

# บริษัท วีรีเทล จำกัด (มหาชน)

We Retail Public Company Limited

**BANGKOK  
MIDTOWN**





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## Message from Chairman

In year 2017, The Community mall on Kanlapaphruek road namely “Metro West Town” was officially opened in February 2016. This project get positive response from our customers but there are still not enough well-known tenants in this project. There are marketing activities continuously during the past year to make more interesting in this project to well-known tenants and expected that the situation will be better in 2018. As Thai purchasing power in 2016-2017 continued decline, reflecting the country’s economic situation. The Company decided to cancel the community mall project on Onnuch-Ladkrabang road namely “Metro East Town” to reduce future cost relate to this project development and will put the resources to develop potential projects in the future.

The joint ventures company which run the discount store business under the name "All-D" is continue to open new store. As of February 2018, there are 10 stores operated and plans to open 100 stores in the end of year 2019, and are confident that they will make profit for the company in the future.

In term of company’s performance in 2017, 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 2017, 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 2018, the Audit Committee has considered and agreed to appoint Pricewaterhousecoopers ABAS Company Limited by Mr. Chanchai Chaiprasit, Certified Public Accountant No. 3760, and/or Mr. Pisit Thangtanagul, Certified Public Accountant No. 4095, and/or Miss Nopanuch Apichatsatien, Certified Public Accountant No. 5266, as the Auditors of the Company, 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	59,735,488	2.40
3. Mr. Kampol Tatiyakavee	51,181,818	2.06
4. Ms. Wiorn Thongtang	3,879,754	0.15
5. Krungthai Bank Public Company Limited	3,689,600	0.15
6. Others	<u>6,877,937</u>	<u>0.27</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 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.

In 2017, The Extraordinary shareholder’s meeting No.1/2018 had pass the resolutions to terminate of the land lease agreement of Metro East Town Project between Estate Perfect Co., LTD. (“Lessor”) and We Retail PCL. (“Lessee”), The Company will receive the consideration for termination of the said land lease agreement in the total amount of 120,000,000.- Baht



The Company has prepared the annual financial statements for the year 2017 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, 2017 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		
	2017	2016	2015	2017	2016	2015
Total current assets	378,290,018	140,764,856	215,700,312	1,774,984,943	1,431,813,577	1,404,984,599
Total non-current assets	2,372,537,437	2,517,875,267	2,544,011,220	1,267,097,151	1,380,999,234	1,410,415,420
Total assets	2,750,827,455	2,658,640,123	2,759,711,532	3,042,082,094	2,812,812,811	2,815,400,019
Total current liabilities	135,086,176	53,499,610	80,473,963	68,735,287	50,052,107	79,709,961
Total non-current liabilities	370,973,665	160,716,399	137,030,831	212,566,399	21,541,510	17,404,365
Total liabilities	506,059,841	214,216,009	217,504,794	281,301,686	71,593,617	97,114,326
Total Equity	2,244,767,614	2,444,424,114	2,542,206,738	2,760,780,408	2,741,219,194	2,718,285,693

#### Income Statement (as of 31 December)

(Unit: Baht)

	Financial Statement – Consolidated			Financial Statement -Company		
	2017	2016	2015	2017	2016	2015
Total Revenues	71,269,738	78,978,498	52,860,754	130,590,004	137,334,421	106,661,871
Total Expenses	199,052,894	163,482,873	62,566,214	102,076,159	107,400,003	48,269,088
Share of loss from investment in joint venture	62,920,713	15,436,390	-	-	-	-
Financial Costs	5,586,757	483,703	483,703	5,586,757	483,703	18,547,815
Income tax benefits (expenses)	(4,127,308)	2,641,844	5,186,360	(4,127,308)	(6,517,214)	656,686
Actuarial gain - net of income tax	761,434	-	-	761,434	-	-
Net Profit (Loss)	(199,656,500)	(97,782,624)	(5,002,803)	19,561,214	22,933,501	40,501,654
Earnings (Loss) per Share	(0.080)	(0.039)	(0.003)	0.008	0.009	0.026

# Cash Flow Statement (as of 31 December)

(Unit: Baht)

	Financial Statement – Consolidated			Financial Statement -Company		
	2017	2016	2015	2017	2016	2015
Net Cash In from (Use Out) Operating Activities	(64,146,314)	(68,780,717)	(192,130,864)	(16,772,589)	(22,918,137)	(122,703,439)
Net Cash In from (Use Out) Investing Activities	(164,309,403)	(60,087,313)	(158,335,054)	(212,375,755)	(104,659,970)	(260,093,322)
Net Cash In from (Use Out) Financing Activities	200,000,000	(10,000,000)	525,360,738	200,000,000	(10,000,000)	560,360,738
Net increase (decrease) in cash and cash equivalents	(28,455,717)	(138,868,030)	174,894,820	(29,148,344)	(137,578,107)	177,563,977
Cash and cash equivalents at beginning of year	52,407,926	191,275,956	16,381,136	51,346,551	188,924,658	11,360,681
Cash and Cash Equivalents at end of year	29,952,209	52,407,926	191,275,956	22,198,207	51,346,551	188,924,658

Financial Ratios	2017	2016	2015
Current Ratio (Times)	2.80	2.63	2.68
Operating Profit Margin	(221.90)	(102.98)	(25.64)
Net Profit Margin	(281.21)	(123.81)	(9.46)
Debt to Equity Ratio (Times)	0.23	0.09	0.09
Book Value per Share (Baht)	0.90	0.98	1.02
Earnings (Loss) per Share (Baht)	(0.08)	(0.04)	(0.003)
Dividend per Share (Baht)	-	-	-

Note: \* Calculated from separate financial statements

### 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.

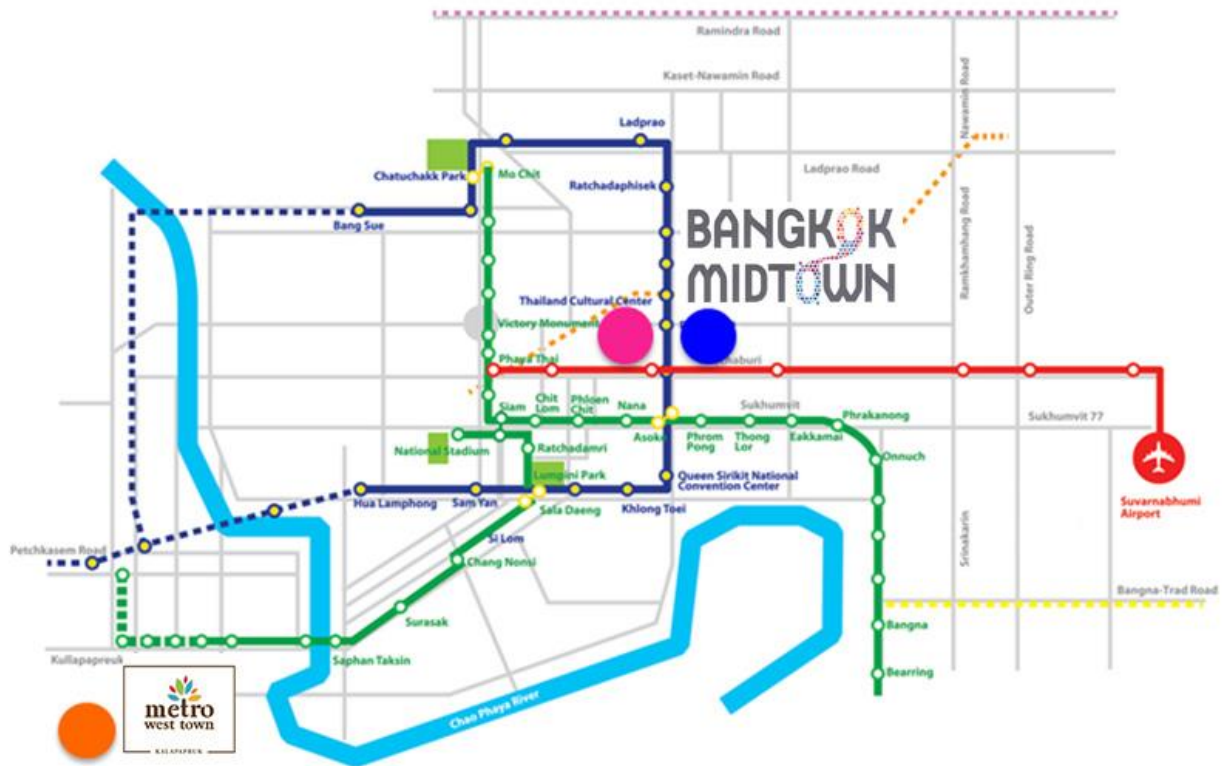
Currently, Metro West Town can be operated in September 2015, located on Kalapaprak Road and the Company is developing a project named “Bangkok Midtown” (Phase 1) developed by Centerpoint Shopping Mall Company Limited (the Company’s subsidiary) and located on Ratchadaphisek Road, outbound (west side), 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.

And 10 discount stores which operated under All Discount Co., LTD were launched in February 2018.

## 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 Q1/2021
		

### 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 2017	31 December 2016	31 December 2015
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	2,615,114,338.20
- Number of Shares (Shares)	2,490,585,084	2,490,585,084	2,490,585,084
Par Value (Baht)	1.05	1.05	1.05

## Management Structure

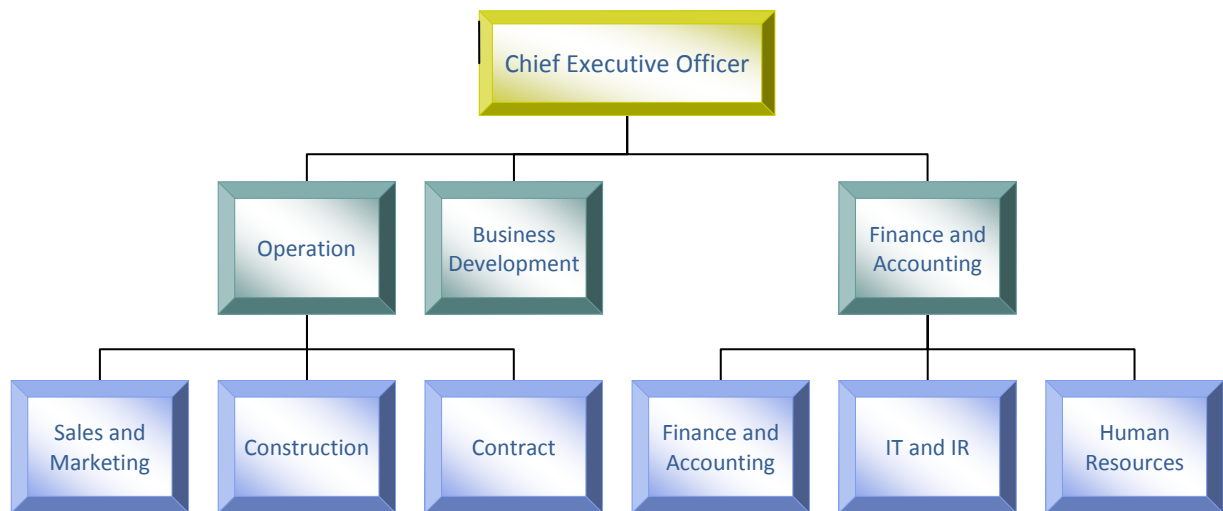
### Board of Directors:

- |                               |  |
|-------------------------------|--|
| 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
Pacific Estate Development Co., Ltd.	Related parties
All Discount Co., Ltd.	Joint venture
Estate Perfect Co., Ltd.	Related parties

#### 1) Inter-Company Revenues and Expenses (Thousand Baht)

	Pricing Policy	2017	2016
Property Perfect Plc.			
Rental and related service income	With reference to the rate stipulated in the agreement	988	987
Interest Expense	5.37 – 5.58% p.a	5,103	-
Centerpoint Shopping Mall Co., Ltd.			
Interest Income	5.12 – 5.64% p.a	59,338	60,018
Pacific Estate Development Co., Ltd.			
Revenues from building management services	With reference to the rate stipulated in the agreement	33,191	42,189
All Discount Co., Ltd.			
Interest Income	6.25% p.a	9,175	1,192
Estate Perfect Co., Ltd.			
Rental Expenses	With reference to the rate stipulated in the agreement	4,873	4,873

#### 2) Inter-Company Assets and Liabilities (Thousand Baht)

	2017	2016
Property Perfect Plc.		
Short-term Loan from related party	200,000	-
Accrued Interest Payable	5,103	-
Deposits and cash received in advance	334	334
Trade Receivable	65	94
Centerpoint Shopping Mall Co., Ltd.		
Short-term Loan to related party	1,143,492	1,096,492
Accrued Interest Receivable	254,986	195,648
Pacific Estate Development Co., Ltd.		
Trade Receivable	2,913	2,918
All Discount Co., Ltd.		
Short-term Loan to related party	225,000	60,000
Accrued Interest Receivable	7,551	1,192

## 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 2017

## **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 2017, 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 2017, 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 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 matter and how audit procedures respond for the matter are described below.

*The fair value and consideration of impairment of investment properties*

The Group has an outstanding balance of investment properties, being presented under the cost method, of which the value is highly significant to the financial statements as a whole. Financial reporting standards require the disclosure of the fair value of investment properties in notes to the financial statements. The Group hired independent appraisers to measure the fair value of its investment properties and disclosed the fair value in notes to the financial statements.

The measurement of fair value was based on certain assumptions and estimates of both the management and the independent appraisers. This measurement of the fair value by the independent appraisers assumes that the Group has already considered the impairment of its investment properties.

I assessed the knowledge, competency and integrity of the independent appraisers, read the appraisal reports prepared by the independent appraisers and considered the reasonableness of the approach and assumptions used in the fair value measurement through inquiry with the independent appraisers 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.

I am responsible for the audit resulting in this independent auditor's report.

Supachai Phanyawattano  
Certified Public Accountant (Thailand) No. 3930

EY Office Limited  
Bangkok: 19 February 2018

**We Retail Public Company Limited and its subsidiary**

**Statement of financial position**

**As at 31 December 2017**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		23,952,209	52,407,926	22,198,207	51,346,551
Trade and other receivables	7	17,399,223	13,123,012	272,382,310	208,771,110
Short-term loans to related parties	6	225,000,000	60,000,000	1,368,492,000	1,156,492,000
Other current assets		17,355,283	15,233,918	17,329,123	15,203,916
		283,706,715	140,764,856	1,680,401,640	1,431,813,577
Assets held for sales	8	94,583,303	-	94,583,303	-
<b>Total current assets</b>		<b>378,290,018</b>	<b>140,764,856</b>	<b>1,774,984,943</b>	<b>1,431,813,577</b>
<b>Non-current assets</b>					
Investment in subsidiary	9	-	-	514,500,000	514,500,000
Investment in joint venture	10	-	-	12,500,000	12,500,000
Investment properties	11	1,476,584,734	1,536,023,418	629,075,930	687,364,614
Building improvement and equipment	12	768,605	695,124	768,604	695,124
Leasehold rights	13	850,981,244	939,083,206	100,255,331	159,144,045
Deferred tax assets	19	41,619,016	38,217,558	7,478,448	4,076,990
Other non-current assets		2,583,838	3,855,961	2,518,838	2,718,461
<b>Total non-current assets</b>		<b>2,372,537,437</b>	<b>2,517,875,267</b>	<b>1,267,097,151</b>	<b>1,380,999,234</b>
<b>Total assets</b>		<b>2,750,827,455</b>	<b>2,658,640,123</b>	<b>3,042,082,094</b>	<b>2,812,812,811</b>

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 2017**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	14	99,629,670	27,673,662	33,600,419	24,549,822
Creditors per rehabilitation plan	15	6,811,829	6,811,829	6,811,829	6,811,829
Deposits and cash received in advance		13,301,140	14,419,527	13,301,140	14,419,527
Income tax payable		1,877,897	3,465,155	1,877,897	3,465,155
Other current liabilities		1,506,570	1,129,437	1,184,932	805,774
		123,127,106	53,499,610	56,776,217	50,052,107
Liabilities directly associated with assets held for sales	8	11,959,070	-	11,959,070	-
Total current liabilities		135,086,176	53,499,610	68,735,287	50,052,107
Non-current liabilities					
Long-term loans from related party	6	200,000,000	-	200,000,000	-
Accrued land rental expenses		168,736,922	158,379,286	10,428,267	19,303,007
Provision for long-term employee benefits		2,236,743	2,337,113	2,138,132	2,238,503
Total non-current liabilities		370,973,665	160,716,399	212,566,399	21,541,510
Total liabilities		506,059,841	214,216,009	281,301,686	71,593,617
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		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	4,310,000	3,310,000	4,310,000	3,310,000
Unappropriated (deficit)		(501,144,502)	(300,488,002)	80,203,601	61,642,387
Total shareholders' equity		2,244,767,614	2,444,424,114	2,760,780,408	2,741,219,194
Total liabilities and shareholders' equity		2,750,827,455	2,658,640,123	3,042,082,094	2,812,812,811

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

**We Retail Public Company Limited and its subsidiary**

**Statement of comprehensive income**

**For the year ended 31 December 2017**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Profit or loss:					
Revenues					
Rental and related service income		28,645,261	32,688,208	28,645,261	31,049,808
Revenues from building management services		33,191,229	42,189,318	33,191,229	42,189,318
Other income					
Interest income		9,235,846	2,348,817	68,569,113	62,343,140
Other income		197,402	1,752,155	184,401	1,752,155
Total revenues		71,269,738	78,978,498	130,590,004	137,334,421
Expenses					
Cost of rental and services		50,216,386	49,583,205	50,216,386	49,583,205
Selling expenses		3,708,464	10,484,254	3,708,464	10,484,254
Administrative expenses		145,128,044	91,915,414	48,151,309	35,832,544
Loss on impairment of investment properties		-	11,500,000	-	11,500,000
Total expenses		199,052,894	163,482,873	102,076,159	107,400,003
Profit (loss) before share of loss from investment					
in joint venture, finance cost and income tax		(127,783,156)	(84,504,375)	28,513,845	29,934,418
Share of loss from investment in joint venture	10	(62,920,713)	(15,436,390)	-	-
Profit (loss) before finance cost and income tax		(190,703,869)	(99,940,765)	28,513,845	29,934,418
Finance cost		(5,586,757)	(483,703)	(5,586,757)	(483,703)
Profit (loss) before income tax		(196,290,626)	(100,424,468)	22,927,088	29,450,715
Income tax benefits (expenses)	19	(4,127,308)	2,641,844	(4,127,308)	(6,517,214)
Profit (loss) for the year		(200,417,934)	(97,782,624)	18,799,780	22,933,501
Other comprehensive income:					
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods					
Actuarial gain - net of income tax		761,434	-	761,434	-
Other comprehensive income for the year		761,434	-	761,434	-
Total comprehensive income for the year		(199,656,500)	(97,782,624)	19,561,214	22,933,501

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

**We Retail Public Company Limited and its subsidiary**

**Statement of comprehensive income (continued)**

**For the year ended 31 December 2017**

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Profit attributable to:</b>				
Equity holders of the Company	-200,417,934	-97,782,624	18,799,780	22,933,501
Non-controlling interests of the subsidiaries	-	-		
	<u>(200,417,934)</u>	<u>(97,782,624)</u>		
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	(199,656,500)	(97,782,624)		
Non-controlling interests of the subsidiaries	-	-		
	<u>(199,656,500)</u>	<u>(97,782,624)</u>		
<b>Basic earnings per share</b>	20			
Basic earnings (loss) per share	<u>(0.080)</u>	<u>(0.039)</u>	<u>0.008</u>	<u>0.009</u>

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 2017**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	(196,290,626)	(100,424,468)	22,927,088	29,450,715
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	52,109,616	40,534,530	22,896,368	23,404,102
Allowance for doubtful accounts	9,442,698	3,173,957	8,370,199	3,173,957
Allowance for impairment loss on investment properties	-	11,500,000	-	11,500,000
Loss on sales of investment properties	83,648	-	-	-
Share of loss from investment in joint venture	62,920,713	15,436,390	-	-
Provision for long-term employee benefits	851,422	664,657	851,422	664,657
Interest income	(9,235,846)	(2,348,817)	(68,569,113)	(62,343,140)
Interest expenses	5,586,757	483,703	5,586,757	483,703
Profit (loss) from operating activities before changes in operating assets and liabilities	(74,531,618)	(30,980,048)	(7,937,279)	6,333,994
Decrease (increase) in operating assets				
Trade and other receivables	(6,286,820)	(5,869,335)	(6,283,431)	(5,893,291)
Other current assets	(2,121,365)	(1,213,240)	(2,125,207)	(1,669,472)
Other non-current assets	199,625	(74,914)	199,625	(9,914)
Increase (decrease) in operating liabilities				
Trade and other payables	3,448,538	(19,615,889)	3,463,840	(19,329,944)
Other current liabilities	(741,254)	(4,243,712)	(739,229)	(4,276,768)
Other non-current liabilities	22,316,706	(5,238,349)	3,084,330	3,472,488
Cash flows used in operating activities	(57,716,188)	(67,235,487)	(10,337,351)	(21,372,907)
Cash paid for corporate income tax	(9,306,383)	(3,870,091)	(9,306,383)	(3,870,091)
Cash received from interest income	2,876,257	2,324,861	2,871,145	2,324,861
<b>Net cash flows used in operating activities</b>	<b>(64,146,314)</b>	<b>(68,780,717)</b>	<b>(16,772,589)</b>	<b>(22,918,137)</b>

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 2017**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Cash flows from investing activities</b>				
Increase in short-term loans to related parties	(165,000,000)	(60,000,000)	(212,000,000)	(100,000,000)
Decrease in restricted bank deposits	-	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)	-	(1,796,829)
Proceeds from sales of investment properties	1,066,352	-	-	-
Increase in building improvement and equipment	(375,755)	(363,141)	(375,755)	(363,141)
Cash received from advance for purchase of land	-	12,357,000	-	-
<b>Net cash flows used in investing activities</b>	<u>(164,309,403)</u>	<u>(60,087,313)</u>	<u>(212,375,755)</u>	<u>(104,659,970)</u>
<b>Cash flows from financing activities</b>				
Cash received from long-term loans from related party	200,000,000	-	200,000,000	-
Cash paid for leasehold rights payable	-	(10,000,000)	-	(10,000,000)
<b>Net cash flows from (used in) financing activities</b>	<u>200,000,000</u>	<u>(10,000,000)</u>	<u>200,000,000</u>	<u>(10,000,000)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(28,455,717)</u>	<u>(138,868,030)</u>	<u>(29,148,344)</u>	<u>(137,578,107)</u>
Cash and cash equivalents at beginning of year	<u>52,407,926</u>	<u>191,275,956</u>	<u>51,346,551</u>	<u>188,924,658</u>
<b>Cash and cash equivalents at end of year</b>	<u>23,952,209</u>	<u>52,407,926</u>	<u>22,198,207</u>	<u>51,346,551</u>

**Supplemental cash flow information**

**Non-cash transactions**

Increase in investment properties from amortised leasehold	-	12,162,857	-	-
Increase in investment properties as from accrued land rental expenses	-	28,259,260	-	-

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 2017

(Unit: Baht)

	Consolidated financial statements					
	Issued and paid-up share capital	Share premium	Adjustment of share capital from reverse acquisition	Retained earnings		Total shareholders' equity
				Statutory reserve	Deficits	
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
Loss for the year	-	-	-	-	(97,782,624)	(97,782,624)
Other comprehensive income for the year	-	-	-	-	-	-
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
						-
Balance as at 1 January 2017	2,615,114,338	61,152,469	65,335,309	3,310,000	(300,488,002)	2,444,424,114
Loss for the year	-	-	-	-	(200,417,934)	(200,417,934)
Other comprehensive income for the year	-	-	-	-	761,434	761,434
Total comprehensive income for the year	-	-	-	-	(199,656,500)	(199,656,500)
Unappropriated retained earnings transferred to statutory reserve (Note 17)	-	-	-	1,000,000	(1,000,000)	-
Balance as at 31 December 2017	2,615,114,338	61,152,469	65,335,309	4,310,000	(501,144,502)	2,244,767,614

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 2017**

(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 2016	2,615,114,338	61,152,469	2,110,000	39,908,886	2,718,285,693
Profit for the year	-	-	-	22,933,501	22,933,501
Other comprehensive income for the year	-	-	-	-	-
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
					-
Balance as at 1 January 2017	2,615,114,338	61,152,469	3,310,000	61,642,387	2,741,219,194
Profit for the year	-	-	-	18,799,780	18,799,780
Other comprehensive income for the year	-	-	-	761,434	761,434
Total comprehensive income for the year	-	-	-	19,561,214	19,561,214
Unappropriated retained earnings transferred to statutory reserve (Note 17)	-	-	1,000,000	(1,000,000)	-
Balance as at 31 December 2017	2,615,114,338	61,152,469	4,310,000	80,203,601	2,760,780,408

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 2017****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 has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, 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 2016) 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 and joint venture under the cost method.

### 3. New financial reporting standards

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which were effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The 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 revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards are aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiary believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

**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 accounted for in the separate financial statements using the cost method less allowance for loss on impairment of assets (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 of assets (if any).

Depreciation of investment properties is calculated by reference to their costs on a straight-line basis over estimated useful life 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 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.

**Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

**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. The management reviews for impairment of investment properties by having their fair value assessed by independent appraisers. The independent appraisers valued an investment property of shopping malls and commercial area for rent the income approach and market approach. The key assumptions used in estimating the fair value include yield rate, long-term vacancy rate and long-term growth in real rental rates.

**Deferred tax assets**

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

**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 among the Company, its subsidiary and those related parties.

(Unit: Thousand Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with parent company</u>					
Rental and related service income	988	987	988	987	With reference to the rate stipulated in the agreement
Interest expenses	5,103	-	5,103	-	5.37% - 5.58% per annum
<u>Transactions with subsidiary</u>					
(eliminated from the consolidated financial statements)					
Interest income	-	-	59,338	60,018	5.12% - 5.64% per annum
<u>Transactions with related companies</u>					
Revenues from building management services	33,191	42,189	33,191	42,189	With reference to the rate stipulated in the agreement
Interest income	9,175	1,192	9,175	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 2017 and 2016, the balances of the accounts between the Company, its subsidiary and those related companies were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b><u>Trade and other receivables - related parties (Note 7)</u></b>				
Parent company	65	94	65	94
Subsidiary	-	-	254,986	195,648
Related companies (common shareholder)	10,456	4,106	10,462	4,106
Total trade and other receivable - related parties	<u>10,530</u>	<u>4,200</u>	<u>265,513</u>	<u>199,848</u>
<b><u>Other payables - related party (Note 14)</u></b>				
Parent company	5,437	334	5,437	334
Total other payables - related party	<u>5,437</u>	<u>334</u>	<u>5,437</u>	<u>334</u>

### Short-term loans to related parties

During the years ended 31 December 2017 and 2016, movements of short-term loans to related parties were as follows:

(Unit: Thousand Baht)

		Consolidated financial statements			
Loan to related party	Related by	Balance as at 31 December 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2017
All discount Company Limited	Joint venture	60,000	165,000	-	225,000
Total		60,000	165,000	-	225,000

(Unit: Thousand Baht)

		Separate financial statements			
Loan to related parties	Related by	Balance as at 31 December 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2017
Centrepont Shopping Mall Company Limited	Subsidiary	1,096,492	47,000	-	1,143,492
All discount Company Limited	Joint venture	60,000	165,000	-	225,000
Total		1,156,492	212,000	-	1,368,492

### Long-term loans from related party

During the years ended 31 December 2017 and 2016, movements of long-term loans from related party were as follows:

(Unit: Thousand Baht)

		Consolidated/Separate financial statements			
Loan to related party	Related by	Balance as at 31 December 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2017
Property Perfect Public Company Limited	Parent company	-	200,000	-	200,000
Total		-	200,000	-	200,000

### 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 (2016: Baht 1.8 million).

## 7. Trade and other receivables

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade receivables – related parties</u>				
Aged on the basis of due dates				
Not yet due	2,913	2,918	2,913	2,918
Past due				
Up to 3 months	66	90	63	90
Total trade receivables – related parties	2,979	3,008	2,976	3,008
<u>Trade receivables – unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	763	1,029	763	1,029
Past due				
Up to 3 months	3,458	2,389	3,458	2,389
3 - 6 months	3,092	1,407	3,092	1,407
6 - 12 months	4,576	1,738	4,576	1,738
Over 12 months	4,853	1,553	4,853	1,553
Total	16,742	8,116	16,742	8,116
Less: allowance for doubtful debts	(11,661)	(3,290)	(11,661)	(3,290)
Total trade receivables - unrelated parties, net	5,081	4,826	5,081	4,826
Total trade receivables - net	8,060	7,834	8,057	7,834
<u>Other receivables</u>				
Interest receivable - related party	7,551	1,192	262,537	196,840
Accrued income	1,788	4,097	1,788	4,097
Total other receivables	9,339	5,289	264,325	200,937
Trade and other receivables – net	17,399	13,123	272,382	208,771

## 8. Assets held for sales

On 7 November 2017, the meeting of the Company's Board of Directors passed a resolution to propose that a shareholders' meeting approve the cancellation of a land lease agreement with a related party. Subsequently, on 30 January 2018, the extraordinary general meeting of the Company's shareholders passed a resolution approving the cancellation of this agreement. The Company completed the registration of this cancellation on 13 February 2018 and received Baht 120 million on the same date. As of 31 December 2017, the Company therefore classified the assets and liabilities related to the land lease agreement as a group of assets held for sales and separately presented them under the captions of "Assets held for sales" and "Liabilities directly associated with assets held for sales" of which details are as follows:

(Unit: Thousand Baht)	
<b>Assets</b>	
Investment properties	41,391
Leasehold rights	53,192
<b>Total assets held for sales</b>	<b>94,583</b>
<b>Liabilities</b>	
Accrued land rental expenses	11,959
<b>Total liabilities directly associated with the assets held for sales</b>	<b>11,959</b>
<b>Net assets directly associated with disposal group</b>	<b>82,624</b>

The investment property classified as assets held for sales is a project under development that has not yet been operational.

## 9. Investment in subsidiary

The balances represent an investment in all shares of Centrepont Shopping Mall Company Limited which is engaged in the property development, shopping mall and commercial areas. The subsidiary has registered and a paid-up share capital of Baht 500 million.

## 10. Investment in joint venture

The balances represent an investment in joint venture, All Discount Co., Ltd., which is engaged in retail business. This company has registered share capital of Baht 100 million, of which 25% is called-up. The Company invested Baht 12.5 million, representing 50% shareholding.

During the year, the Company recorded share of loss from joint venture of amounting to Baht 62.92 million (2016: Baht 15.44 million). The share of loss in excess of the value of the investment, amounting to Baht 65.86 million (2016: Baht 2.94 million), is presented in other payables (note 14).

Summarised financial information about material joint venture.

Summarised information about financial position.

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	14,250	2,705
Other current assets	54,359	24,902
Non-current assets	71,981	39,952
Short-term loans from related party	(225,000)	(60,000)
Current liabilities	(47,304)	(13,432)
<b>Net assets</b>	<b>(131,714)</b>	<b>(5,873)</b>
Shareholding percentage (%)	50	50
The share of loss in excess of the value of the investment (other payables)	(65,857)	(2,936)
<b>Carrying amounts of joint venture based on equity method</b>	<b>-</b>	<b>-</b>

Summarised information about comprehensive income.

	(Unit: Thousand Baht)	
	<u>For the year ended 31 December</u>	
	<u>2017</u>	<u>2016</u>
Revenues	115,583	1,575
Expenses	(241,004)	(32,448)
Loss	(125,421)	(30,873)

## 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 2017 and 2016 is presented below.

(Unit: Thousand Baht)

Consolidated financial statements			
	Project developed	Project under development	Total
31 December 2017			
Cost	681,593	847,509	1,529,102
<u>Less</u> Accumulated depreciation	(41,018)	-	(41,018)
<u>Less</u> Allowance for impairment	(11,500)	-	(11,500)
Net book value	629,075	847,509	1,476,584
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 impairment	(11,500)	-	(11,500)
Net book value	645,974	890,049	1,536,023

(Unit: Thousand Baht)

Separate financial statements			
	Project developed	Project under development	Total
31 December 2017			
Cost	681,593	-	681,593
<u>Less</u> Accumulated depreciation	(41,018)	-	(41,018)
<u>Less</u> Allowance for impairment	(11,500)	-	(11,500)
Net book value	629,075	-	629,075
31 December 2016			
Cost	681,593	41,391	722,984
<u>Less</u> Accumulated depreciation	(24,119)	-	(24,119)
<u>Less</u> Allowance for impairment	(11,500)	-	(11,500)
Net book value	645,974	41,391	687,365



A reconciliation of the net book value of investment properties for the years 2017 and 2016 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net book value at beginning of year	1,536,023	1,514,849	687,365	714,396
Acquisition of assets	-	9,581	-	1,797
Amortisation of leasehold rights to investment properties	-	12,162	-	-
Increase from accrued land rental expenses	-	28,259	-	-
Depreciation charged	(16,899)	(17,328)	(16,899)	(17,328)
Allowance for impairment	-	(11,500)	-	(11,500)
Disposals - net book value at disposal date	(1,149)	-	-	-
Classified as assets held for sale (Note 8)	(41,391)	-	(41,391)	-
Net book value at end of year	<u>1,476,584</u>	<u>1,536,023</u>	<u>629,075</u>	<u>687,365</u>

The fair value of the investment properties as at 31 December 2017 and 2016 is stated below:

	(Unit: Thousand Baht)	
	Consolidated/Separate	
	financial statements	
	<u>2017</u>	<u>2016</u>
Shopping malls and commercial area for rent <sup>(1)</sup>	750,000	750,000
Shopping malls and commercial area for rent under construction <sup>(2)</sup>	2,045,000	-

<sup>(1)</sup> Including fair value of leasehold right which has net book value of Baht 104.0 million (2016: Baht 107.7 million)

<sup>(2)</sup> Including fair value of leasehold right which has net book value of Baht 750.7 million

Investment property 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, long-term vacancy rate and long-term growth in real rental rates.

The fair value of the shopping mall and commercial areas for rent under construction has been determined using the market approach.

## 12. Building improvement and equipment

(Unit: Thousand Baht)

	Consolidated financial statements			
	Building improvement	Fixtures and office equipment	Motor vehicles	Total
<b>Cost:</b>				
1 January 2016	519	1,058	4,900	6,477
Additions	-	363	-	363
31 December 2016	519	1,421	4,900	6,840
Additions	196	180	-	376
31 December 2017	715	1,601	4,900	7,216
<b>Accumulated depreciation:</b>				
1 January 2016	352	513	4,900	5,765
Depreciation for the year	104	276	-	380
31 December 2016	456	789	4,900	6,145
Depreciation for the year	87	215	-	302
31 December 2017	543	1,004	4,900	6,447
<b>Net book value:</b>				
31 December 2016	63	632	-	695
31 December 2017	172	597	-	769
<b>Depreciation for the year as included in administrative expenses</b>				
2016				380
2017				302

(Unit: Thousand Baht)

	Separate financial statements		
	Building improvement	Fixtures and office equipment	Total
<b>Cost:</b>			
1 January 2016	519	1,058	1,577
Additions	-	363	363
31 December 2016	519	1,421	1,940
Additions	196	180	376
31 December 2017	715	1,601	2,316
<b>Accumulated depreciation:</b>			
1 January 2016	352	513	865
Depreciation for the year	104	276	380
31 December 2016	456	789	1,245
Depreciation for the year	87	215	302
31 December 2017	543	1,004	1,547
<b>Net book value:</b>			
31 December 2016	63	632	695
31 December 2017	172	597	769
<b>Depreciation for the year as included in administrative expenses</b>			
2016			380
2017			302

As at 31 December 2017, 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 (2016: Baht 4.9 million).

### 13. Leasehold rights

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
<b>Cost:</b>		
1 January 2016	1,077,065	179,843
31 December 2016	1,077,065	179,843
Classified as assets held for sale (Note 8)	(62,335)	(62,335)
31 December 2017	1,014,730	117,508
<b>Accumulated amortisation:</b>		
1 January 2016	102,993	15,003
Amortisation for the year	34,989	5,696
31 December 2016	137,982	20,699
Amortisation for the year	34,909	5,696
Classified as assets held for sale (Note 8)	(9,142)	(9,142)
31 December 2017	163,749	17,253
<b>Net book value:</b>		
31 December 2016	939,083	159,144
31 December 2017	850,981	100,255
<b>Amortisation for the year</b>		
2016 (Consolidated financial statements: Baht 12.2 million included in investment properties and the balance included in administrative expenses)	34,989	5,696
2017 (Included in administrative expenses)	34,909	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
			(Million Baht)
Crown Property Bureau	30 years	1 April 2016 to 31 March 2045	141.2
Individual	30 years	1 June 2013 to 31 May 2043	33.3

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 2016 to 31 December 2044	2,525.5

#### 14. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade payables	5,665	4,948	5,665	4,948
Retention payables	-	1,042	-	1,042
Accrued interest expenses				
related party	5,103	-	5,103	-
Accrued interest expenses	5,119	4,635	5,119	4,635
Accrued expenses	10,128	7,664	10,041	7,595
Other payable - related party	334	334	334	334
Other payables	73,281	9,051	7,338	5,996
Total trade and other payables	<u>99,630</u>	<u>27,674</u>	<u>33,600</u>	<u>24,550</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	103,870
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	2,741,602

## 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:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Salaries and other employee benefits	14,572	14,731	14,572	14,731
Depreciation and amortisation	52,110	40,535	22,896	23,404
Rental expenses	75,555	47,435	9,636	9,620
Consulting fee and marketing expenses	13,719	9,451	13,426	9,451

## 19. Income tax

Income tax for the years ended 31 December 2017 and 2016 are made up as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Current income tax:</b>				
Current income tax charge	7,719	7,335	7,719	7,335
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(3,592)	(9,977)	(3,592)	(818)
<b>Income tax expenses (benefits) reported in the statement of comprehensive income</b>	<u>4,127</u>	<u>(2,642)</u>	<u>4,127</u>	<u>6,517</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax relating to actuarial gain	<u>190</u>	<u>-</u>	<u>190</u>	<u>-</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounting profit (loss) before tax	<u>(196,291)</u>	<u>(100,424)</u>	<u>22,927</u>	<u>29,451</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	(39,258)	(20,085)	4,585	5,890
Effects of:				
Temporary differences on which deferred tax assets have not been recognised	15,091	12,297	(623)	482
Tax loss of subsidiary on which deferred tax assets have not been recognised	15,330	1,795	-	-
Tax effect of non-deductible expenses	380	517	165	398
Share of loss from investment in joint venture	12,584	3,087	-	-
Others	-	(253)	-	(253)
Income tax expenses (benefits) reported in the statement of comprehensive income	<u>4,127</u>	<u>(2,642)</u>	<u>4,127</u>	<u>6,517</u>



The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	2,326	635	2,326	635
Allowance for investment property impairment	2,219	2,300	2,219	2,300
Accrued land rental expenses	4,908	694	4,908	694
Inter-interest capitalised to project cost of the subsidiary	27,643	27,643	-	-
Provision for long-term employee benefits	427	448	427	448
Accrued selling expenses	1,133	-	1,133	-
Unused tax loss	6,498	6,498	-	-
<b>Total</b>	<b>45,154</b>	<b>38,218</b>	<b>11,013</b>	<b>4,077</b>
<b>Deferred tax liabilities</b>				
Difference of tax and accounting of investment properties	3,178	-	3,178	-
Others	357	-	357	-
<b>Total</b>	<b>3,535</b>	<b>-</b>	<b>3,535</b>	<b>4,077</b>
<b>Deferred tax assets - net</b>	<b>41,619</b>	<b>38,218</b>	<b>7,478</b>	<b>4,077</b>

As at 31 December 2017 the Company and its subsidiary had deductible temporary differences and unused tax losses totaling Baht 238.7 million (2016: Baht 116.8 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.

The unused tax losses amounting to Baht 114.4 million (2016: Baht 32.6 million) will expire by 2022.

## 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.

## 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 2017, the Company and its subsidiary had outstanding capital commitment of approximately Baht 99.8 million (2016: Baht 110.2 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 agreements to lease land for a period of 30 years for the purpose of constructing shopping malls.

As at 31 December 2017 and 2016, future minimum lease payments required under operating lease contracts were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Payable within:				
1 year	53	52	6	6
2 to 5 years	238	226	27	26
More than 5 years	1,846	1,910	239	246

As at 31 December 2017 and 2016, future minimum sublease payments expected to be received under subleases were as follows:

	(Unit: Million Baht)	
	Consolidated and separate	
	financial statements	
	<u>2017</u>	<u>2016</u>
Receivable within:		
1 year	9	13
2 to 4 years	7	6

### 22.3 Service lease commitment

As at 31 December 2017, the Company had commitments totaling Baht 12.7 million under various consultation agreements relating to its real estate project (31 December 2016: Baht 6.4 million). Under the conditions of the agreements, the Company is to pay a monthly service fee as stipulated in agreement. During the year, the Company recognised fee expenses of Baht 8.0 million (31 December 2016: Baht 4.5 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	- Creditors per rehabilitation plan
- Short-term loans to related party	- Deposits and cash received in advance
	- Long-term loans from related party

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 2017					
Consolidated financial statements					
	Fixed				
	interest rates	Floating	Non-interest		
	Within 1 year	interest rate	bearing	Total	Interest rate
					(% p.a.)
<b>Financial assets</b>					
Cash and cash equivalents	-	23.9	-	23.9	0.25 - 1.30
Trade and other receivables	-	-	17.4	17.4	-
Short term loan to related party	-	225.0	-	225.0	6.25
	-	248.9	17.4	266.5	
<b>Financial liabilities</b>					
Trade and other payables	-	-	99.6	99.6	-
Creditors per rehabilitation plan	6.8	-	-	6.8	7.50
Deposits and cash received in advance	-	-	13.3	13.3	-
Long-term loans from related party	-	200.0	-	200.0	5.37 - 5.58
	6.8	200.0	112.9	319.7	

(Unit: Million Baht)

As at 31 December 2016					
Consolidated financial statements					
	Fixed				
	interest rates	Floating	Non-interest		
	Within 1 year	interest rate	bearing	Total	Interest rate
					(% p.a.)
<b>Financial assets</b>					
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	
<b>Financial liabilities</b>					
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 2017					
Separate financial statements					
	Fixed				
	interest rates	Floating	Non-interest		
	Within 1 year	interest rate	bearing	Total	Interest rate
					(% p.a.)
<b>Financial assets</b>					
Cash and cash equivalents	-	22.2	-	22.2	0.25 - 1.30
Trade and other receivables	-	-	272.5	272.5	-
Short-term loan to related party	-	1,368.5	-	1,368.5	5.12 - 6.25
	-	1,390.7	272.5	1,663.2	
<b>Financial liabilities</b>					
Trade and other payables	-	-	33.6	33.6	-
Creditors per rehabilitation plan	6.8	-	-	6.8	7.50
Deposits and cash received in advance	-	-	13.3	13.3	-
Long-term loans from related party	-	200.0	-	200.0	5.37 - 5.58
	6.8	200.0	46.9	253.7	

(Unit: Million Baht)

As at 31 December 2017					
Separate financial statements					
	Fixed				
	interest rates	Floating	Non-interest		
	Within 1 year	interest rate	bearing	Total	Interest rate
					(% p.a.)
<b>Financial assets</b>					
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	
<b>Financial liabilities</b>					
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	-
	6.8	-	38.9	45.7	

## **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 2017, the Group's debt-to-equity ratio was 0.23:1 (2016: 0.09:1) and the Company's was 0.10:1 (2016: 0.03:1).

## **25. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 19 February 2018.