.

Interest rate risk

The Company and its subsidiary are exposed to interest rate risk relating primarily to their cash at banks, loans and creditors per rehabilitation plan. Most of the Company's and its subsidiary's 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 on the maturity date or, the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

As at 31 December 2016					
Consolidated financial statements					
	Fixed interest rates Within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
<u>Financial assets</u>					
Cash and cash equivalents	-	52.4	-	52.4	0.03 - 1.30
Trade and other receivables	-	-	13.1	13.1	-
Short term loan to related party	-	60.0	-	60.0	6.25
	-	112.4	13.1	125.5	
<u>Financial liabilities</u>					
Trade and other payables	-	-	27.7	27.7	-
Creditors per rehabilitation plan	6.8	-	-	6.8	7.50
Deposits and cash received in advance	-	-	14.4	14.4	-
	6.8	-	42.1	48.9	

(Unit: Million Baht)

As at 31 December 2015					
Consolidated financial statements					
	Fixed				
	interest rates	Floating	Non-interest		
	Within 1 year	interest rate	bearing	Total	Interest rate
					(% p.a.)
Financial assets					
Cash and cash equivalents	-	191.3	-	191.3	0.25 - 1.50
Trade and other receivables	-	-	10.4	10.4	-
Restricted bank deposits	-	10.0	-	10.0	1.70 - 1.90
Advances for purchases of land	-	-	12.4	12.4	-
	-	201.3	22.8	224.1	
Financial liabilities					
Trade and other payables	-	-	39.8	39.8	-
Leasehold rights payable	-	-	10.0	10.0	-
Creditors per rehabilitation plan	6.8	-	-	6.8	7.50
Deposits and cash received in advance	-	-	18.2	18.2	-
	6.8	-	68.0	74.8	

(Unit: Million Baht)

As at 31 December 2016					
Separate financial statements					
	Fixed				
	interest rates	Floating	Non-interest		
	Within 1 year	interest rate	bearing	Total	Interest rate
					(% p.a.)
Financial assets					
Cash and cash equivalents	-	51.3	-	51.3	0.03 - 1.30
Trade and other receivables	-	-	208.8	208.8	-
Short-term loan to related party	-	1,156.5	-	1,156.5	5.30 - 6.25
	-	1,207.8	208.8	1,416.6	
Financial liabilities					
Trade and other payables	-	-	24.5	24.5	-
Creditors per rehabilitation plan	6.8	-	-	6.8	7.50
Deposits and cash received in advance	-	-	14.4	14.4	-

(Unit: Million Baht)

As at 31 December 2015				
Consolidated financial statements				
Fixed				
interest rates	Floating	Non-interest		
Within 1 year	interest rate	bearing	Total	Interest rate
				(% p.a.)
6.8	-	38.9	45.7	

(Unit: Million Baht)

As at 31 December 2015				
Separate financial statements				
Fixed				
interest rates	Floating	Non-interest		
Within 1 year	interest rate	bearing	Total	Interest rate
				(% p.a.)

Financial assets

Cash and cash equivalents	-	188.9	-	188.9	0.25 - 1.50
Trade and other receivables	-	-	146.0	146.0	-
Short-term loan to related party	-	1,056.5	-	1,056.5	5.84 - 5.63
Restricted bank deposits	-	10.0	-	10.0	1.70 - 1.90
	-	1,255.4	146.0	1,401.4	

Financial liabilities

Trade and other payables	-	-	39.3	39.3	-
Leasehold rights payable	-	-	10.0	10.0	-
Creditors per rehabilitation plan	6.8	-	-	6.8	7.50
Deposits and cash received in advance	-	-	18.2	18.2	-
	6.8	-	67.5	74.3	

23.2 Fair values of financial instruments

Since the majority of the Company's and its subsidiary's financial instruments are short-term in nature or bear floating interest rates, 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.

24. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 0.09:1 (2015: 0.09:1) and the Company's was 0.03:1 (2015: 0.04:1).

25. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2017.