

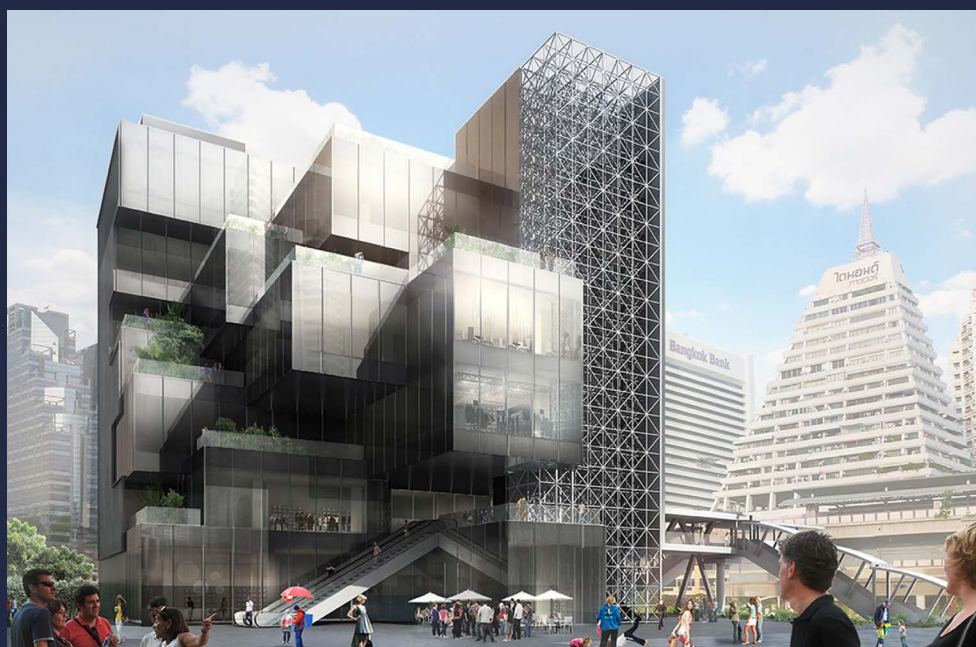


ANNUAL REPORT 2014





--- MOVING FORWARD ---



RISE OF THE LANDMARK

A mixed-use development comprising 207 Ritz-Carlton branded luxury residences, 159-room Edition boutique hotel and about 10,000 square metres of retail space.

The design adds to the city's vibrant existing skyline and will give Bangkok an iconic architectural landmark. MahaNakhon CUBE is now open featuring Bangkok's gourmet dining experience including finest dining outlets such as L'Atelier de Joël Robuchon, VOGUE Lounge and Dean & DeLuca.

MAHA N_AKHON

Hotel Freehold Residences Retail

Narathiwas Road, Bangkok
info@pacedev.com
www.mahanakhon.com

RISE OF LUXURY LIVING



THE RITZ-CARLTON RESIDENCES®
BANGKOK

The Ritz-Carlton Residences, Bangkok is the city's most prestigious address. Residences enjoy spectacular views and the highest level of specification within this world-class development. Each Residence features unparalleled level of facilities and legendary service by the finest Ladies and Gentlemen of The Ritz-Carlton. Now is the time to own this landmark.

Freehold Residences

MahaNakhon Pavilion
92 Narathiwas Road, Bangkok
+662 234 1414
sales@rcr-bangkok.com
www.rcr-bangkok.com





RISE OF ULTIMATE RESORT LIVING

MahaSamutr provides Hua Hin's most luxurious homes. This exclusive and private community with unique design elements provides ownership of the ultimate destination. For the best in waterfront living, luxury villas overlook the pristine waters of the lagoon with 72,000 square metres in size. Villa owners and their families enjoy membership at Hua Hin's first private Country Club, providing services, sports and hospitality on property.

MAHASAMUTR

LUXURY VILLAS
HUA HIN

Luxury Villas

MahaSamutr Gallery
92 Narathiwas Road, Bangkok
+662 237 1414
mahasamutr@pacedev.com
www.mahasamutr.com

RISE OF YOUR OWN COUNTRY CLUB

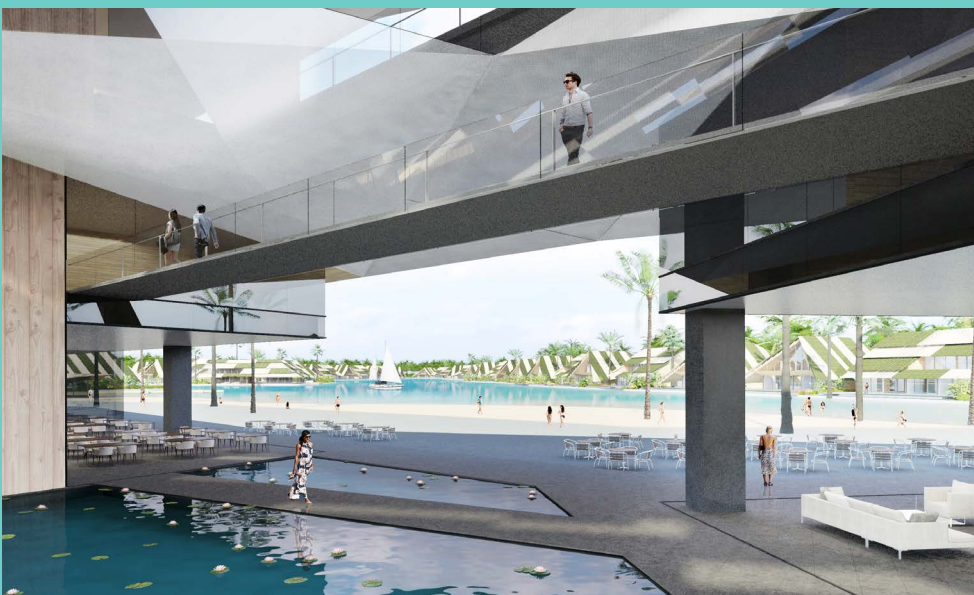
Hua Hin's first private Country Club is built around Asia's first Crystal Lagoon and manmade beach. Members of this exclusive community will enjoy a wide range of sports and activities all year round. Membership benefits include water sports, land sports, full gym, kid zone, multiple restaurants with private environment emphasizing safety, education and enrichment.

MAHASAMUTR

COUNTRY CLUB
HUA HIN

Private Country Club Membership

MahaSamutr Gallery
92 Narathiwas Road, Bangkok
+662 237 1414
mahasamutr@pacedev.com
www.mahasamutr.com





DEAN & DELUCA®

Founded in 1977 in SoHo New York, the world-famous brand Dean & DeLuca is dedicated to providing the world's best epicurean treats for cooking, eating and entertaining, inspired by a passion to share food of incomparable quality and taste.

info@pacedev.com
www.deandeluca.com

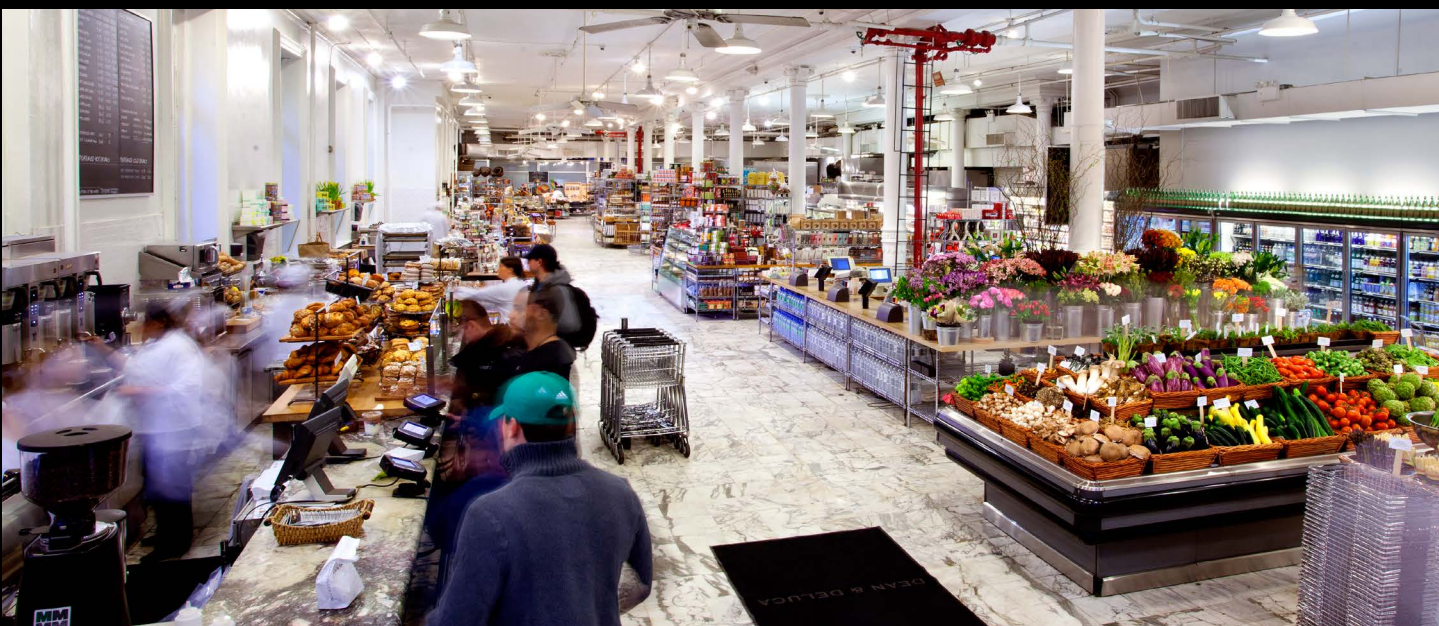
RISE OF DIVERSIFICATION

The acquisition of a globally successful retail brand Dean & DeLuca provides a major new element to PACE's real estate business.

Understanding 'quality' makes us know how to work with premium brands.

Our aim is to capitalise on the global convergence of super-premium mixed-use property development and lifestyle brands.

The purchase includes the supply chain and operations of 11 outlets and 2 commissaries in the United States as well as the licensing agreements in 31 international locations in Thailand, Japan, Singapore, South Korea, and Kuwait.



KEY STRENGTHS

OUR DESIGN:

PACE has a proven record of delivering leading design concepts to the property market with each development, through focusing on innovation and value added features that will provide enhanced living for owners and residents. Including Bangkok's first resort in the city concept at Ficus Lane, Saladaeng Residences' Sky Lounge and luxury through purity concept, through to the landmark MahaNakhon mixed-use development, and onto MahaSamutr's innovative Crystal Lagoon, design is at the centre of every PACE property and business.

PACE introduces design elements which not only create an improved experience on property, but also add to the quality of the landscape, creating a sustainable competitive advantage through market leadership.

OUR CUSTOMERS:

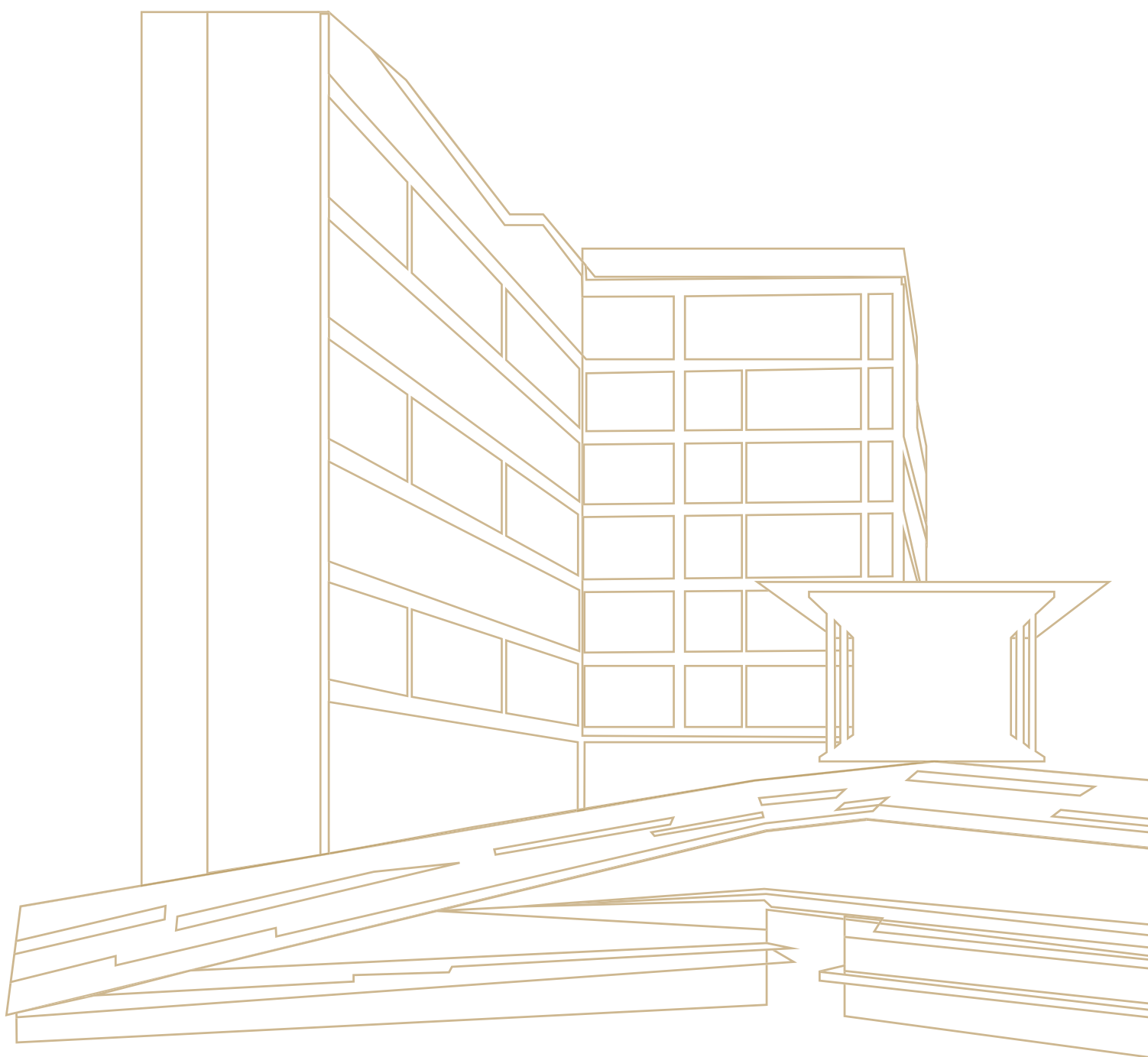
PACE recognizes that customers are a company's most important asset. Through focusing on delivering standards and quality as promised, PACE aims to ensure that each customer, whether buying a cup of coffee or a condominium, is treated with respect and integrity. Through providing a high degree of personalized customer service, each customer coming to PACE begins a relationship for life.

The entire organization is set up to remain focused at every stage on the customer, with marketing, sales, construction and retail each empowered and motivated to deliver satisfaction. Through delivering long-term value to our customers, PACE is developing a growing high-end loyal client base in both real estate and retail.



OUR PEOPLE:

Rewarding commitment, dedication and a mindset to deliver the extraordinary, PACE attracts and keeps managers, staff, partners and suppliers who support every aspect of business management through innovation and hard work. Each day, business departments are empowered to create and execute plans that will continue to position PACE as a market leader in real estate, hospitality and retail. Drawing from a world-class pool of professionals, PACE staff deliver properties and experiences as promised. PACE has formed strategic partnerships with firms in communications, construction, design, law, finance and beyond to ensure that when each element of a PACE building or operation is launched, the standards are set high and delivered upon.



PACE is the leader in Thai super luxury property development, hospitality, and lifestyle retail businesses. With core strengths in understanding the high-end consumers, PACE also delivers innovation in the retail market with a strategy to build a portfolio of global food and beverages. Each element of PACE features world-class design and premium quality, by introducing new trends, improving the landscape and enhancing people's lives.



From luxury Bangkok condominiums to beachside properties in Thailand and beyond, PACE delivers innovation and finest specification with the most sought after locations. Through ownership of global brand Dean & DeLuca, PACE is dedicated to operating leading retail brands to enhance our clients' lifestyles.



PACE focuses on creating design-driven properties and lifestyle retail concepts that match the needs of discerning and affluent individuals through innovation, dedication and leadership.

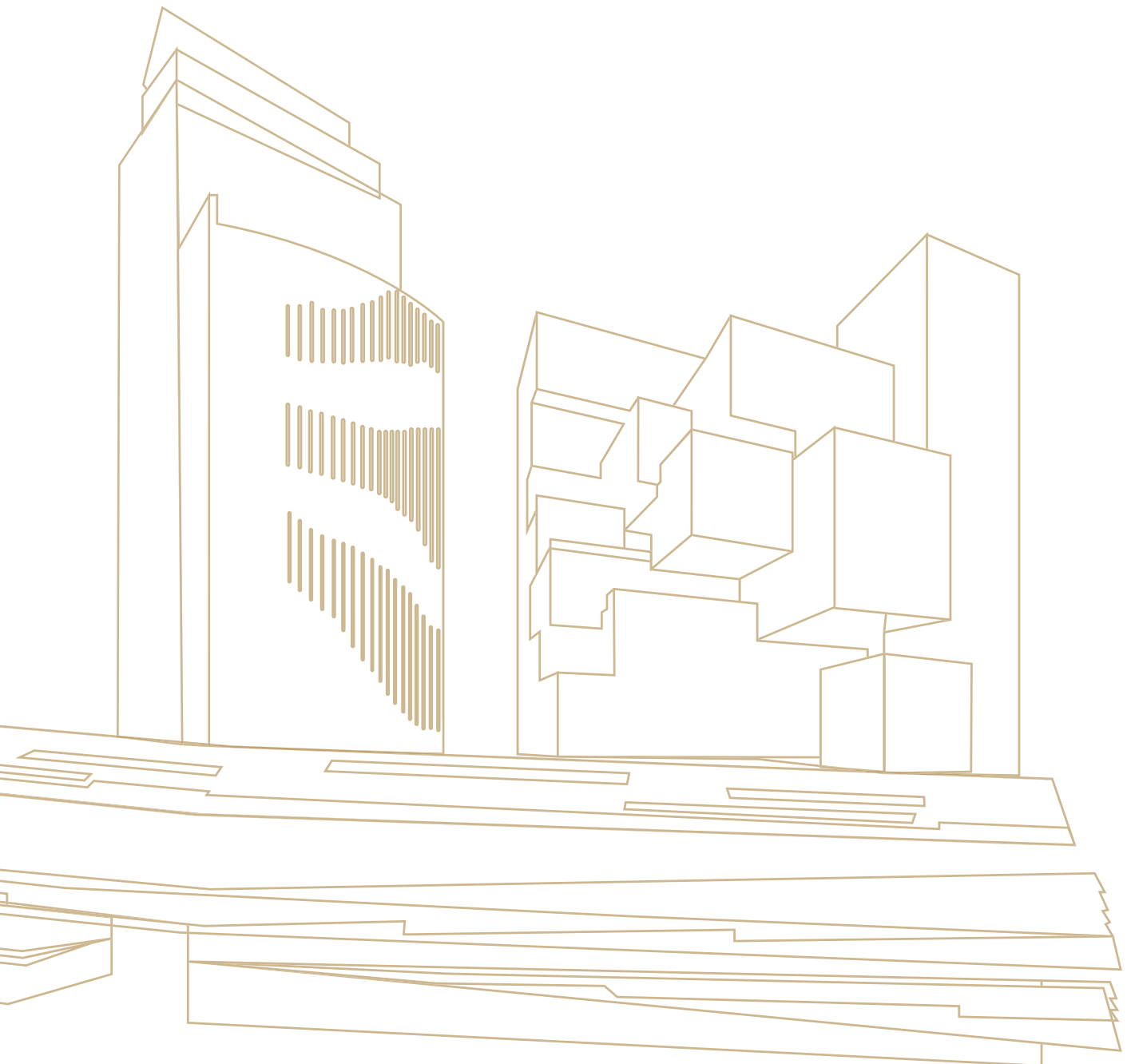


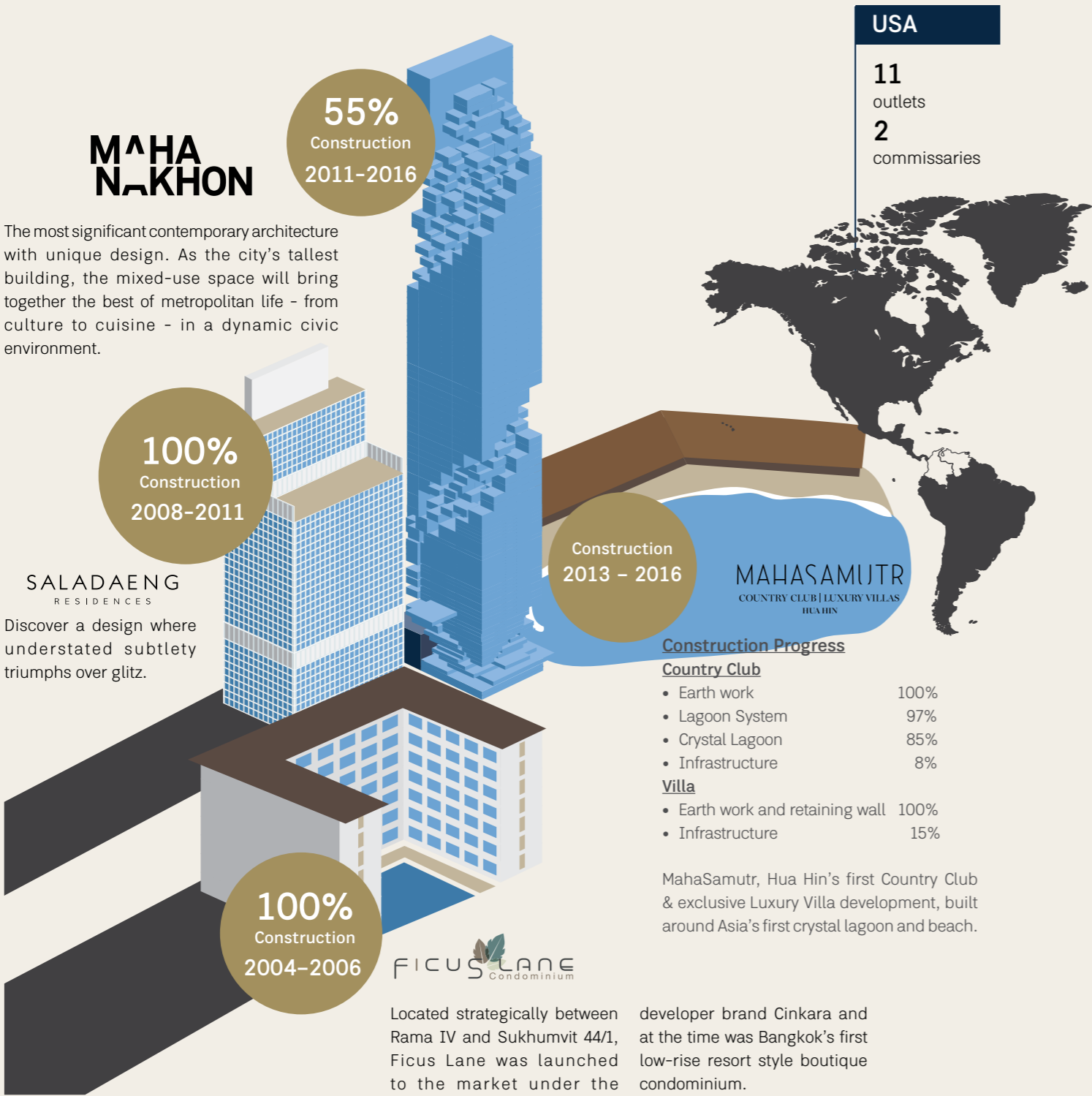


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PACE MOVING FORWARD 2014

PACE Development is the leader in Thai luxury property and hospitality. With core strengths in understanding the high-end consumer, PACE also delivers innovation in the retail market with a strategy to build a portfolio of global food & beverage brands. We create a full range of lifestyle property, services and retail. Each element of PACE features world-class design and premium quality, by introducing new trends, improving the landscape and enhancing people's lives.



2014 FINANCIAL HIGHLIGHTS

Unit: Million Baht

	2012	2013	2014
Total Assets	3,971.80	8,576.60	19,236.70
Total Liabilities	3,078.50	6,428.80	17,580.84
Equity attributable to Owner of the Parent	893.20	2,750.10	2,380.91
Non-controlling interests	-	(602.30)	(725.04)
Total Shareholders' Equity	893.20	2,147.70	1,655.87
<u>Ratios:</u>			
Current Ratio (times)	0.50	1.70	0.99
Quick Ratio (times)	0.01	1.20	0.15
Gross Profit Margin (%)	30.10	34.50	46.82
Debt to Equity Ratio (D/E*) (times)	3.40	2.30	7.38
Financial Institutions Debt and Short-term Loans from Other Company to Equity* Ratio (times)	0.44	0.82	4.63
Book Value (Baht)	0.61	1.34	1.16

* Total equity attributable to equity owners of parent

Unit: Million Baht

Projects	Cumulative Sales			Cumulative Recognized Revenue			Backlog		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
Ficus Lane	814.5	857.4	891.4	789.9	832.8	866.9	24.6	24.6	33.6
Saladaeng Residences	2,242.7	2,315.2	2,309.8	1,955.6	2,200.7	2,200.8	287.1	114.5	109.0
The Ritz-Carlton Residences, Bangkok @ MahaNakhon	3,127.0	5,551.8	7,126.7	-	-	-	3,127.0	5,551.8	7,126.7
Total	6,184.2	8,724.4	10,328.0	2,745.5	3,033.5	3,067.6	3,438.7	5,690.9	7,269.3

MESSAGE FROM CHAIRMAN

For the Kingdom of Thailand, 2014 has been a year of transition and political change, and a year where increasingly we see the power of the global brands and multinational companies doing business here.



With the introduction of the ASEAN Economic Community (AEC) in 2015, Thai property developers and the local business community are already seeing a substantial influx of senior executives, management and companies moving headquarters and staff into cities such as Bangkok. This increase in investment and spending will provide the Kingdom of Thailand with new skills and capabilities, bringing major shifts in many industries.

Preparation over the last year is paramount in terms of being ready to seize the exciting investment opportunities available in future. For the real estate industry, there will be increasing competition, with borders, regulations and restrictions reducing. Retail and hospitality will see increasing competition as the global brands see critical mass and expand into Thailand. The transformation of the Thai economy is exciting for the firms prepared to embrace these changes.

PACE believes that the strong brand and reputation built through commitment to outstanding design, in the best locations with world-class quality standards and delivery as promised will continue to maintain our strength as Thailand's leader in high-end development and hospitality. The last 12 months has seen the company continue to grow the core business of property development, adding a new hospitality retail division, while increasing brand awareness and visibility. These achievements are creating a solid platform for future growth.

Through taking a long-term sustainable approach to business development, PACE is fostering the core capabilities to succeed, investing strategically in key locations and business units which will enable the company to deliver what is promised, both in terms of products, services as well as financially, across market cycles and insulated from local market factors. Simply, the aim is to become the developer our clients prefer to buy, and that brand positioning is reflected in all aspects of how we do business.

2014 has been an outstanding year for PACE Development Corporation PLC. Through a year of political change, the company has broken new ground expanding into the hospitality business with the acquisition of Dean & DeLuca. Known throughout culinary circles as the leading purveyor in fine foods, having an iconic brand within the PACE portfolio moves PACE from a Thai business, to a global one.

With MahaNakhon CUBE retail centre opening during the year and construction of MahaNakhon Tower reaching the 6th floor at year end, sales of Bangkok's landmark MahaNakhon Ritz-Carlton Residences have continued strongly on plan. The management team have achieved this during a period of uncertainty, reflecting the potential for high end Bangkok development as AEC plays an increasing role in driving demand for prime locations.

Construction has continued on schedule for MahaSamutr and membership sales will begin in early 2015.

With AEC, regional investment and opportunities will be increasingly enhanced for firms who operate across borders.

Through the acquisition of Dean & DeLuca, PACE has purchased a diversified steady income stream, and the opportunity to massively expand this highly sought after brand worldwide in future. The line between real estate and hospitality is blurring both in the eyes of the consumer and in terms of operations. We now see other developments using the MahaNakhon mixed-use formula; through adding retail to our portfolio, PACE can both maximise the strengths of our property developments while also adding a new cashflow stream to our portfolio.

The landmark deal, a first of its kind for Thailand, opens the door for PACE to explore developments and ventures outside of Thailand in future, through the synergies between retail and property, using the insights and knowledge of the high-end consumer on both sides of the business equation to deliver growth.

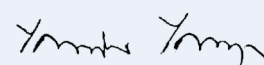
PACE knows that for customers, a home is the largest investment they will likely make in their lifetime, and prides itself on building long-term relationships with each client, ensuring satisfaction as well as repeat business. This stems from not only recruiting and keeping exceptional people within the organisation, who are capable of delivering exceptional performance.

The company places and expects the highest standards of integrity at all levels, and 2014 saw training for anti-corruption compliance across multiple departments. New systems and processes have been introduced to both minimise waste while encouraging innovation and continuous improvement, with each employee empowered to provide outstanding customer service, cost control and changes which improve the operations of the company and our relationship with the community. We are proud to have an environment where continuing education and professional development is both encouraged and expected from management and team members.

PACE takes our role within the Thai community very seriously, enhancing both the physical and society landscape. 2014 also saw several significant CSR initiatives such as the opening of the worker's education centre at MahaNakhon, the continuing expansion of the PACE Learning Centre in Petchaboon and the donation of a playground in Maehongson. The education centre is particularly worthwhile, as the children of the workers creating the landmark MahaNakhon now will receive education and a sense of community enabling them to build their own futures.

The investment in processes and global expansion are designed to ensure that PACE will be well positioned to deliver growth and a sustainable future.

We thank our shareholders for their confidence in us, our employees for their talent and hardwork, our business partners and members of the press. Most of all we thank our valued customers who have chosen PACE to provide their homes and services. We look forward to continuing our journey together, with the delivery of future value and realising our potential on a global stage.



Mr. Kraithip Krairiksh
Chairman

MESSAGE FROM **CEO**



PACE was created to enhance the landscape, create extraordinary designs, offer the best locations with world-class quality standards..

In a challenging environment which is growing more competitive by the day, our innovation and commitment to quality is both our vision and our greatest strength, recognised by the success in 2014 which has seen PACE expand in the food and beverage business, as part of the strategy increase the company's recurring income and to provide the best living environments for our clients and visitors to our properties. At the same time, we have been able to deliver on our vision for landmark developments, as MahaNakhon has grown to dominate the skyline of Bangkok, and MahaSamutr's Crystal Lagoon has changed the township of Hua Hin.

Sales of The Ritz-Carlton Residences, Bangkok were buoyed by the conversion to freehold at the beginning of the year, and have set a benchmark across the industry with prices averaging 380,000 baht per sqm and sales reaching 65% by year end. The investment in freehold has enabled PACE to increase the selling price and the majority of existing owners have chosen to pay an additional amount to convert from leasehold to freehold.

Income from MahaNakhon CUBE, a retail centre which forms part of the 77 storey MahaNakhon landmark development and tallest tower of Bangkok started being recognised in 2014. At the same time, PACE has increased the shareholding in the MahaNakhon development, purchasing shares from Industrial Buildings Corporation (IBC) which raises the PACE stake in the MahaNakhon components to 68%. With the increase in ownership, PACE now has increased flexibility and upside for the development when completed in the coming year.

The acquisition of Dean & DeLuca USA for a purchase price of 4.55 billion baht (USD 140 million) has been a major investment for PACE's future, and the decision to purchase this iconic brand reflects our confidence in the synergies of the hospitality/retail and real estate businesses. Having seen the success of Dean & DeLuca in Thailand and the major role the brand plays for MahaNakhon CUBE, PACE recognises the strength of the brand globally, and the opportunities which will result. The brand under PACE's stewardship will continue to deliver the world's best epicurean treats both in the 7 countries already with Dean & DeLuca as well as the new markets in future.

Building a pipeline for future revenue, over 2014 we have invested in the construction of MahaSamutr Country Club and Luxury Villas in Hua Hin with the total project value of approximately 5,000 MB, which will commence sales in 2015, enabling PACE to achieve a premium price compared to traditional sales off the plans in that market. For the development named "Nimit Langsuan", a freehold development on Soi Langsuan, PACE has invested and prepared for launch early in the 2015 year.

To sharpen our focus on delivering long-term sustainable growth, the company has reorganised our business into several key business units, while maintaining the special purpose vehicle (SPV) structure for each component of each development where appropriate. This new structure recognises the global elements and is designed to realise the company's full potential for maximising shareholder value.

The real estate value chain which selects, designs, markets and sells our residential developments has been enhanced to improve our sell through rates and customer satisfaction levels, and PACE has invested in enhancing our social media program which now takes MahaNakhon and our PACE properties to a community of more than 200,000 around the world.

The new hospitality department will manage and service the hospitality elements within MahaNakhon such as the observation deck and hotel, as well as Hua Hin's first private Country Club, including the services which are found in high-end hotels.

Having acquired Dean & DeLuca USA, the new retail business unit within PACE recognises that there is a specific skill set for food and beverage, and has ensured continuity for the American brand which respects and reflects its heritage as a leader in gourmet dining.

The back office functions to support residential, hospitality and retail including legal, finance, accounting, procurement and administration have been restructured to ensure that each member focuses on delivering long-term shareholder value with integrity, passion and innovation.

In 2014, we are proud that elements reflecting each of these key attributes have provided the proof points of PACE leadership in the world of property development as well as hospitality and retail.

We remain committed to enhancing the places we do business, both in Thailand and beyond, and are making strong progress in not only being recognised as a leader in real estate and hospitality within Thailand, but also around the world.

I would like to thank of Chairman and our Board of Directors for their counsel and guidance over a year in which PACE has expanded considerably and has 'gone global'. All of the team at PACE appreciate your ongoing confidence and support. We remain dedicated to maximising the value we create for our community and our owners.



Mr. Sorapoj Techakraisri
Chief Executive Officer

BOARD OF DIRECTORS & AUDIT COMMITTEE



BOARD OF DIRECTORS

- | | |
|---|--|
| 1. Mr. Kraithip Krairiksh
Chairman of the Board and Independent Director | 4. Mr. Chumpol Techakraisri
Director |
| 2. Mr. Chotipol Techakraisri
Vice Chairman of the Board | 5. Mr. Theera Vayakornvichitre
Director |
| 3. Mr. Sorapoj Techakraisri
Director | 6. Mr. Pornson Patanasin
Director |



AUDIT COMMITTEE

7. Mrs. Ladda Siri wattanakosol
Director and Independent Director _____ Chairman of Audit Committee
8. Mr. Prasert Patradhilok
Director and Independent Director _____ Member of Audit Committee
9. Miss Benjaporn Prisuwan na
Director and Independent Director _____ Member of Audit Committee



VISION & MISSION

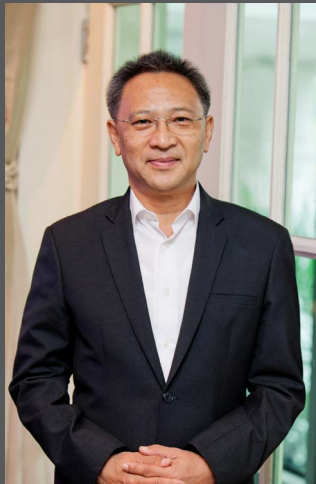
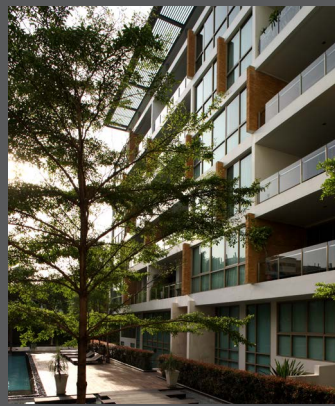
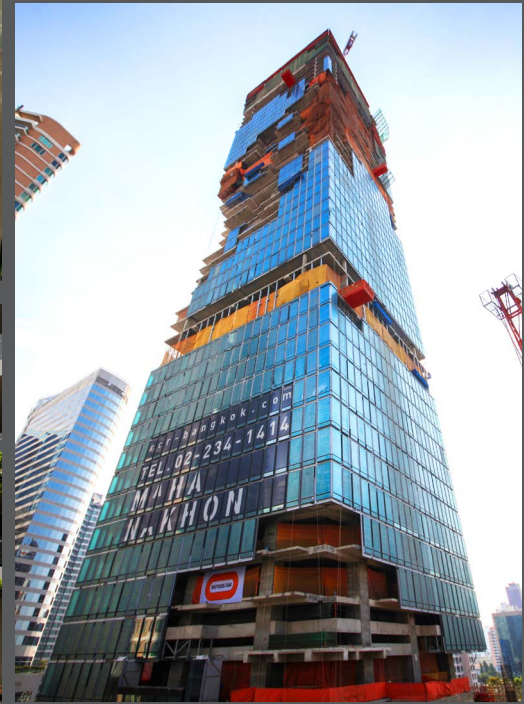
OUR VISION:

PACE focuses on creating design-driven properties hospitality, and gourmet food and beverages lifestyle retail business which match the needs of discerning and affluent individuals. With a strong team of dedicated staff and a wide-network in luxury real estate and lifestyle industries, PACE has continued to create developments and introducing new trends to the market while delivering sustainable social contribution activities, redefining and enhancing the people's standards of living.

OUR MISSION:

- Creating team and networks that truly understand discerning customers' needs and lifestyle.
- Bringing new trends to real estate and gourmet food and beverage lifestyle retail businesses.
- Improving the landscape of developments areas through world class architectural and interior design leadership.
- Delivering the highest quality standard property with finest top-end specifications and construction control.
- Providing customers with the world's finest gourmet products including food and beverages.
- Enhancing standards of living of Thai people through social contribution activities and laborers' care program in the construction areas.





PACE IN ACTION ACTIVITIES 2014



PACE IN ACTION ACTIVITIES 2014







- The Ritz - Carlton Residences, Bangkok at MahaNakhon won Thailand Property Awards in 2014 at “Best Condo Development (Thailand)” and “Best Luxury Condo Development (Bangkok)” held in Bangkok last September.



- The Ritz - Carlton Residences, Bangkok at MahaNakhon won “Best Condo Development (Southeast Asia) 2014” at Southeast Asia Property Awards 2014, held in Bangkok last September.



QUALITY AWARDS 2014



BEST CONDO DEVELOPMENT (SOUTHEAST ASIA) 2014

BEST CONDO DEVELOPMENT (THAILAND) 2014

BEST LUXURY CONDO DEVELOPMENT (BANGKOK) 2014

BUILDING PACE PLAYGROUND FOR KHUNYUAM
DISTRICT LOCAL SCHOOL MAE HONG SON

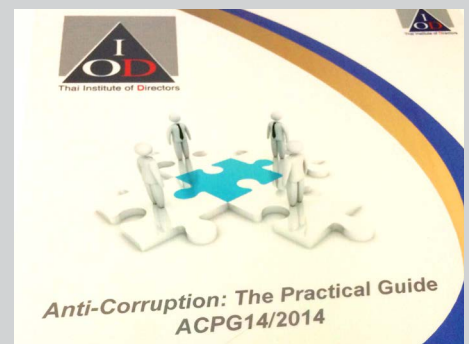


PACE has throughout the year continued to return to those in need by focusing on : Environment, Society and Economy

PACE DAY CARE CENTER FOUNDED INSIDE MAHANAKHON LABORERS' CAMP FOR CHILDREN WHOSE PARENTS WORK IN THE CONSTRUCTION SITE



RAISING AWARENESS IN CSR AND ANTI-CORRUPTION FOR PACE STAFF



Significant Changes and Development

PACE Development Corporation Public Company Limited (“the Company”) has its main business in the high-end real estate development and gourmet food and beverages lifestyle retail. As of December 31st, 2014, the Company’s registered capital and paid capital is 2,054.3 MB (Million Baht). The Company has its head office situated at 87/2 CRC Tower, All Seasons Place, 45th Floor, Wireless Road, Lumpini, Pathumwan, Bangkok.

The Company was founded on September 1st, 2003, under the name “Cinkara Company Limited” with fully paid capital of 2 MB and on November 6th, 2003, Mr. Sorapoj Techakraisri and the Company increased its capital to fully paid 10 MB. The Company started its real estate development business by launching first development, Ficus Lane, a residential project situated on Sukhumvit 44/1 Road. Thereafter, Mr. Sorapoj Techakraisri founded related companies to develop other projects with the aim of becoming the leader in the luxury real estate business targeting high-end consumers. Mr. Sorapoj together with his group of companies has achieved important milestones as follows:

Founded Cinkara Company Limited

2003

- Founded YLP Company Limited with fully paid-up registered capital of 50 MB, to develop a condominium under the name “Saladaeng Residences”.
- Mr. Sorapoj Techakraisri and his group founded PACE Project One Company Limited (“PACE One”) with fully paid-up registered capital of 10 MB to develop the mixed-use MahaNakhon Development.

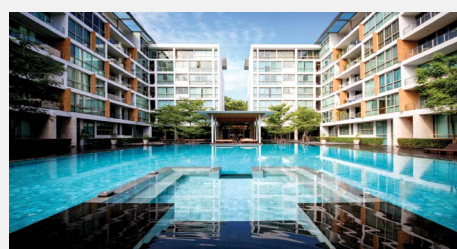


Officially launched Saladaeng Residences.



The Company opened the sales gallery and sample unit of The Ritz-Carlton Residences, Bangkok at MahaNakhon Development.

2004



Commenced development of “Ficus Lane”.

2008

Industrial Buildings Corporation Company Limited (IBC Thailand) and IDJ Holding Company Limited became partners of MahaNakhon Development through acquiring a part of Mr. Sorapoj’s stake in MahaNakhon. The Company restructured MahaNakhon Development by establishing the group of companies with a goal to manage different business components of MahaNakhon as follows:

- Increased the registered and fully paid capital of PACE One to be 200 MB to operate Bangkok Edition Hotel.
- Founded PACE Project Two Company Limited (“PACE Two”) with fully paid registered capital of 200 MB to develop long-term leased residential real estate under the name “The Ritz-Carlton Residences, Bangkok”.
- Founded PACE Project Three (“PACE Three”) with fully paid registered capital of 100 MB to operate the shopping centre with 3 components: Retail Cube, Retail Hill and Sky Observation Deck.
- Founded PACE Real Estate Company Limited (“PRE”) with fully paid registered capital of 10 MB as a holding company to hold shares in PACE One, PACE Two and PACE Three in the proportion of 50% each respectively.

2009

2010

- The Company restructured ownership portions within the group to prepare for listing in the Stock Exchange of Thailand (SET). The Company increased fully paid-up registered capital to 1,454.3 MB to acquire shares 99.99% in YLP, 25% each in PACE One, PACE Two and PACE Three respectively and 50% in PRE.

2011

- The Company completed the process of converting into a public company by issuing a capital increase of 600 MB for public offering. After the capital increase, the Company's registered capital became 2,054.3 MB and the Company is renamed PACE Development Corporation Public Company Limited (PACE).



2013

- The Company launched MahaSamutr, a luxury resort style villas and luxurious Country Club.
- The Company is listed in the Stock Exchange of Thailand (SET) with a registered capital of 2,054.3 MB fully paid-up.
- The Company bought shares and shareholder loans of the jointly controlled entities from IBC Thailand and IDJ Holdings Co., Ltd., resulting in PRE, PACE One, PACE Two and PACE Three becoming subsidiaries of the Company with the following ownership proportions (direct and indirect):
 - PRE 67.68%
 - PACE One 67.84%
 - PACE Two 67.84%
 - PACE Three 67.84%
- The Company commenced construction of MahaSamutr Development, Hua Hin.



2012

Construction of MahaNakhon Development progresses significantly following completion of piling and commencement of construction of core structure.

2014

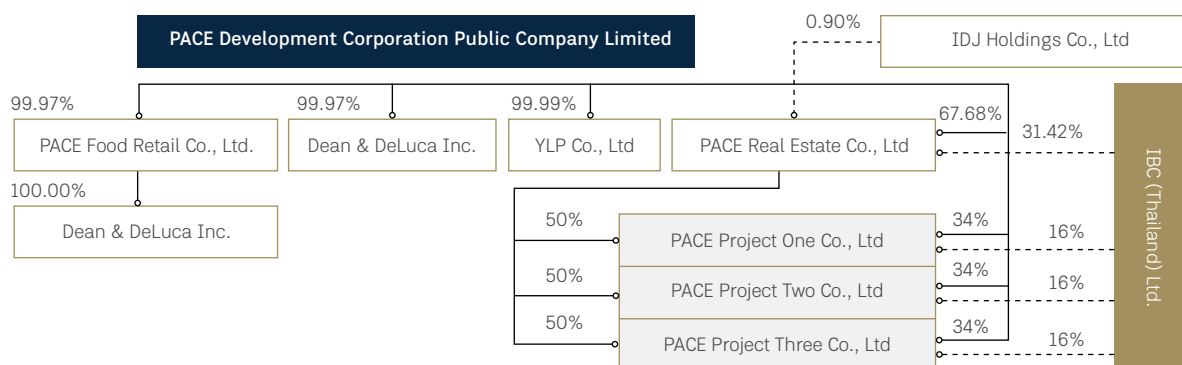
- The Company bought land and successfully changed the proprietary right in MahaNakhon from leasehold to freehold.
- Founded PACE Country Club Co., Ltd. with registered capital of 1 MB (10,000 common stocks, valued 100 baht each).
- Founded PACE Food Retail Co., Ltd. with registered capital of 1 MB (10,000 common stocks, valued 100 baht each) and increased registered capital to 810.95 MB (8,109,500 common stocks, valued 100 baht each).
- Acquired Dean and DeLuca, the world's iconic gourmet food and beverages brand valued USD 140 million.



Overview of Business and Subsidiaries

As of December 31st, 2014, the Company has 8 subsidiaries which are: YLP Co., Ltd. (YLP); PACE Real Estate Company Limited (PRE); PACE Project One Co., Ltd (PACE One); PACE Project Two Co., Ltd. (PACE Two); PACE Project Three Co., Ltd. (PACE Three) including new subsidiaries of: PACE Country Club Co., Ltd., operating real estate development and management; PACE Food Retail Co., Ltd., operating food and beverages business; and Dean & DeLuca, Inc., operating high-end supermarket and gourmet food and beverages retailing business.

THE STRUCTURE OF THE COMPANY AND SUBSIDIARIES IS SHOWN BELOW:



Note : - IBC (Thailand) Ltd. is an Israeli company registered in Israel. It is a company under the group of Industrial Buildings Corporation Ltd. (IBC), a company listed in Tel-Aviv Stock Exchange in Israel
 - IDJ Holdings Co., Ltd. is a Thai company registered in Thailand as an investment partner in the MahaNakhon Project
 - The total of direct and indirect shareholding proportions in the diagram above is reflected in the table shown in the timeline section year 2013. i.e. $34\% + (50\% \times 67.6751\%) = 67.84\%$

As of December 31st, 2014, the Company and its subsidiaries have a total of 4 developments which two are finished and two are on-going, consisting of Ficus Lane, Saladaeng Residences, MahaNakhon and MahaSamutr.

Project Name	Owner	Project Characteristic	Construction period
1. Ficus Lane	PACE	Two 7-storey residential buildings, with 70 units in total, situated on Sukhumvit 44/1 Rd.	2004-2006
2. Saladaeng Residences	YLP	132 units, super-luxury residential building in Soi Saladaeng with 25 floors above ground and 5 underground floors	2008-2011
3. MahaNakhon		Mixed-use development adjacent to Chongnonsri BTS Station, Narathiwas Rajanagarindra Rd.	2011-2016
3.1 Bangkok Edition Hotel	PACE One	159 rooms, 5-star luxury boutique hotel	
3.2 The Ritz-Carlton Residences, Bangkok	PACE Two	207 residences, super-luxury residences	2011-2016 (Partially finished in 2015)
3.3 Lifestyle Retail	PACE Three	Luxury lifestyle retail center	
3.3.1 MahaNakhon CUBE (Retail CUBE)		Approximate total leasable area of 5,003 sq.m.	2011-2014
3.3.2 MahaNakhon Tower (Retail Hill and Sky Observation Deck)		Approximate total leasable area of 2,434 sq.m. Approximate observation area of 2,139 sq.m.	2011-2016
4. MahaSamutr	PACE	80 Luxury Villas and Country Club located at Soi 112, Hua Hin, Prachuabkhirikhan	2013-2016 (Partially finished in 2015)

In early December 2014, the company has acquired the world's most iconic gourmet food and beverages brand, Dean & DeLuca as well as its global business and assets for USD 140 million or approximately Bth 4,550 million

Business	Owner	Business Characteristic	Start
1. Dean & DeLuca	PACE	operating high-end supermarket and gourmet food and beverages retailing business	2014

Currently, Dean & DeLuca has a total of 11 outlets which are 5 restaurants and 6 supermarkets and 2 commissaries in the United States. For international operations, D&D has been operating under licensing agreements which has a total of 31 international stores in Japan, Singapore, South Korea, Thailand and Kuwait. The Company is planning for the store expansion locally and internationally as well as the licensee expansion in new countries.

Photo shows the locations of D&D worldwide

DEAN & DELUCA®

Total 42 stores worldwide



BUSINESS OPERATIONS

CHARACTERISTICS OF PRODUCTS AND SERVICES

The Company and subsidiaries generate revenues from the following projects:

(Unit: Million Baht)

Revenue type	Operated by	Consolidated Financial Statement					
		2012		2013		2014	
		Revenue	%	Revenue	%	Revenue	%
1. Ficus Lane	PACE	24.6	2.3	42.3	12.3	34.0	5.6
2. Saladaeng Residences	YLP	914.3	83.9	245.1	71.0	-	-
Total operating revenues		938.9	86.2	287.4	83.3	34.0	5.6
3. Revenues from Dean & DeLuca*		-	-	-	-	468.6	77.1
4. Other revenues							
Revenues from leases and services		1.9	0.2	3.9	1.1	39.3	6.5
Gain on sale of land held for sale		-	-	-	-	30.6	5.0
Interest income		104.4	9.6	32.3	9.4	3.8	0.6
Management fees		30	2.8	15	4.3	-	-
Profit (loss) from foreign exchange		0.5	-	-	-	4.4	0.7
Other*		-	-	-	-	-	-
Other income		13.2	1.2	6.6	1.9	27.0	4.4
Total other revenues		150	13.8	57.8	16.7	105.1	17.3
Total revenues		1,088.90	100	345.2	100	607.7	100

* Revenue recognition started from 4 December 2014, since the Company acquired Dean & DeLuca business

** Includes profits from equipment sales, income from compensations and indemnities, reverse transfer of advances, reverse transfer of construction payables, and reverse transfer of retention payables

The main business of the Company and subsidiaries is high-end real estate development and gourmet food and beverages lifestyle retail business that match the needs of discerning and affluent individuals and lifestyles. Details of the Company's projects are described below:

PAST PROJECTS



Project Detail (As of December 31st, 2014)

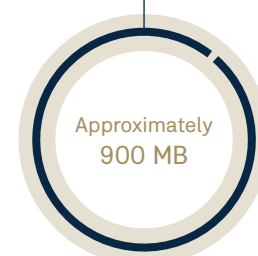


FICUS LANE

Ficus Lane is the Company's first residential condominium project. Its construction started in 2004 and completed in 2006. The project's detailed information is shown below.

Location	Soi Sukhumvit 44/1 (Pichaisawat) Sukhumvit Road, Klong-Toei District, Bangkok
Total area	2-3-57 Rai (1,157 sq.wah)
Sale area	Approximately 12,109.8 sq.m.
Average sale price per sq.m.	Approximately 75,000 Baht/sq.m.
Project's detail	Two 7-storey residential buildings
Project's features	<ul style="list-style-type: none"> • Prime location in Soi Sukhumvit 44/1, adjacent to Phrakhanong BTS station • High level of privacy and security
Number of units	<ul style="list-style-type: none"> • 70 residential units, categorized into three types: • Residential units with 1-3 bedrooms: 60 units • Residential units with 3-4 bedrooms: 6 units • Penthouse: 4 units
Construction period	2004 - 2006
Sale period	2004 - present*
Recognizable portion	99.0% (69 units)

Units sold and under contracts
equal of total sales area
99.1%



Project value

Progress on onstruction



Note: As of December 31st, 2014, Ficus Lane has one 366.6 sq.m. residential unit whose sale agreement has been signed but ownership transfer has not been completed and one unsold units with a total area of 113.4 sq.m.

SALADAENG

RESIDENCES

Project Detail (As of December 31st, 2014)

SALADAENG RESIDENCES

Location

Soi Saladaeng 1, Silom Road, Silom Sub-district, Bang-rak District, Bangkok

Total area

584 sq.wah

Sale area

Approximately 13,087.9 sq.m.

Average sale price per sq.m.

Approximately 180,000 Baht/sq.m.

Project's detail

A residential building with 25 floors above ground and 5 floors below ground

Project's features

- Prime location in Soi Saladaeng 1, accessible by 3 main roads: Silom Rd., Sathorn Rd., and Rama IV Rd.
- Close to Saladaeng BTS station and Lumpini MRT station
- Close to Lumpini Park, a sizable public recreational park in Bangkok
- Fully equipped amenities
- High level of privacy and security

Number of units

132 residential units, categorized into four types:

- 1 bedroom residential unit with total area of 60-66 sq.m.: 50 units
- 2 bedroom residential units with total area of 89-121 sq.m.: 67 units
- 3 bedroom residential units with total area of 161-206 sq.m.: 12 units
- Penthouses with total area of 211-393 sq.m.: 3 units

Construction period

2008 - 2011

Sales period

Quarter 4/2008 - present*

Recognizable portion

95.28% (127 residential units)

Units sold and under contracts
equal of total sales area
100%



Project Value

Progress on construction



* As of December 31st, 2014 Saladaeng Residences has five residential units remaining with total area of 689.11 sq.m., whose ownership transfer has not been completed.

ONGOING PROJECTS

MAHANAKHON



MAHANAKHON DEVELOPMENT

MahaNakhon is a mixed-use project that consists of 1. One super-luxury residential condominium under the brand “the Ritz-Carlton Residences, Bangkok” 2. One 5 star luxury boutique hotel under the brand “Bangkok Edition”, managed by The Ritz-Carlton Hotel Company 3. Lifestyle retails, including “MahaNakhon CUBE”, “Retail Hill”, and “Sky Observation Deck”.

MahaNakhon development comprises of “MahaNakhon Square” a public area; “MahaNakhon CUBE”, a 10,000 sq.m. lifestyle retail center including restaurants, café and gourmet market; “The Ritz-Carlton Residences, Bangkok”, 207 extraordinary homes, each offering the atmosphere of a skybox penthouse, managed by The Ritz-Carlton with five-star amenities for all residents. “Bangkok Edition Hotel” managed by The Ritz-Carlton in collaboration of Marriott International and the famous hotelier Ian Schrager. Sky Observation Deck will be situated on the top terrace of MahaNakhon.

Currently, MahaNakhon development is under-construction. The construction phases of MahaNakhon divided into 2 phases; MahaNakhon CUBE which has been completed and opened at the end of 2014; residential, hotels and beyond are expected to be completed in 2016

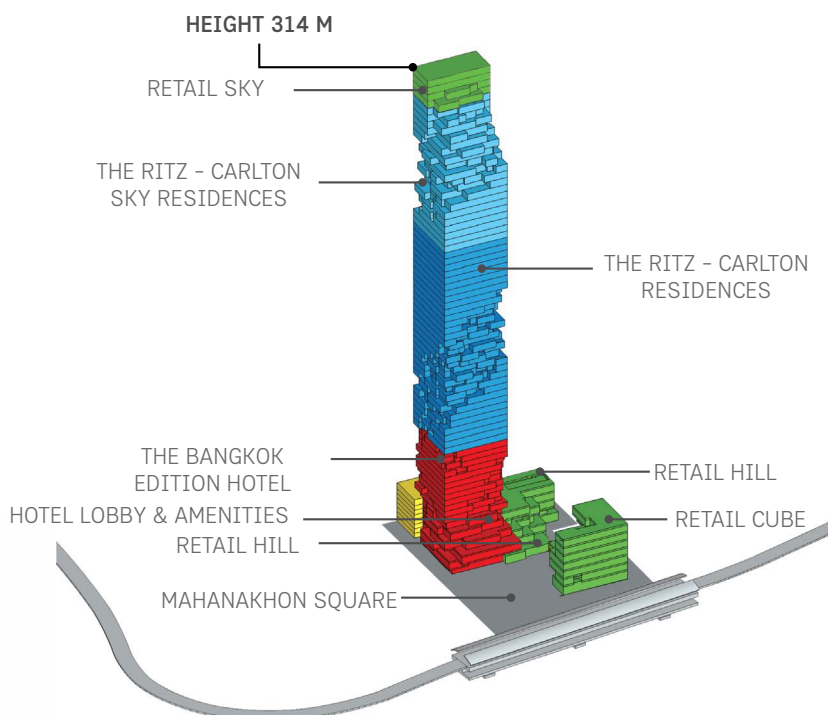
Development's History

The Company co-founded PRE, PACE One, PACE Two and PACE Three with IBC Thailand Ltd., a subsidiary of Industrial Buildings Corporation Co., Ltd. (IBC) which is listed in the Tel Aviv Stock Exchange in Israel. IBC is a sizable real estate development company under the Fishman Group, one of Israel's largest private investment groups specializing in investing in real estates, retail stores, media, and telecommunication businesses. PRE, PACE One, PACE Two and PACE Three were established with a common purpose which is to develop MahaNakhon. Spearheaded by PACE's executive team, the development is situated on a 9-Rai-1-Ngan-51.1-sq.wah land plot in Bangkok's business area between Silom Rd. and Sathorn Rd. and is adjacent to Chongnonsri BTS station. MahaNakhon is created to be a mixed-use development with unique architectural design. MahaNakhon development consists of two buildings as follows:

Building	Height	Area Utilization	Construction period
1. MahaNakhon Tower	77 floors*	<ul style="list-style-type: none"> Retail Hill (1st-5th Floor) Hotel (1st-20th Floor)* Residential area (23rd-73rd Floor) Sky Observation Deck (74th-77th Floor) 	2011-2016 (partially finished in 2015)
2. MahaNakhon CUBE	7 floors	<ul style="list-style-type: none"> Lifestyle retail 	2011-2014

* The floor numbers were assigned by the project's sales department, who omits 21st and 22nd Floors as they are middle layers between hotel and residential zones. Six transfer floors were also counted as three, resulting in MahaNakhon having 72 floors, which is consistent with the number of floors defined in the application for construction permit given to Bangkok Metropolitan Administration.

The buildings will host three different functions: 5 star luxury boutique hotel, super-luxury residences, and retail center consisting of several world-leading brand-named shops and the Sky Observation Deck. Details of the each function are shown below.



HOTEL : Bangkok Edition Hotel

- A super-luxury boutique hotel under a new brand of Marriott Group and is managed by The Ritz-Carlton Hotel Company

RESIDENTIAL BUILDING : The Ritz-Carlton Residences, Bangkok

- A super-luxury residential development under an internationally recognizable brand
- Residents will enjoy a legendary service by The Ladies and Gentlemen of The Ritz-Carlton

LIFESTYLE RETAIL CENTER: MahaNakhon CUBE, Retail Hill, Sky Observation Deck

- A lifestyle retail center that hosts world-famous gourmet food and beverages offering pleasing food-bon-vivant experiences, such as Vogue Lounge, L'Atelier de Joël Robuchon and Dean & DeLuca, to satisfy gastronomic lifestyles of the dwellers and the neighboring office workers

EDITION



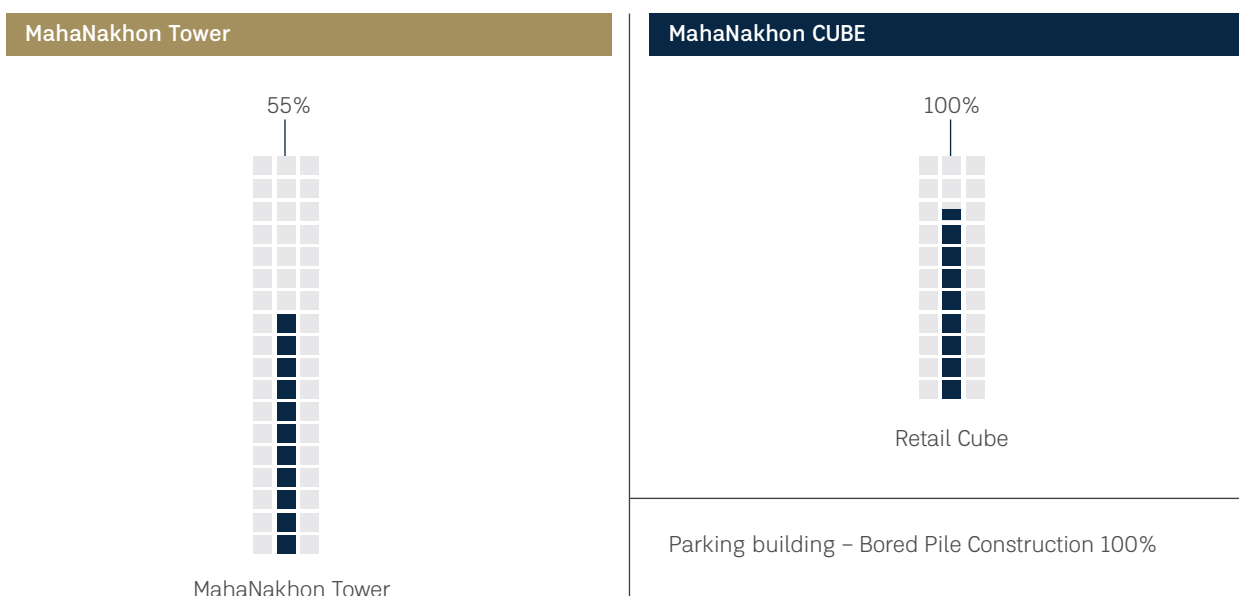
M^HA
N_AKHON



MAHANAKHON DEVELOPMENT DETAILS

Location	On Narathiwas Rajanagarindra Road, Bangrak District, Bangkok
Total area	9 Rai 1 Ngan 51.1 sq.wah
Project's detail	<p>Three buildings;</p> <ol style="list-style-type: none"> 1. MahaNakhon Tower: high-rise building to be developed as super luxury freehold residences with facilities, a luxury boutique hotel and a lifestyle retail space 2. MahaNakhon CUBE: low-rise building to be developed as a lifestyle retail center 3. Parking building
Construction period	<ol style="list-style-type: none"> 1. MahaNakhon Tower 2011-2016 (partially finished in 2015) 2. MahaNakhon CUBE 2011-2014 3. Parking building 2014 -2015
Sales period	<ol style="list-style-type: none"> 1. MahaNakhon Tower 2009 - 2016 2. MahaNakhon CUBE 2012 - 2014
Project's features	<ul style="list-style-type: none"> • Location: Situated on Narathiwas Rajanagarindra Road, adjacent to Chongnonsri BTS station • Building characteristics: The building is designed under “the Pixel Concept”; the building is surrounded by perceptual 3-dimension glass ribbons. This enables dwellers to have panoramic view. It is also designed to be the tallest edifice in Thailand. • Project mixed-use facilities: consisting of <ol style="list-style-type: none"> 1. Hotel: A 5 star luxury boutique hotel under a new brand of Marriott Group and managed by The Ritz-Carlton Hotel Company 2. Residential building: A super-luxury residential development under an internationally recognizable brand “The Ritz-Carlton Residences, Bangkok” 3. Retail center: A shopping center with leading brands, offering a variety of high-end dining outlets. The retail center consists of two zones: MahaNakhon CUBE, which is connected to Chongnonsri BTS station by a skywalk, and Main Tower, in which Retail Hill and Sky Observation Deck are situated.

Progress on construction (As of December 31st, 2014)



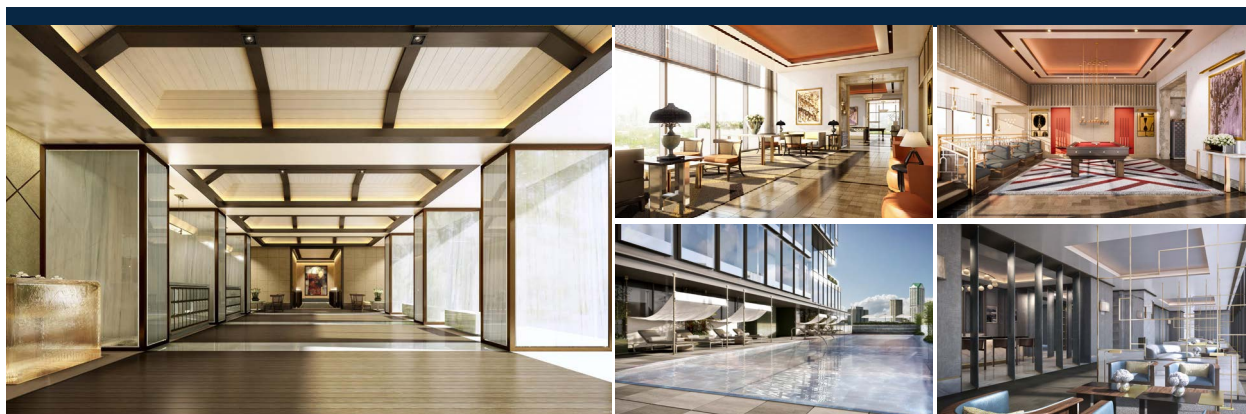
Details of each component in MahaNakhon

MahaNakhon Tower (Residential zone: The Ritz-Carlton Residences)

Location	Approximately 93,612 sq.m. (including allotted areas for parking space and building system work)
Sale area	Approximately 48,000 sq.m.
Average sale price per sq.m.	Approximately 300,000 Baht/sq.m.
Target customers	Thai and foreign investors
Number of units	Approximately 207 residences, categorized into <ul style="list-style-type: none"> Residential units with 3-5 bedrooms and total area of 274-728 sq.m. (The Ritz-Carlton Sky Residences): 33 residences Residential units with 2-3 bedrooms and total area of 125-310 sq.m. (The Ritz-Carlton Tower Residences): 174 residences
Progress on sales	The number of residences under sales agreements is 129 residences, or 54.6% of the total sales area
Payment conditions	<p>Subscription deposit, contract payment, and down payment: Subscription deposit and contract payment are approximately 15% of the unit price. Down-payment is 20% of the unit price</p> <p>Installment for down payment: 1 - 36 installments depending on the remaining project development period</p> <p>Transfer payment: Approximately 65% of the unit value</p>

* As of December 31st, 2014, there were 129 residences of The Ritz-Carlton Residences, Bangkok under sales contracts, equivalent to 26,187.86 sq.m., or 54.6% of the sales space of 48,000 sq.m, totaling 7,126.7 MB. of the sales contract value. Furthermore, there are 7 residences under reservation, equivalent to 1,494 sq.m., or 3.1% of the sales area, totaling 271.9 MB. of the reservation value. In summary, there were 136 residences under signed contracts and reservation, equivalent to 27,681.9 sq.m., or 57.7% of the sales area, totaling 7,398.6 MB. of the total contract value. Note that as of December 31st, 2014, PACE has not recognized revenue on the sold long-term leases and reservation. The Company will start recognizing revenue when the construction and the ownership transfer are completed.

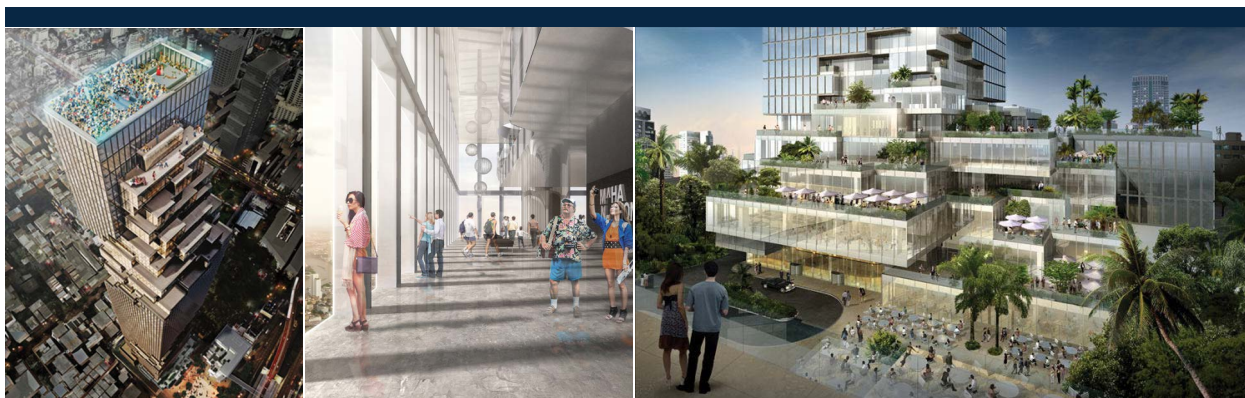
* On Feb 7th, 2014, the Company's subsidiaries bought a land plot in MahaNakhon Project and already changed the ownership structure in MahaNakhon Project from leasehold to freehold. MahaNakhon Project from leasehold to freehold.



MahaNakhon tower (Hotel)



Total area	Number of rooms
Approximately	159 rooms
39,682	
sq.m.	
(including allotted areas for parking space and building system work)	Target customers
	Thai and foreign travelers and businessmen



MahaNakhon tower (Retail Hill and Sky Observation Deck)



Total area
Approximately
10,624
sq.m.
(including allotted areas for parking
space and building system work)

Leasable area
2,434 sq.m. (Retail Hill)
2,139 sq.m. (Sky Observation Deck)

Target customers

Residents in the hotel and the residential building of MahaNakhon Development and the neighboring areas, such as The Infinity Condominium, and The Met, and workers in the adjacent offices, such as Asia Center, Empire Tower and Bangkok City Tower



MahaNakhon CUBE (Lifestyle Retail Center)



Total area
Approximately
9,852
sq.m.
(including allotted areas for parking
space and building system work)

Leasable area
5,003 sq.m.

Average lease payment per sq.m.

Leasable rate for Retail Hill and Retail Cube is 2,500 sq.m./month

Target customers

Residents in The Ritz-Carlton and guests from the hotel in the MahaNakhon Tower and its neighboring areas, such as The Infinity Condominium, and The Met, and workers in the adjacent offices, such as Asia Center, Empire Tower and Bangkok City Tower

Example of other projects in the same area

- Q House Lumpini Life Center
- City Viva

MAHASAMUTR

COUNTRY CLUB | LUXURY VILLAS
HUA HIN

as of December 31st, 2014

MAHASAMUTR DEVELOPMENT

Situated in an upper market beach resort town, MahaSamutr Hua Hin consists of luxury resort-style villas and a luxurious Country Club set around Asia's largest man-made clear water lagoon and beach that offer breezy yet ritzy environment in a safe atmosphere, suitable for family gatherings and recreational activities. The 800-meter-long lagoon, situated on the 72,000-sq.m. lot, is visible and accessible from all villas, making the stay very much pleasant and packed with fun activities, such as swimming, paddle-boarding, diving, and other water sports.

With the latest technology from Crystal Lagoons Corporations, the color and the quality of the water is tested and carefully monitored to ensure a total environment reservation and energy saving.

Location

Soi 112 Hua-Hin District, Prachuabkhirikhan Province

Total area

Approximately 128 Rai 2 Ngan 84.9 sq.wah

No. of Villas

80 luxury villas

Sales price

Approximately 40 million Baht/ Villa

Project details

Residential units: MahaSamutr Villa (Approximately 80 resort-style villas)

Country Club: Hua Hin Country Club, managed by PACE and supported by ILC (for members and residents)

Construction period

Construction started in Quarter 3/2013 – 2016, expect to start ownership transfer in Quarter 4/2015

Sales period

Sales to start and opening of sales office in the first half of the year 2015

Project features

The 800-meter-long lagoon with the total area of 72,000 sq.m.

Project Value

Approximately
3,200 MB*

* Excluding the value of the Country Club

Progress on construction

Country Club

- Earth work 100%
- Lagoon System 97%
- Crystal Lagoon 85%
- Infrastructure 8%

Villa

- Earth work and retaining wall 100%
- Infrastructure 15%

COMPANY'S NEW BUSINESS

DEAN & DELUCA®



DEAN & DELUCA



“Dean & DeLuca”, the world’s famous gourmet food and beverages brand, is the Company’s latest business which includes the supply chain and operations of eleven outlets and two commissaries in the United States as well as the licensing agreements in 31 international locations in Thailand, Japan, Singapore, South Korea, and Kuwait.

Dean & DeLuca offers world’s best epicurean treats from supply chain around the globe, consists of sales through retailers and e-commerce business in the United States.

MARKETING AND COMPETITION

1. MARKET CONDITION

The Company and subsidiaries mutually determined the group's competitive strategies in residential, retail, hotel, and gourmet food and beverages businesses as follows:

Residential Business

Competitive Strategy

Location

The Company places high emphasis on selecting the right locations for its projects, as location is a main key driver for the success of the real estate business. The Company will choose locations in the business center areas that are close to transit systems and highly accessible. For example, the location of Saladaeng Residences is in Saladaeng Soi 1 among the central business district and embassies while MahaNakhon development is situated between Silom and Sathorn Roads and adjacent to Chongnonsri BTS station. This is the area with continuous expansion of office space and new residential facilities and it is expected to host a high-purchasing-power community in the near future.

Aside from selecting the best locations in Bangkok's city center, the Company is also interested in investing in prime locations in tourist destinations. For instance, it bought the land in Hua Hin, Prachuabkhirikhan Province to develop resort-style villas and Hua Hin's first Country Club development named "MahaSamutr".

Product

The Company eminently focuses on developing the right types of projects that are suitable for each location. PACE doesn't restrict its investment universe to only residential developments, though; if the acquired land is suitable for other types of developments, the Company will not hesitate to adjust its objective to bring out the best use of the location. For example, MahaNakhon is designed to be a mixed-use development that incorporates Luxury Residences with a high-end boutique hotel and lifestyle retail center in one place. This is just to ensure maximum utilization of the prime location in the city center.

Apart from a novel design suited to each location, another equally important success factor is the quality of the project. As the Company's target customers are in the upper market segment (high-purchasing-power group), in which super-luxury exclusivity is highly valued, expectation towards superior quality is very high. The Company, therefore, put in place strict quality-control measures under the "Zero Defect" policy to be followed before delivering projects. Indeed, this policy has been highly blessed by PACE customers, including those of Saladaeng Residences Project.

Target Customer

Recognizing varieties of customer segments and their distinctive needs and wants, the Company constantly carries studies on customers' preferences and designs its project to match customers' expectations for better understanding and serve its customers accordingly. Before the start of MahaNakhon, for example, the Company devoted its resource to study target customers: Thai people dwelling in the city center, tourists, and foreign investors who enjoy convenient and modern lifestyles. Such study led to the choosing of the brands "Bangkok Edition Hotel" and "The Ritz-Carlton Residences, Bangkok", a 5 star luxury boutique hotel and an international residence under the Marriott Group both managed by The Ritz-Carlton Hotel Company.

Pricing

The Company has policy concerning the pricing of its developments in a competitive range when compared to market prices of the projects of similar nature. In practice, it considers several factors, such as project architectural features, the brands of the projects, projects' amenities, visual features of the residences, project cost, and required rate of return. Nevertheless, its main consideration in project pricing is the relative quality-to-price rate.

Operation

The Company places high importance on professionalism. It also selects high-profile outsourced administrative teams to manage some of its projects.

Marketing and Public Relations

The Company's marketing and public relations policies focus on getting access to the upper-class customers efficiently through various marketing means. Such means are, for example, direct marketing, in which the marketing messages are sent effectively to the target customers with lower marketing budget compared to other approaches, and mock-up room, in which customers can expose themselves to the layout of the room, the material used in the room, and the atmosphere of the project. This allows the customers to decide on their purchase more quickly and confidently.

In addition, the Company also organizes project road shows for target customers in other countries to convey marketing messages and provide detailed information to foreign customers directly.

Distribution and distribution channels

The Company's sales force is highly professional, effective, and deeply knowledgeable in the products they sell. For The Ritz-Carlton Residences, Bangkok, the Company specially handpicked the sales team that had experiences living in

foreign countries in order to properly communicate with the clients and perform after-sales services. In general, the sales team is responsible for accommodating customers who visit sales offices to see sample rooms at the site. Prospective customers can also find projects' detailed information at website www.pacedev.com.

Furthermore, the Company also outsources professional sales representatives to help administer the distribution of the projects. For example, it hired C.B. Richard (Thailand) Co., Ltd., a leading sales representative agent in Thailand, to help distribute residential units in Ficus Lane, Saladaeng Residences, and The Ritz-Carlton Residences, Bangkok.

Retail Center Business

Competitive Strategy

Location

Situated in a business center area, PACE's lifestyle retail center (MahaNakhon CUBE) is surrounded by main business streets, such as Silom Rd. Narathiwas Rajanagarindra Rd. and Sathorn Rd. The lifestyle retail center's main attraction is its several world-class shops, most of which have no existing branches in Thailand, and its extensive area coverage. To popularize it even more, the Company plans to directly connect MahaNakhon CUBE, to Chongnonsri BTS Station. A survey done by DTZ Research-Thailand indicated that there is more than 1,400,000 sq.m. of office spaces in Silom, Sathorn and other neighboring zones around MahaNakhon. Such office spaces as Empire Tower and Sathorn City Tower. There are several residential facilities for example Empire Place, The Met, and Sukhothai Residences. Being able to commute conveniently by the BTS, potential customers are expected to pay frequent visits to the shopping center and significantly fuel the success of MahaNakhon CUBE and Sky Observation Deck.

Product

Zoning and tenant mix are the heart and soul of any retail center. Retailers are also important players who contribute to its success. The Company's lifestyle retail center is divided into 3 zones: Food and Beverages Zone, Services Zone (including supermarket, drug stores, etc) and Recreational Zone (including spa, fitness, etc.).

The Company uniquely designs its lifestyle retail center to stand out from others by a distinctive architectural design, well-known shops, and various interior components, such as walkways and courtyards. All of the architectural components are carefully formed to create pleasant shopping atmosphere and mood.

Target Customer

Anchor tenants are expected to draw customers' attention to the shopping center. Therefore, the Company plans to engage several magnet shops, such as "Dean and DeLuca" Gourmet Food Hall, the world's first "VOGUE Lounge", and the French Michelin star restaurant "L'Atelier de Joël Robuchon", etc. PACE will select only well-qualified anchor tenants who can attract potential customers to increase spending and traffic.

Pricing

The Company's lease rate is slightly higher than that of competitors to account for a more convenient location and higher-than-average purchasing power of the surrounding potential customers.

Operation

The Company has a policy to carefully select participating retailers by appointing Husband Retail Consulting, a professional retail business consultant, to handle the design of a proper retail mix that truly matches the lifestyles of the residents and the office workers in the surrounding areas.

Marketing and Public Relations

The Company focuses on delivering marketing messages to and having marketing activities with target customers, including residents of The Ritz-Carlton and The Bangkok Edition's hotel guests as well as high-purchasing-power office workers and residents in residential buildings, and hotels in the nearby locations such as:

Residents in approximately ten neighboring leading hotels, such as Sukhothai Hotel, Dusit-Thani Hotel, and W Hotel

High-income dwellers in neighboring residential projects, such as Empire Place, Sky Villas, Sukhothai Residences, Infinity Condominium, and the Met

Workers in the nearby office buildings, such as Empire Tower, Sathorn City Tower, Sathorn Thani I and II Tower, and Sathorn Square Tower

Hotel Business

Competitive Strategy

Location

The Company's hotel is situated in the business center area surrounded by main business streets, such as Silom Rd., Sathorn Rd. and Narathiwas Rajanagarindra Rd., and is adjacent to Chongnonsri BTS Station. The hotel's main attraction is its unique architectural features of the building that is designed to be the tallest building in Thailand.

Product

The hotel's main selling point is the reputation of the hotel itself and of its management team. The Company strategically chose the brand "Edition", a new 5 star luxury boutique hotel brand under Marriott Group managed by The Ritz-Carlton Hotel Company. It is a co-creation of Mr. Bill Marriott, CEO of Marriott, and Mr. Ian Schrager, a renowned hotelier specialized in boutique hotel service design. Indeed, the design of "Edition" hotel most resonates with the style and features of MahaNakhon Project. In addition, choosing Marriott's brands means that the most efficient hotel reservation system will be used in Bangkok Edition, as the hotel can utilize Marriott's world-wide network. This actually is one of the reasons that make customers over the world trust the brand. The hotel is positioned to accommodate businessmen seeking for a pleasant and convenient stay that, at the same time, offers modern and cutting edge atmosphere.

Characteristics of Target Customers

The hotel's target customers are foreign businesspersons, foreign travelers, high-purchasing-power Thai business persons, and other retail clients who visit the hotel's restaurants and banquet rooms.

Pricing

To determine its room rates and service rates, the Company takes into accounts many factors, including market rates, seasons, clients' demand, and costs, to ensure that the rates are consistent with the hotel's quality of services and reputation.

Operation strategy

For its operation strategy, the Company focuses on having professional management team in place. In so doing, The Ritz-Carlton Hotel Company, a hotel management company under Marriott Group, was chosen to manage Bangkok Edition.

Marketing and Public Relations

Main distribution channels consist of direct marketing system, world-wide sales representative offices, and an internet-based reservation system. Moreover, to enhance the hotel's image and increase its brand awareness, the hotel also regularly advertises through printing media and launches promotion plans for the ultimate purpose of boosting sales of Marriott system.

Gourmet Food and Beverages Business

Competitive Strategy

Dean & DeLuca operates gourmet food markets that sell a diversified assortment of gourmet food and food related merchandise, as well as smaller format gourmet cafes that

focus on fresh food, beverages, and a smaller assortment of merchandise. Additionally, Dean & DeLuca operates a robust direct channel business in the United States that serves corporate, wholesale, and consumers with its signature products. Dean & DeLuca has 11 retail locations in the United States, and over 30 locations in 5 international markets through brand license arrangements in each country. In operation since 1977, Dean & DeLuca has earned a reputation as a trusted prestige brand in all markets in which it operates.

Location

Dean & DeLuca seeks placement of locations in high visibility, upper income trade areas that can draw combinations of residential, office, and tourist consumers to its locations. Locations are assessed on demographic factors, store sizes, permitted zoning uses, unit economics, visibility, retail adjacencies with both complementary and competitive retailers, and foot and vehicle traffic density, among other qualitative factors.

Product

Dean & DeLuca's founding philosophy was to introduce consumers to high quality food products and prepared foods that were authentic "old world" culinary traditions and were unfamiliar, at that time, in the United States marketplace. Since then, it has evolved into a mission to introduce consumers to any culinary trend or product that may be exciting, unfamiliar or noteworthy, and the brand is now more global in its reach. The locations are designed to provide a curated assortment of fresh and non-perishable foods in an environment that is distinctively classic, and provides a product experience that can deliver anything from the essential to the unusual at the higher end of the quality range.

Target Customer

Dean & DeLuca seeks to appeal to people passionate about high quality food products and food experiences and care about choice amongst the finest producers, ingredients and prepared foods that the company can source on their behalf. We strive to cater to a knowledgeable consumer with the personal income to seek out and pay for high quality ingredients and food experiences. Given the company's offering of market and café formats, the brand offers equal opportunity for time-pressured consumers to have a high quality convenience coffee and meal, or a home chef seeking broad ingredients for their own preparation purposes.

Pricing

As a pioneer of import and selective sourcing, Dean & DeLuca has established a price point that reflects the time, effort, and product quality one would expect from a small batch, authentic producer of gourmet quality foods. Additionally, as a premium priced retailer with a global brand footprint, Dean & DeLuca also draws attention from producers and customers

alike that aspire to participate in the brand experience and appeal to the demographic that we serve.

Operation Strategy

Dean & DeLuca has established a successful multi-location, multi-format retail footprint in the United States market, a diversified direct channel distribution strategy to consumers and corporate customers, and a successful license model that has allowed it to develop multi-channel operations in 5 countries across over 30 store locations. Dean & DeLuca continues to develop a unique infrastructure to allow it manage a complex distribution model for its brand and its products, and maintain its position as a market leader in the gourmet food experience segment.

Marketing & Public Relations

Due to the original uniqueness of the Dean & DeLuca brand heritage, the business has historically required modest marketing and public relations support to successfully expand in both domestic U.S. and international markets. Marketing and public relations enhancement strategies that have been selectively used to launch segments, locations, products, and brand stories have been refined by the company and will be used more aggressively to differentiate the Dean & DeLuca brand experience from other high end food retail offerings or gourmet-style grocers.

Industry Analysis and Competition

Overview of Real Estate Development Industry

Real estate trends in 2015 reviewed by various real estate organizations such as Real Estate Information Center, The Government Housing Bank, Thai Real Estate Association and real estate businesses agreed that in 2015, Thai real estate market is expected to grow continuously with average growth rate at 5% and will reach the highest growth at 10% under the condition of non political issue and global economic crises that will affect Thai economic.

As a result of expansion of sky train infrastructure into outer Bangkok and AEC to be opening in 2015, demand in Thai real estate market will be increased especially in condominium market which expected to reach 50% of total real estate supply. Around 70,000 – 80,000 new units will be opened in 2015, higher than 2014 at 65,000 – 68,000 units. While the sale in 2015 is expected to remain 2014 sale, 2015 will be the golden year of real estate as the highest growth in 16 – 20 years.

Risk Factors

- The use of appraisal values in the guideline for 2012-2015 that may increase the housing cost for home buyers

- Interest rate which expected to increase in 2016 will affect developers and consumers, especially the purchasing power. Currently, while the interest rate is lower leads to the positive effect to real estate market.
- A possible increase of the price of construction materials due to rising in domestic demand that may affect the cost of construction
- A rapid increase of land prices in many areas, especially those in the business center areas in Bangkok

Supporting Factors

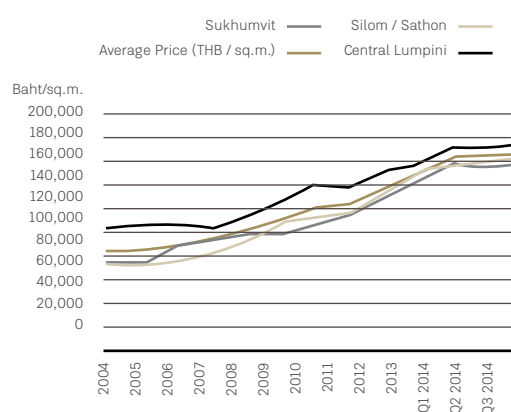
- The government's infrastructure investment, especially the expansion of sky train system
- The opening of AEC
- The stability of political and economic situation as well as government's distinctive country reformation plan

Competition

Residential Business

Currently, price competition of downtown residential project is obvious which cause the average selling prices per square meter higher. According to CBRE Research Centre, the report in the Bangkok property market shows that average selling prices of over 4 downtown projects are higher than THB 300,000 / sq.m. and their selling prices will continue to rise steadily. This was due to the higher land prices and increasing construction costs.

Average Re-sales Prices of Completed Freehold Unit (High End and above)

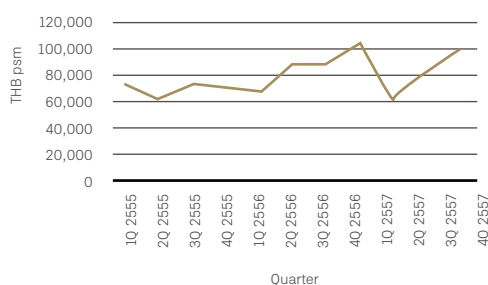


Source : CBRE Research, Q3 2014

Source: CBRE Research, Q3 2014

Moreover, the report of Colliers International Thailand Research in quarter 3/2014 proved that the average selling price of the new condominium units launched in the second quarter and the third quarter in 2014 increased accordingly. The average selling price of completed condominium units will increase over than 3 – 5% which reflects the increasing demand for housing and buyers are likely to find shelter at a larger size or condominium units with 2-3 bedrooms due to the large number of foreigners living in Bangkok increased.

Average selling prices of newly launched projects by location as of 3Q2014



Source: Colliers International Thailand Research

As considering the price and quality of other downtown projects, The Ritz-Carlton Residences, Bangkok can compete on price with other competitors in the same class. Thanks to MahaNakhon Project already changed the ownership structure from leasehold to freehold since the beginning of the year 2014; this resulted in sales of residential unit increased. In addition, there are over hundred units for luxury 2 – 3 bedrooms at MahaNakhon project selling of which are the best selling units. The highlights of MahaNakhon project consists of a mixed-use development with unique architectural design, prime location property that is easy to access to sky train transportation – Chongnonsri BTS station, World class 5-star brand hotel, and quality of the project that is widely recognized internationally.

Hotel business

For Bangkok area, most of hotels are using International brands and the owner of the brands will be responsible for business management since reputation and services of International brands are recognized worldwide. Moreover, International brands also have broad customer database, so they have well understanding about customers' needs. As a result, the hotel is highly recognized and accepted by the customer.

For the International companies that operate the hotel business in Thailand are for instance, International Hotels Group: IHG which operates Intercontinental, Holiday Inn, Meridian which operates highly reputable hotels such as Westin and Sheraton, and Accor which operates different brands of hotels categorized by the level of luxury and price such as Sofitel, Grand Mercure, and Novotel. Nevertheless, 5-star International hotel chains which are located in business

center such as Renaissance Bangkok Ratchaprasong Hotel, Siam Kempinski Hotel, St. Regis Bangkok Hotel, and The Okura Prestige Bangkok are considered to be main competitors of Bangkok Edition hotel in MahaNakhon project.

Retail business

For Bangkok area, retail sector is currently in the upward trend, so the shopping mall development and management business is also expanding in the same direction. Current retail business operators consistently plan to expand their branches. For example, Tesco Lotus and Big C plan to increase their branches in the stand alone format which they have an expertise and are currently operating. As at the end of Quarter 4, 2013, total retail areas in Bangkok were 2.44 million sq.m. divided into shopping mall of 1.40 sq.m. and community mall of 0.84 million sq.m. (Community mall in business center started to operate during 2009-2012).

The future business trend will be focused on the opening of outdoor and open air malls for different kinds of products such as Community Center, Power Center, Lifestyle Center, Factory Outlet Center following the different demands of the consumer in Bangkok and other provinces nationwide especially Community Center which its number are still few in provincial area.

Gourmet Food & Beverages Business

Due to the unique nature of Dean & DeLuca's business, heritage, brand recognition, and multiple formats the company has few true direct competitors, but there are competitors within overlapping segments of the Dean & DeLuca business, in segments including:

- **High end grocery** – in the U.S. market, chains such as Whole Foods, The Fresh Market, Natural Grocers, and Wegmans comprise regional and national competition for higher end food products, although none of them emulate Dean & DeLuca's focus on gourmet as much as they emphasize higher end mass market brands and products.
- **Coffee bar** – entrenched chains such as Starbucks, Costa Coffee, and many of the "third wave" coffee shops offer a higher end coffee experience, although without the other retail and food product offerings that Dean & DeLuca offers. Typically, coffee shop brands are not known for high quality food products and prepared foods offerings, although consumers have demonstrated a willingness to purchase both from a single store that can produce them at a certain level of quality.
- **Gourmet shops** – brands such as EATALY (from Italy), Jones the Grocer (from Australia), Carluccio's (from the U.K.) offer a combination of dine-in food and high end food products, but currently none compare with Dean

& DeLuca's global footprint and have other factors that limit their comparison to Dean & DeLuca in other ways – by example, EATALY and Carluccio's both sell almost exclusively Italian food products.

In the US, competitive forces in food retail can be characterized by a few key factors:

1. While overall food retail is growing at roughly 1.3% over the next five years (IBIS research), the natural and organic segment of the food retail industry is where consumers are moving to for two reasons: (1) growth in disposable income in the higher end segment of the market and stabilization of the economy, and (2) health and food sourcing concerns driving people to products that, while more expensive, are more highly valued by consumers focused on health and healthful products. U.S. organic food product sales increased 12.0% in 2013 alone, according to IRI. While Dean & DeLuca is not an organic food retailer per se, our products will benefit from favorable consumption trends of this type as people seek less "processed" goods.
2. The food retail market is becoming significantly more competitive at the mass market end of the spectrum with notable retailers such as Target, Costco, Sam's Club, and Wal-Mart making substantial inroads over a relatively short entry period and taking significant market share on the back of their pre-existing retail footprint and brand awareness. While this will put pressure on profit that will ultimately benefit the consumer, and the competition will be at the opposite end of the spectrum in which Dean & DeLuca is positioned. Additionally, this competition should narrow operating margins in the lower end of the segment, and allow specialty product retailers to retain some pricing power in the market for more valued, specialized goods.
3. Urban populations in the U.S. market, and globally, are expected to increase more than any other geographic segment of developed world economies. As people urbanize, they tend to frequent pure play food retailers and not the alternative competitors that are taking share in suburban and rural markets. Additionally, urbanization tends to raise awareness of more sophisticated food trends and healthier lifestyles. As Dean & DeLuca is an urban brand concept, and provides products that are minimally processed and authentically prepared, this combination of circumstances should provide a favorable global environment for the brand's expansion through the developed world's urban markets.

Famous globally for outstanding cuisine, the year 2014 has seen Thailand expanding internationally, but more importantly embracing high-end international dining in Bangkok. Consumer tastes have shown a distinct and major shift in the market towards more international brands, café and western

dining as well as consolidation within the market in terms of operators and brands. For landlords, the growth in dining concepts beyond Thailand's typical lunch and dinner trade are offering improving rental yields, enabling a new food-centric shopping centre to take the stage for Bangkok dining.

As part of a shift away from typical large enclosed air-conditioned shopping centers towards community lifestyle malls and new retail space concepts such as MahaNakhon CUBE, the amount of retail space providing high-end dining in a single location has continued to intensify within the inner Bangkok CBD.

Together with the growth of retail lifestyle space in Bangkok, the number of international gourmet food and beverage brands targeting the upper market consumer has increased, driven through growth in suitable retail spaces, increasing spending power of Bangkok consumers and the expectation of future growth with the introduction of AEC in 2015. While a number of locally developed brands continue to offer international dining, 2014 saw leading dining concepts from around the globe entering the Thai market successfully. If the first wave of new brands were American fast-food and Asian all-day dining; 2014 is now seeing the growth in high end Michelin star concepts coming in from around the globe, adding to Bangkok's burgeoning dining scene.

Key success factors of outlets that have achieved high sales in 2014 are as follows:

- Globally recognized international brand with clear market positioning
- Strong local team executing high quality of food and service as per global position
- Optimal locations (often outside typical shopping centers)
- Creative marketing, public relations and engagement with local community

The first wave of international food was Japanese and Chinese. Now increasingly we see European food as the growing market category, particularly in the all-day dining so typical for Thailand where dishes are shared and eaten throughout the day.

Renovation of existing shopping centers to offer dining as an anchor rather than a service to support traditional retail, and new retail spaces offering indoor/outdoor spaces has shifted dining habits, with sales throughout the day rather than relying on lunch/evening trade only, increasing ability to achieve market rentals through enhanced turnover. For landlords, the percentage set aside for dining remains high at an average 20% of net leasable area; however in seeing

the trend of fine dining taking hold, some centers including MahaNakhon CUBE have been able to increase percentage of dining as a proportion of total retail space to well over 50%.

The growth and success in international dining concepts such as Dean & DeLuca which offer breakfast, lunch, dinner and dining between major meals, is changing the landscape for retail operations. Through improving footfall throughout the day and extending operating hours, the traditional hours of a shopping center are being pushed at both ends, ensuring successful operations requires clear attention to the tenant mix with all dining concepts grouped together. At the high end of the market, the integration of evening dining and nightlife is enabling an increase in evening operating hours.

Price elasticity at the high end has been shown to be remarkably recession resistant, with leading international outlets showing no difficulty in securing ever higher prices; in fact while Thai cuisine may have a natural price cap historically, 2014 has demonstrated no such restriction appears in place for international brand name dining.

Just as luxury fashion has seen consolidation, within the Bangkok market we are now seeing the same trend where retail concepts are clustering within a single location, often managed through a single operator.

Globally, we are seeing convergence between retail, hospitality and property development, with future minded firms expanding into a full lifestyle platform that provides a full 360 degree customer experience. For dining, this means leveraging the expertise of retail operations and customer insights with a new revenue stream that integrates into the existing business platform.

Savvy retailers integrating with property developers and vice versa ensures that the two complimentary businesses provide sustainable revenue streams with considerable synergies between them. The future for Bangkok retail and Thailand overall will see the strongest conglomerates leveraging their brand portfolios across both businesses, to secure optimum retail space, tenant mix and negotiation power. For new developments, the integration of a full brand portfolio makes mixed-use a more logical concept than ever before.

Undelivered units as of December 31st, 2014

Project name	Project type	Land size	Total units/ Transferred units or recognizable units	% Completion	Undelivered sold or leased units		Sales period	Construction period	Transfer of ownership or lease starts from:
					number (unit)	Value (MB)			
Ficus Lane	Residential condominium	1,157 sq.wah	70 units / 69 units	100	1	24.6 (Sales value) 14.5 (Book value)	2004 – Present	2004-2006	Transfer of ownership started from 2006
Saladaeng Residences	Residential condominium	584 sq.wah	132 units / 127 units	100	5	109.0 (Sales value) 85.2 (Book value)	Quarter 4/2008–Present	2008-2011	Transfer of ownership started from quarter 3/2011
MahaNakhon	Mixed-use project consisting of residential condominium, hotel, and lifestyle retail center	9 Rai 1 Ngan 51.1 sq.wah	1. Hotel 159 rooms 2. Residential condo 207 residences 3. Lifestyle retail center approximately 9,826 sq.m. - Retail Hill and Sky Observation Deck	55	- 129*	Subsidiaries' net investment in the project's freehold rights and construction cost of 5,125.3 MB	2009-2016	2011-2016 (some parts to be finished in 2015)	From end of 2015
MahaSamutr	Luxury villas and country club	128 Rai 2 Ngan 84.9 sq.wah	80 villas and country club membership	2016	2013 – 2016 (some parts to be finished in 2015)	From end of 2015

* Information as of December 31st, 2014

RISK FACTORS

STRATEGIC RISK FACTORS

Risks arising from the land acquisition policy for future development projects

Pace Development Corporation Public Company Limited (PACE) and its subsidiaries (totally called “the Company”) generally do not have the policy to buy and hold lands for future projects (except some lands that offer exceptionally high potentials for development and high return on investment) because the Company wants to avoid incurring unnecessary financial burden, changes in city plans, changes in expropriation areas, and devaluation of lands due to the cancelation or the delay of adjacent mass transportation systems. In so doing, the Company faces the risk of being unable to buy lands in the desired locations and/or the risk of buying lands in an exaggerated price. These risks may affect the Company’s abilities to acquire the land in advantageous locations and may also impair its financial performance should it choose to purchase the lands with higher costs.

Nevertheless, the Company has put in place a strategic plan to seek for and seize the lands to match with its planned investment each year. To ensure land availability of all time, the Company formed a meticulous approach to trace, track, and monitor detailed information on lands. This enables the Company to forecast the trends and growth potentials of lands in many locations, based on the expansion of residential area, and outlook on city expansion and developmental path. Before acquiring the target lands, the Company estimates city expansion directions, explores regulation constraints, and also scrupulously examines land ownership to reduce any possible risks. It also surveys the target lands and assesses financial feasibility and marketability of the land before acquisition.

The Company acquires its lands by itself and through brokers/dealers, who have constantly reached out to the Company for the past years. The Company, however, tries to contact and negotiate with the land owners directly. This allows the Company to better control acquisition costs to ensure that the developed land will generate proper profit margin.

Risks arising from concentrated reliance on MahaNakhon Project

MahaNakhon is a sizeable project compared to the Company’s past project as well as its assets. The structure of the project is complex and involves various stakeholders. Its success quintessentially and directly affects the health of the Company. Nevertheless, MahaNakhon is not the only project under PACE’s development; PACE has completed 2 previous projects: Ficus Lane and Saladaeng Residences of which totaling project value of 3,210 MB. MahaNakhon is the third project that PACE co-developed with its partner. In addition, the Company is currently developing 2 new projects: “MahaSamutr” and a new project in Soi Langsuan with total project value of 10,400 MB (excluding the value of Country Club project). MahaNakhon is thus not the only project that influences the performance of PACE; other projects also contribute to the health of the Company and so the risk of excessive reliance on one big project is actually diversified.

Moreover, the agreement that the Company acquired “Dean & DeLuca”, the world’s iconic gourmet food and beverages brand, will contribute revenue and help reduce the risk of reliance for MahaNakhon Project

OPERATIONAL RISKS

Risks related to cost management

1. Risks of construction delays and quality of the projects

The Company hires outsourced contractors to construct its real estate projects. Having no in-house construction team may expose the Company to the risk of uncontrollable construction delays due to contractors' unprofessional management or insufficient labors. In addition, even if the delivery is on-time, the quality of the delivered project may be considered sub-standard. These issues may result in a failure to timely deliver projects to the customers, and/or ineffective cost control. To prevent the said adverse outcomes, PACE has taken the following measures:

- Tracking and controlling purchases to match the defined budget

The Company has a strict policy to appoint well-known quantity-surveyor companies, such as Langdon & Seah Thailand Co., Ltd., to estimate budgets for bigger projects, such as MahaNakhon Project, to make sure that the budget is estimated with precision and thoroughness. In the contractor hiring process, the Company applies bidding procedure, in which it will select contractors that are suitable for the project not only in terms of construction capability and techniques, but also in terms of team capacity, and available fund size. This is done to avoid project cost overrun.

- Controlling construction period to match the defined timeline

To effectively control construction period, the Company not only utilize its own highly-experienced in-house team, but also has a policy to hire professional project managers to make sure that the construction is timely completed with high quality. Furthermore, PACE utilizes updated software packages to design and monitor the building process to reduce errors and lessen the time to fix the work.

2. Risks arising from volatility in construction material prices

Most of the main construction works, including structural work, system work, and building-surface work, in PACE's ongoing projects, such as MahaNakhon Project, have reached and completed the hiring process. These main works account for approximately 75% of the construction value; the remaining works are interior design and landscape design, whose budgets are being adjusted by the Company. In addition to the budget for the said works, the Project has set aside contingency cost to account for any unplanned but necessary expenses.

PACE believes that a sensible and practical projection of construction material prices is essential for the feasibility of its future projects. It, therefore, places great emphasis on selecting the right quantity-surveyor companies. Furthermore, it focuses on maintaining good relationships with all suppliers and contractors, resulting in an impressive creditability that its trade partners place on PACE. In addition, the Company continually seizes updated information on the market condition of construction materials and their alternatives in order to keep up with the dynamic of the market.

Risks of legal dispute arising from construction

The risk of damaging surrounding buildings is a common risk facing development and construction companies. Therefore, most companies, including PACE, generally manage to have insurance policy in place. This insurance not only transfer risk to insurance companies, who are responsible to pay damage compensation covered by the policy, it can also help prevent possible legal disputes that come with the damage. Furthermore, the Company also enforces the following preventive measures on site supervision:

- Prevention of falling material from the site: by ensuring that the site is organized, trashes and garbage are removed from the site on a daily basis, and the detailed safety net is properly installed to contain falling materials
- Reduction of construction dust: by wetting trashes and garbage before removing them from the site
- Reduction of construction noise: by operating only in permitted time period and informing surrounding neighbors in case of over-time operation

- Reduction of construction vibration: by selecting barrette pile and bored pile systems to decrease vibration and by using diaphragm wall in underground work to reduce soil slide when removing sheet piles in a very deep soil level compared to normal soil level or when removing sheet piles is expected to damage surrounding buildings

In addition, PACE requires that contractors and site supervisors visit neighboring households to determine any problem created by its construction. If such problems occur, actions must be immediately taken. If there is any request from such households to fix small problem, contractors and site supervisors should be willing to assist. Moreover, PACE requires contractors and site supervisors to intermittently check with district offices for any complaint against project construction so as to provide immediate remedies to the affected parties.

Risks arising from major competitors in main business line

1. Risks from competitors in super-luxury residential real estate business

Competition among super-luxury residential real estate companies is more competitive in the Bangkok area. The Current demand of super-luxury condominium for the upper-class such as businessman, entrepreneur, or foreigner has been increasing. Since 2014, many listed company launched their new projects targeting super-luxury class and most of them located in the center of Bangkok which provide convenient access to BTS stations such as on Sathorn and Sukhumvit Road. The average sale price per square meter starts at 250,000 Baht per sq.m. Some projects, such as MARQUE Sukhumvit, GALERIE rue de39 and 185Rajadami could sale more than 300,000 Baht per sq.m. and each project tends to mark-up the price when the project is nearly finished.

In middle of 2014, the Company renovated a sample room of The Ritz-Carlton Residence Bangkok to 3 bedrooms to make the best experience for buyers and investors. This happens to be another success after the good feedback of the 2 bedrooms sample rooms. After launching the new rooms, the company's circulation increased rapidly.

2. Risks from competitors in hotel business

There has been heightened competition from hotel business; many hotels focus on serving high-net-worth customers, potentially deteriorating Bangkok Edition Hotel's revenue and profit. With close monitoring and supervision from its executives and clear marketing strategies supporting the well-known "Bangkok-Edition" trademark under Marriott Group, the hotel, however, is able to stand strong among fierce competition. World-class management services from The Ritz-Carlton Hotel Company, a management company known for its superiority in reservation management system, reassure that customers will have convenient stays. Moreover, Marriott's domestic and international client database will support the hotel's strategy to expand its recognition among upper-class customers.

3. Risks from competitors in retail business

Competition from retailers in the forms of modern trade retailers and community malls may put downward pressure on rental rates and service fees and also take away qualified renters in PACE's life-style centers. PACE strategically placed its life-style centers in MahaNakhon project to attract high-purchasing-power buyers. The Company appointed Husband Retail Consulting Co., Ltd, a consulting company specialized in retail business, to give recommendations on retail mix (a proper combination of retailers) in order to provide legitimate and thorough services needed in everyday life, especially food and beverages services (such as Dean & DeLuca Café and Gourmet Market). Life-style center's uniqueness will constantly bring in shoppers. Patrons include dwellers in the Ritz-Carlton Residences Bangkok and other residential buildings, travelers who stay in Bangkok Edition Hotel and adjacent accommodations, and workers in neighboring offices. With accumulated experiences in retail-mix planning, the Company is positive that its life-style center will be successful at attracting and maintaining client traffic and spending.

4. The Risk and Competition in Food and Beverage Business

Food and beverage business is a challenging and highly competitive business because of many factors such as different of taste, pricing, quality, value, service and location. These factors are risks for the entrepreneurs who must also compete against other business owners. Recently, consumers are interested in new things and more foreign food and beverage brand are introducing more options to satisfy many kinds of taste. The Company seeks for opportunities to reach high-end customer so the Company choose "Dean & DeLuca" to fulfill their lifestyles. Moreover, the Company also did studies and strategic plans for right of license under "Dean & DeLuca" brand for the oversea market in order to create more revenue.

Strategic Risk Factors

Dean & DeLuca represents a brand that has a nascent global footprint with commonly owned operations in the U.S. and Thailand, and licensed operations in Asia and the Middle East. The Company has not reached critical geographic penetration of any of the markets in which the brand currently operates, nor maturity in any distribution channel through which it sells. However, the Company prepared the strategic plan to focus on increasing the number of licensee to other countries.

Expanding the retail footprint of the brand may be adversely affected by varying market factors including:

- Vastly different product importation rules can affect the integrity and consistency of the products and offerings in stores around the world
- A network of different licensed operators can create inconsistency in the execution of the brand in different markets
- Different markets may provide different demands of the brand and the stores that may weaken the integrity of the brand and the global consistency of the retail formats and offerings
- Multiple segments in which the business operates, specifically high end food products and coffee sales, have robust competition from global brands, and sophisticated operators that can hamper Dean & DeLuca's ability to successfully expand
- Capital constraints could adversely affect the ability of the brand to expand to a critical mass of operational cash flow and efficiency in owned and/or licensed markets

Operational Risk Factors

There are number of operational risks that could affect the success of Dean & DeLuca's operation, including:

- Sourcing – Dean & DeLuca relies partly on a broad base of smaller international producers that may struggle to supply a significantly larger global network of stores and prevent the company from realizing cost efficiencies with its supplier base.
- Marketing costs – as global competition intensifies for gourmet, organic, and higher end food retailers, Dean & DeLuca may have to dedicate more marketing resources to build and defend its brand position, which could adversely affect its financial performance.
- Real estate costs – as Dean & DeLuca is predominantly an urban brand, and global urbanization trends are set to continue, the availability of appropriate urban real estate for locations may become more competitive, and adversely affect the profitability of the retail model.
- Labor cost – Dean & DeLuca requires retail service and management professionals in a competitive industry, which could drive employment costs higher in periods of scarce labor supply and competitive food retail expansion in certain markets.
- Commodity costs – Dean & DeLuca relies of many global commodity products as inputs for its own, or purchase, goods from suppliers, including coffee, wheat, corn, rice and other crops. Should price shocks affect any of these input costs significantly, it could adversely affect the ability of Dean & DeLuca to deliver appropriate operating margins on one, or several, of its product categories.
- Inventory obsolescence – Dean & DeLuca invests in certain non-perishable inventories that may turn more slowly than planned, and create working capital burdens on the business that may weaken its ability to operate efficiently.

Dean & DeLuca is an internationally recognized lifestyle brand and a symbolic of high quality gourmet food and finest seasoning nearly 40 years and well-known for an outstanding organization with the knowledge of the staff. The Company will also retain the current management team of Dean & DeLuca to collaborate with the Company's management team. The Company believes that it can manage food and beverages business along with the expansion its business worldwide as planned successfully.

FINANCIAL RISKS

Risks arising from interest rate volatility

As of December 31st, 2014, the Company has long-term loans from financial institutions for the purpose of MahaNakhon Project construction with the interest rate of MLR-0.25% and overdraft facility for the purpose of MahaNakhon Project development with the interest rate of MOR, between PACE's jointly-controlled entity and two commercial banks. In addition, it has entered into a Credit Facility Agreement for the purpose of purchasing lands for MahaSamutr Project with the interest rate of MLR-0.25% with one commercial bank. Moreover, the Company also has 3 months loan for acquiring "Dean & DeLuca" 1,154.3 MB or equals to USD 35 million which use London Interbank Offered Rate: LIBOR +4%. If the interest rate rises, it will increase the Company's cost of funds, inevitably affecting the Company's future performance and its financial status.

Risks arising from revenue instability and loss at the beginning of the developmental phase

As of December 31st, 2014, PACE has 2 completed projects that are in the process of ownership transfer: Ficus Lane and Saladaeng Residences. Ficus Lane Project has 2 units in the sale process with the total book value of 21.3 MB (equivalent to sales value of 33.6 MB). And Saladaeng Residences Project currently has 5 residences remaining with the total book value of 85.2 MB (equivalent to sales value of 109.0 MB) and expected to be transferred and recognizable in 2015.

It is usual for real estate development companies, including PACE, to face revenue instability since they generally start recognizing revenues only when the construction and the ownership transfer of the real estate are completed. So, the Company decided to takeover "Dean & DeLuca" gourmet food and beverages retailing business in late December, 2014 to strengthen the Company's business by diversifying to other business to support our own super luxury brand property business.

In addition, the Company could recognize revenue partially from MahaNakhon Cube, a lifestyle retail that is a part MahaNakhon project. MahaNakhon Cube completed since the beginning of 2014 with total area of 5,003 sq.m. For revenue recognition of MahaNakhon project, the Company expects to recognize revenue from sale residential condominium units of The Ritz-Carlton Residence, Bangkok in late 2015. In addition, the Company expects to generate income from hotel business, "the Bangkok Edition", and from retail business: rental income from "Retail Hill" and Sky Observation Deck" of which are in MahaNakhon Tower in 2016. However, revenue for Sky Observation Deck is uncertain because it depends on the number of tourists in Thailand, as well as PACE's marketing and advertising abilities to draw attention to the place. Therefore, the Company invested in the land to develop MahaSamutr Project in Hua Hin, which has a total project value of 3,200 MB (excluding the value of the Country Club), expecting to be completed in 2016. The Company is expecting to recognize revenue from luxury villa in the second half of 2015 after the Company plans to introduce luxury villa and Country Club membership in the first half of 2015.

Moreover, in the first quarter of 2015, the Company also plans to launch a new project "Nimit Langsuan" which has a total project value of approximately 7,200 MB ; expected to be completed and to recognize revenue in the year of 2018.

LEGAL RISK

Risks arising from changes in government policies and related regulations

The risks of changes in relevant government policies, such as Town and Country Planning Act and its related laws, regulations related to usable areas in development projects and Floor-Area Ratio (FAR), and regulations related to issuance of EIA permits, are reduced by the Company's meticulous tracking of policy and regulation changes. Also, these risks can be mitigated by a detailed project's feasibility study in legal aspect. Since PACE has obtained every relevant license and permit for all of its ongoing and completed projects, changes in government policies and regulations, therefore, have no effect on its past and current projects.

POLITICAL RISK

Risks arising from riots, terrorism, and political manifestation

The Company has insurance policy that covers damages arising from riots, terrorism, and political manifestation. However, the incidences, should they occur, may post damages to MahaNakhon Project in the amount greater than the insurance limit and may also weaken the confidence of other stakeholders, such as joint-ventures and financial institutions, threatening the success of the Company's future projects.

In addition to general insurance for every project, PACE has arranged to have a special policy offered from ACE INA Oversea Insurance Co., Ltd. for MahaNakhon Cube, which is situated on the high risk area (Silom Road and Narathiwas Rajanagarindra Road). The policy will cover damages from Terrorism & Sabotage with insurance limit of 778.4 MB. (The policy expires on January 22nd, 2015).

RISK RELATED TO INVESTMENT OF SECURITIES HOLDERS

Risk related to ability to pay dividend

PACE expect that their two big projects, MahaNakhon and MahaSamutr Project, with their approximate value of residence more than 17,780 MB will start to recognize some part of revenue in late 2015. The Company's consolidated financial statements may show losses, and its unconsolidated financial statements may be negatively impacted, possibly further affecting the Company's ability to pay dividend. However, when MahaNakhon and MahaSamutr project are fully completed and its revenue becomes recognizable in 2015, PACE expects to generate profits and, as such, be able to significantly pay dividends to its shareholders. Since dividends will be paid out of retained earnings in unconsolidated financial statement only, the Company, therefore, started other projects to realize some revenues before the completion of MahaNakhon such as the new project at Langsuan which will be introduced to the public and sales in the first quarter of 2015. The Company expects to recognize revenue after the transfer of ownership in 2018 and plans to pre-sale MahaSamutr project in the first half of 2015, as well as expects to complete and transfer the villa to recognize revenue in late 2015. If the Company is profitable and has no constraints on dividend payment that may be attached to the loan agreements with financial institutions for the purpose of financing project development, PACE will be able pay dividends to its shareholders based on its dividend policy.

INTERNAL CONTROL AND RISK MANAGEMENT

OPINIONS OF BOARD OF DIRECTORS AND AUDIT COMMITTEE

In the meeting of the Board of Directors (BOD) number 9/2014 on December 23th, 2014, with the presence of the Audit Committee, the Board of Directors and the Audit Committee jointly assessed the Company's internal control process and compared it to the standards provided by referencing the Internal Control System Assessment Form of the Securities and Exchange Commission. There are 5 components of the SEC standards, namely Control Environment, Risk Management, Control Activities, Information & Communication, and Monitoring Activities.

The BOD concluded that the Company has an internal control system that is sufficient and suitable for its business. In addition, the BOD supported the Company's management to continually improve the quality of the internal control system to bolster PACE's Good Corporate Governance. The summary of the assessment is as follows:

1. Control Environment

The Company's organization is well-arranged and suitable for the type of business. The organization's objectives are clearly identified and the operational guidelines are well-planned and measurable. Moreover, the Company's policy, regulation, and code of conducts on business ethics are clearly written to prevent the management and employees from engaging in any activities that may give rise to conflicts of interest.

2. Risk Management

The Company places high importance on risk management. It, hence, set up the Risk Management Committee to monitor the overall risk level of the Company, established a process to analyze external and internal risk factors that may affect the business, and arranged to have regular Risk Management Committee Meetings to assess risk factors and identified mitigation measures to reduce or avoid any event that may pose a threat to the Company's performance or reputation. The Risk Management Committee is obliged to report directly to the Board of Directors. The identified measures are then communicated to relevant officers for execution, after which regular monitoring and reassessment will be done.

3. Control Activities

The Company puts a proper process in place to appropriately control management's actions. It clearly identified the rights, duties and approval authorities for each level of management persons in the written form. The roles and responsibilities in giving approvals, recording, asset custody, and auditing are distinctly segregated. In the case of a transaction with major shareholders, directors, executives, and their related parties, the Company will strictly follow the approval regulation with the Company's interest as the ultimate consideration and as if the transaction was being done with other unrelated parties.

4. Information & Communication

The Company arranged to have sufficient data reporting to support the decision making of the Board of Directors. In practice, the BOD receives meeting invitations and all support documents that contain sufficient information at least 7 days prior to the meeting. The minutes are kept both as hard copies and electronic copies that are easy to be retrieved yet cannot be altered. The minutes contain complete details that shareholders can use to assess the appropriateness of the directors' conducts. In addition, the Company set up a systematic approach to store supporting documents for

account recording. A complete set of documents are sorted in a pattern that is ever-ready for auditors. Financial reports are prepared for the Board of Directors in a manner that truly represent the performance of the business.

5. Monitoring Activities

The Company has the meeting of the Board of Directors (BOD) arranged 9 meeting and the meeting of the Audit Committee arranged 6 meeting. For Consider and monitor the performance of the management team to Achieve the Target.

The Audit Committee considered and approved the annual internal audit plan and reviews identified issues with the Internal Audit Department on a regular. The Committee requires the department to submit audit reports to it directly so that the auditors can do their job independently and free from management's interference, if any. In the case that significant errors are singled out, the Company will report the findings to the Board of Director and the Audit Committee to seek immediate remedies. After that, the progress on remedies will be reported to the Board of Directors. Moreover, the Company determined the policy requiring that executives immediately report to the Board of Directors if any fraud, illegal action, violation of laws, or any event that may significantly affect the Company's reputation or financial status take place.

HEAD OF INTERNAL AUDITS AND HEAD OF COMPLIANCE

Head of Audits

Miss Montakan Teannetinun

Vice President, Internal Audit Department

Head of Compliance

Mr. Sarath Pavorndechapong

Senior Vice President, Legal & Compliance Department

SECURITY AND SHAREHOLDER INFORMATION

1. THE COMPANY'S SECURITIES

As of December 31st, 2014, The Company has registered capital of 2,054,265,670 Baht, comprising of 2,054,265,670 ordinary shares, with the par value of 1 Baht, and paid-up capital of 2,054,265,670 shares, with the par value of 1 Baht.

2. SHAREHOLDERS

The list of the Company's shareholders and their respective share portions as recorded in the shareholder register book as of December 4th, 2014 are shown below:

Shareholder's name	Number of shares	%
<u>Group of Techakraisri's family</u>		
1. Mr. Sorapoj Techakraisri	1,105,312,550	53.81
2. Mr. Sumate Techakraisri	102,000,000	4.97
3. Mr. Chotipol Techakraisri	24,000,100	1.17
4. Mr. Chumpol Techakraisri	10,000,000	0.49
Total shares owned by Group of Techakraisri's family	1,241,312,650	60.43
5. Mr. Sakesan Setthasakol	59,300,000	2.89
6. THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, FUND SERVICES DEPARTMENT	53,485,000	2.60
7. Mr. Narit Chia-Apar	39,685,600	1.93
8. ROSALIND DEVELOPMENT LTD.	38,000,000	1.85
9. Thai NVDR Co., Ltd.	37,836,600	1.84
10. Mr. Pathompop Chuenpanichkij	26,500,000	1.29
11. Mr. Wuttisak Limpanich	25,671,800	1.25
12. Mr. Thanawat Kraipisitkul	19,318,000	0.94
13. HSBC BANK PLC-CLIENTS GENERAL A/C	16,250,000	0.79
14. Others	556,206,020	27.08
Total	2,054,265,670	100.00

3. DIVIDEND POLICY

The Company's Board of Directors determines dividend policies for the Company and its subsidiaries, as in the followings:

1) The Company's dividend policy

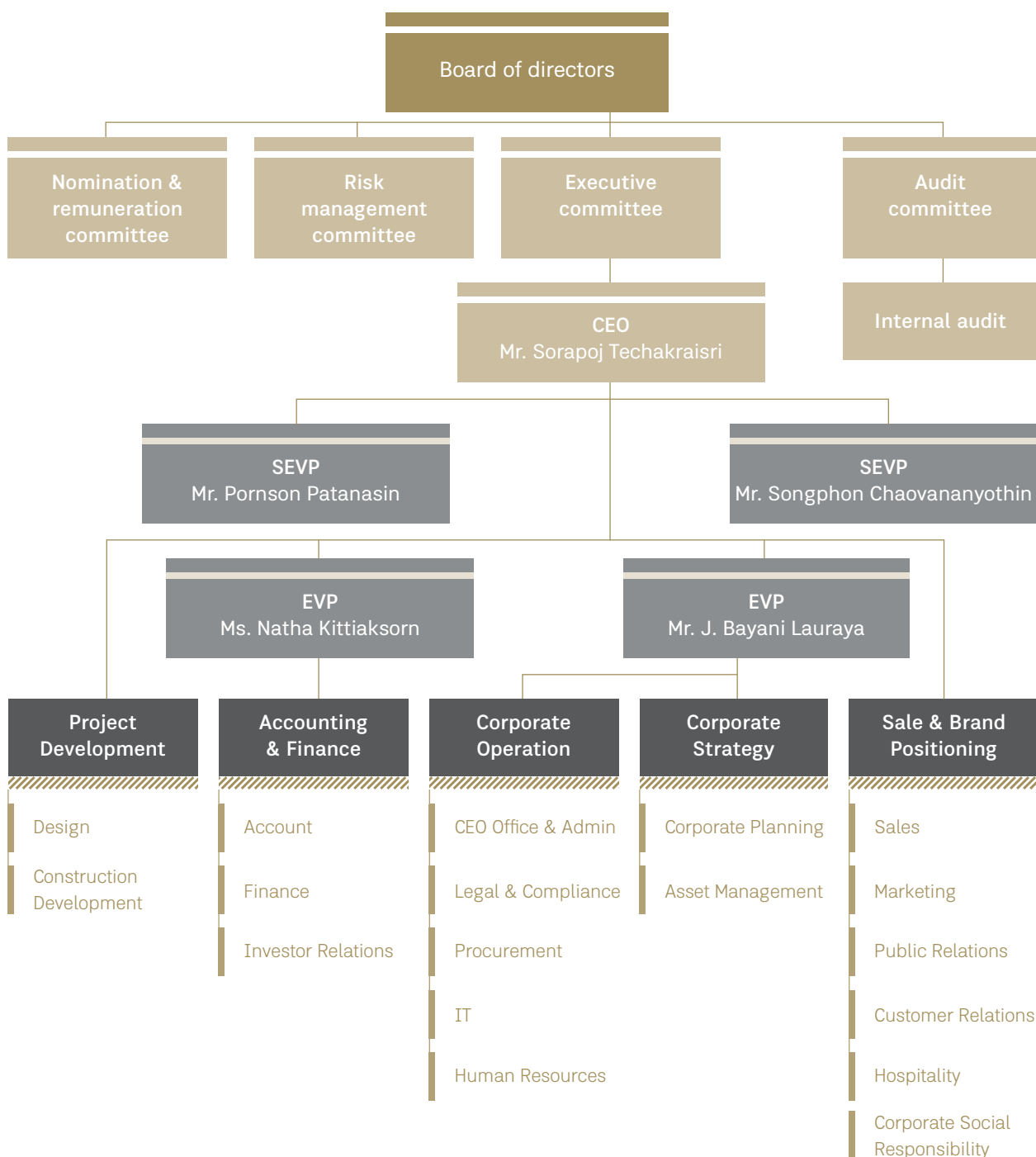
The Company determines its dividend payout ratio to be not lower than 40% of its net profit after corporate tax and legal reserves, provided that such dividend payout does not significantly affect the Company's normal course of operation. The dividend payment is subjected to adjustment depending on the Company's growth prospect, investment plan, liquidity, work expansion, loan covenants or debenture covenants of the Company's and its subsidiaries, as well as suitability and necessity to create value for the Company's shareholders in the future.

For a subsidiary in which PACE holds 100% of its shares, such subsidiary maintains a policy to pay dividend of no less than 40% of its net profit after corporate tax and legal reserves, provided that such dividend payout does not significantly affect its normal course of operation. The dividend payment is subjected to adjustment depending on the company's growth prospect, investment plan, liquidity, work expansion, loan covenants or debenture covenants of the company's and its subsidiaries, as well as suitability and necessity to create value for its shareholders in the future.

Therefore, PACE One, PACE Two, PACE Three, and PRE cannot pay dividends to their shareholders unless the loans from financial institutions, loans from shareholders, and the interests borne from the aforesaid loans are entirely paid off.

MANAGEMENT STRUCTURE

ORGANIZATION STRUCTURE



1. BOARD OF DIRECTORS

As of December 31st, 2014, The Company's Board of Directors consists of 9 members as following below:

Name	Position	Number of meeting held	Number of meeting attended
1. Mr. Kraithip Krairiksh	Chairman of the Board	9	9
2. Mr. Chotipol Techakraisri	Vice Chairman of the Board	9	9
3. Mr. Sorapoj Techakraisri	Director	9	9
4. Mr. Chumpol Techakraisri	Director	9	9
5. Mr. Theera Vayakornvichitre	Director	9	8
6. Mr. Pornson Patanasin	Director	9	9
7. Mrs. Ladda Siri Wattanakosol	Director, Chairman of Audit Committee, and Independent Director	9	9
8. Mr. Prasert Patradhilok	Director, Member of Audit Committee, and Independent Director	9	9
9. Ms. Benjaporn Prisuwan	Director, Member of Audit Committee, and Independent Director	9	9

Note : The Company's directors and executives perform their functions to maintain the maximum benefits of the Company's and its shareholders with a clear, balanced and verifiable structure by:

1. The Board of Directors understands its fiduciary roles and responsibilities to shareholders and shows that it can perform such roles and assume such responsibilities
2. Directors and management have a balanced structure that facilitates examination and verification by:
 - 2.1 Having Audit Committee that consists of at least 3 independent directors whose qualifications are consistent with the ones defined by the rule of Stock Exchange of Thailand and who have sufficient knowledge and experiences to be able to verify reliability of financial statements and perform other functions as members of the Audit Committee.
 - 2.2 Having delegation of authorities from the Board of Directors to Management

Corporate secretary is Mr. Sarath Pavorndechapong.

2. MANAGEMENT

As of December 31st, 2014, The Company's management team consists of 5 members as the followings:

Name	Position
1. Mr. Sorapoj Techakraisri	Chief Executive Officer
2. Mr. Pornson Patanasin	Senior Executive Vice President / Executive Director
3. Mr. Songphon Chaovanayothin	Senior Executive Vice President / Chief Customer Relations
4. Ms. Natha Kittiakson	Executive Vice President / Chief Financial Officer
5. Mr. J. Bayani Lauraya	Executive Vice President / Chief Operating Officer

Note: The Company's management according to the definitions in the announcement of Securities and Exchange Commission

3. CORPORATE SECRETARY

The Board of Directors' Meeting No. 1/2011, held on 21st September 2011, appointed Mr. Sarath Pavorndechapong to be the Company's corporate secretary so as to conform with the Securities and Exchange Act B.E. 2535 (and subsequent amendments). Scope of duties and responsibilities of the corporate secretary are shown below:

1. To produce and maintain the following documents:
 - (A) Record of Directors
 - (B) Notice of Board of Directors' Meeting, Minutes of Board of Directors' Meeting and Company's Annual Report
 - (C) Notice of Annual General Meeting of Shareholders and Minutes of General Meeting of Shareholders.
2. To keep all interest or conflicts of interest reported by directors or any member of management team
3. To submit the interest and conflict of interest report which is conducted by directors to Chairman of the Board of Directors and Chairman of the Audit Committee within 7 days upon receiving by the Company.
4. To perform any other action as determined by Capital Market Supervisory Board.

The details of Corporate Secretary is attached in Attachment 1.

4. COMPENSATION FOR DIRECTORS AND EXECUTIVES

The form and the criteria to consider compensation packages paid to the Company's directors and executives are determined based on suitability, fairness, transparency, clarity, and adequacy. In practice, such packages are defined by comparing the rates in the same industry and proposed to the Board of Directors for approval. Compensation for directors and members of Audit Committee is determined and approved in the Shareholders Meeting. To ensure fairness, attractiveness of the positions, and maximum benefits of the Company, compensation for each executive is determined based on both the performance of the Company and the performance of each individual executive.

4.1 Directors' Compensation

The following table shows the directors' compensation in 2014

Directors	2014				Compensation and attendance fee (Baht)
	Board of Directors	Audit Committee	Nomination & Remuneration Committee	Risk Management Committee	
1. Mr. Kraithip Krairiksh	9/9	-	-	-	348,000
2. Mr. Chotipol Techakraisri	9/9	-	3/3	1/1	302,000
3. Mr. Sorapoj Techakraisri	9/9	-	3/3	1/1	302,000
4. Mr. Chumpol Techakraisri	9/9	-	-	-	270,000
5. Mr. Theera Vayakornvichit	8/9	-	-	-	260,000
6. Mr. Pornson Patanasin	9/9	-	-	-	270,000
7. Mrs. Ladda Siriwattanakosol	9/9	6/6	3/3	1/1	350,000
8. Mr. Prasert Patradhilok	9/9	6/6	3/3	1/1	350,000
9. Ms. Benjaporn Prisuwana	7/7	6/6	3/3	1/1	350,000

4.2 Executives' Compensation

In 2014, the Company provided compensations to its executives in the form of salary, bonus, and other compensations in the amount of 44.3 million baht.

The following table shows the executives' compensation in 2014.

Unit : Million Baht

Executive compensation	2014
Number of executives (persons)	5
Salary	23.2
Bonus	6.5
Contribution to provident fund	0.4
Total	35.1

Note: The Company's executives according to the definitions in the announcement of Securities and Exchange Commission

The Company's executives are provided with special position-based welfares, which are car allowance, gas allowance and mobile phone allowance.

5. HUMAN RESOURCES

The Company believes that human resources are one of the most valuable resources of the Company. It thus places high importance on the management and development of its personnel in order to retain knowledgeable, experienced personnel to fortify the foundation of the Company's competitiveness.

5.1 Total Number of Employees

As of December 31st, 2014, the Company had total employees of 106 persons.

Details of the number of employees in each function as of December 31st, 2014 are shown in the following table:

Unit : Person

Functional line	31 Dec 2014
Executives of the Company and its subsidiaries	6
Accounting – Finance	13
Public Relations – Marketing	10
Sales	12
Legal	5
Design – Construction	25
Technical Management	2
Administration	10
Procurement	4
Internal Audit	1
Human Resources	1
CEO Office	4
Property Management	3
Hospitality Development	7
CSR	1
Compliances	1
Investor Relations	1
Total	106

5.2 Significant Change in the Number of Employees in the Previous 3 Years

-none-

5.3 Major Labor Dispute in the Previous 3 Years

-none-

5.4 Compensation for Company's Employees

The Company provides compensation to its employees in the forms of salary, bonus, medical allowance, annual health check allowance, accommodation and travelling allowance (in case of working in other provinces), life insurance, uniform allowance, cost of living allowance, scholarship, and other allowances to help employees lighten the expense loads and to hopefully elevate their standards of living. Compensation for employees in 2014 are shown below:

Unit: Milion Baht

Type of compensation	2014
Salary, bonus, and other	130.4
Other welfares	1.2
Contribution to provident funds	1.7
Total	133.3

5.5 Labor Dispute

-none -

5.6 Human Resource Development Policy

The Company highly values human resource development as it truly believes that, in order for a corporate to grow sustainably, it needs teamplayers that are knowledgeable, skillful, experienced in subject matters supporting the Company's business conducts, and decisive. These desirable characteristics will be collectively merged together to form a solid corporate culture. Human resource development indeed starts with a proper hiring process that is able to identify preferred candidates with knowledge, skills, and attributes that correspond with the Company's culture.

The Executive Committee Meeting No. 2/2012 held on March 28th, 2012, reviewed the Company's human resource development plan and human resource management policy, and approved the said human resource management policy and the rules and guidelines for human resource development. In the policy part, the Company viewed that employees are valuable resources; therefore, it is determined to maintain and improve its employees continually and systematically to enhance their potentials, to lift their working spirits, to encourage employee unity, and to create the sense of pride as a part of the Company. The Company's human resource management policy can be summarized as follows:

- Select and hire candidates that are knowledgeable, skillful, accountable, and ethical to join the Company
- Develop its human resources to have knowledges, abilities, expertises, skills, and management capabilities to ensure proper job security and professional advancement
- The Company supports and encourages its employees to maintain job security and have professional advancement by ways of promotions. The Company will consider and select internal candidates to resume vacant positions.
- improve and provide various employee benefits that are suitable for employees' positions, experiences, and qualifications, and satisfied with the Company's performance, economic and social conditions
- Instill awareness and sense of respect of the rules of the Company and the society in the mind of its employees
- Retain and support good employees to stay and grow with the Company as long as possible

The Company holds that it is a responsibility of heads of each function to deeply understand human resource development system, as well as to join the Company and lead their subordinates in the collaboration to steer the organization in the directions defined by the Company's policies

Attachment 1 : Detail of Executives and Controlling Persons of the Company

Name	Position	Age (years)	Educational Background	Shareholder Proportion (%)	Relationship between the executive.	Work Experiences in the past 5 years		
						Duration	Position	Name of Organization / Company Business Type
Mr. Kraithip Krairiksh	Chairman of the Board	61	<ul style="list-style-type: none"> - Master's Degree in Economics, Northeastern University, U.S.A. - Bachelor's Degree in Economics (B.A.), Tufts University, U.S.A. 	-	-	2013 - Present	Chairman of the Board	PACE Development Corporation Public Company Limited ¹ Property Development
						2009 - Present	Chairman of the Board	KT ZMICO Securities Company Limited Securities
						2009 - Present	Director and Audit Committee	Samitivej Public Company Limited Health Care Services
						2009 - Present	Director	Krungkhet Thanakom Co., Ltd. Public Utility Services
						2008 - Present	Director and Audit Committee	Vanachai Group Public Company Limited Construction Materials
						2008 - Present	Director	Advance Energy Plus Company Limited Energy and Environment
						2001 - Present	Director	Capital Market Development Fund Foundation Bank
						2004 - 2008	Chief Operating Officer	TMB BANK Public Company Limited. Bank
						2004 - 2008	Chairman	Phayathai Asset Management Company Limited Asset Management
						2001 - 2008	Chairman	IFCT Advisory Company Limited Financial Advisory Services

Name	Position	Age (years)	Educational Background	Shareholder Proportion (%)	Relationship between the executive.	Work Experiences in the past 5 years		
						Duration	Position	Name of Organization / Company Business Type
Mr. Chotipol Techakraisri	Vice Chairman of the Board / Authorized Director	38	<ul style="list-style-type: none"> - Master's Degree in Real Estate Business Program, Thammasat University - Bachelor's Degree in Finance and International Business, Seattle University, USA. - Director Accreditation Program : Governance training for listed company director (DAP), Class 90/2011 	1.17	Elder brother of Mr. Sorapoj Techakraisri and Mr. Chumpol Techakraisri Cousin of Mr. Songphon Chaovanayothin	2003 - Present	Director / Vice Chairman of the Board	PACE Development Corporation Public Company Limited ¹ Property Development
						2008 - Present	Director	Pace Real Estate Company Limited Property Development
						2008 - Present	Director	Pace Project Two Company Limited Property Development
						2008 - Present	Director	Pace Project Three Company Limited Property Development
						2008 - Present	Director	Dean and Deluca (Thailand) Company Limited Gourmet Food and Beverages
						2008 - Present	Director	Fourteen Points Company Limited Property Development
						2007 - Present	Director	PACE Development Company Limited ² Property Development
						2007 - Present	Director / Managing Director	YLP Company Limited Property Development
						2007 - Present	Director	Pace Project One Company Limited Property Development
						2007 - Present	Director	Cinkara Property Limited. Property Development
						2004 - Present	Director	MFT Development Company Limited Property Development
						2002 - Present	Director	Chadsan Phansuan Company Limited Property Development

Name	Position	Age (years)	Educational Background	Shareholder Proportion (%)	Relationship between the executive.	Work Experiences in the past 5 years			
						Duration	Position	Name of Organization / Company	Business Type
Mr. Sorapoj Techakraisri	Chief Executive Officer / Authorized Director	37	- Bachelor’s Degree in Business Administration (B.B.A.), Thammasat University - Director Accreditation Program : Governance training for listed company director (DAP), class 91/2011	53.81	Younger brother of Mr. Chotipol Techakraisri and elder brother of Mr. Chumpol Techakraisri Cousin of Mr. Songphon Chaovanayothin	2003 – Present	Director / Chief Executive Officer	PACE Development Corporation Public Company Limited ¹	Property Development
						2008 – Present	Director	Pace Real Estate Company Limited	Property Development
						2008 – Present	Director	Pace Project Two Company Limited	Property Development
						2008 – Present	Director	Pace Project Three Company Limited	Property Development
						2008 – Present	Director	Dean and Deluca (Thailand) Company Limited	Gourmet Food and Beverages
						2008 – Present	Director	Fourteen Points Company Limited	Property Development
						2007 – Present	Director	PACE Development Company Limited ²	Property Development
						2007 – Present	Director	YLP Company Limited	Property Development
						2007 – Present	Director	Pace Project One Company Limited	Property Development
						2007 – Present	Director	Cinkara Property Company Limited	Property Development
						2005 – Present	Director / Managing Director	Fierce Publishing Company Limited	Publications
						2004 – Present	Director	MFT Development Company Limited	Property Development
						2003 – Present	Director	Mittraphap Bangplee Transportation Co., Ltd.	Logistic
						2003 – Present	Director	Chadsan Phansuan Company Limited	Property Development

Name	Position	Age (years)	Educational Background	Shareholder Proportion (%)	Relationship between the executive.	Work Experiences in the past 5 years		
						Duration	Position	Name of Organization / Company Business Type
Mr. Chumpol Techakraisri	Authorized Director	35	- Bachelor's Degree in Banking and Finance (B.B.A.), Chulalongkorn University - Director Certification Program : Program for Professional Director (DCP), class 102/2008	0.49	Younger brother of Mr. Chotipol Techakraisri and Mr. Sorapoj Techakraisri Cousin of Mr. Songphon Chaovanayothin	2011 –Present	Director	PACE Development Corporation Public Company Limited ¹ Property Development
						2011 –Present	Director	Pace Real Estate Company Limited Property Development
						2011 –Present	Director	Pace Project Two Company Limited Property Development
						2011 –Present	Director	Pace Project Three Company Limited Property Development
						2011 –Present	Director	YLP Company Limited Property Development
						2011 –Present	Director	Pace Project One Company Limited Property Development
						2011 –Present	Director	Lean Interprise Company Limited Import and Export Business
						2007 – Present	Director	Cinkara Property Limited Property Development
						2004 – Present	Director	MFT Development Company Limited Property Development
						2004 – Present	Director / Executive	T.Krungthai Industries Public Company Limited Automotive
						2002 – Present	Director Assistant to Managing Director	T.Krungthai Industries Public Company Limited Automotive
						2001 – Present	Director	Chadsan Phansuan Company Limited Property Development

Name	Position	Age (years)	Educational Background	Shareholder Proportion (%)	Relationship between the executive.	Work Experiences in the past 5 years			
						Duration	Position	Name of Organization / Company	Business Type
Mrs. Ladda Siriwattanakosol	Independent Director / Chairman of Audit Committee	58	<ul style="list-style-type: none">- Master's Degree in Business Administration, Thammasat University- Bachelor's Degree in Accountancy (B.B.A.), Chulalongkorn University- Director Certification Program : Program for Professional Director (DCP), Class 99/2008	-	-	2011 – Present	Independent Director / Chairman of the Audit Committee	PACE Development Corporation Public Company Limited ¹	Property Development
						2010 – Present	Independent Director / Audit Committee	Industrial and Commercial Bank of China (Thai) Public Company Limited	Financial Institution
						2007 – 2009	Independent Director / Audit Committee	ACL Bank Co., Ltd.	Financial Institution
						2006	Executive Vice President – Strategic	TMB Bank Public Company Limited	Financial Institution

Name	Position	Age (years)	Educational Background	Shareholder Proportion (%)	Relationship between the executive.	Work Experiences in the past 5 years		
						Duration	Position	Name of Organization / Company Business Type
Mr. Prasert Patradhilok	Independent Director / Audit Committee	58	<ul style="list-style-type: none"> - Master's Degree in Business Administration, Chulalongkorn University - Bachelor's Degree in Engineering, Prince of Songkla University - Director Certification Program : Program for Professional Director (DCP), Class 20/2002 	-	-	2011 - Present	Independent Director / Audit Committee	PACE Development Corporation Public Company Limited ¹ Property Development
						2009 - Present	Director	Plus Advisory Company Limited Financial Advisory Services
						2007 - Present	Director	Advance Energy Plus Company Limited Energy and Environment Consultant
						2006 - Present	Independent Director / Chairman of Audit	Fancy Wood Industries Public Company Limited Production and Distribution - Parawood Furniture
						2004- Present	Independent Director / Chairman of Audit	Boutique New City Public Company Limited Supply & Distribution Women's clothing
						2004 - Present	Vice Chairman	Investment Banking Club Financial Advisor Club
						2004 - Present	Director / President	Advisory Plus Company Limited Financial Advisor
						2004 - Present	Director	Kindred Company Limited Other investment
						1994 - Present	Director	Robinson Planner Company Limited Business turnaround management consultants

Name	Position	Age (years)	Educational Background	Shareholder Proportion (%)	Relationship between the executive.	Work Experiences in the past 5 years		
						Duration	Position	Name of Organization / Company Business Type
Miss Benjaporn Prisuwananna	Independent Director / Audit Committee / Senior Vice President, Financial Accounting	50	<ul style="list-style-type: none"> - Master's Degree in Accountancy, Chulalongkorn University - Bachelor's Degree in Accountancy, Chulalongkorn University - Director Accreditation Program : Governance training for listed company director (DAP), Class 90/2011 	-	-	2011 –Present	Independent Director / Audit Committee	PACE Development Corporation Public Company Limited ¹ Property Development
						2011 –Present	Director	Motion Link Company Limited Advertising Agency
						2000–Present	Executive Vice President & Manager	Bangkok Bank Public Company Limited Financial Institution
Mr. Theera Vayakornvichitre	Director	37	<ul style="list-style-type: none"> - Master's Degree in Finance, Thammasat University - Bachelor's Degree in Finance, Thammasat University - Director Accreditation Program : Governance training for listed company director (DAP), class 91/2011 	-	-	2011 –Present	Director	PACE Development Corporation Public Company Limited ¹ Property Development
						2003 – Present	Director	Sansanee Industries Company Limited Clothing Export
						2002 –Present	Director	Fierce Publishing Company Limited Publications
						2001 – Present	Director / Managing Director	Dynasty Apparel Company Limited Manufacturer
Mr. Songphon Chaovanayothin	Senior Executive Vice President / CRM	40	<ul style="list-style-type: none"> - Bachelor of Business Administration Assumption University ABAC. 	-	Cousin of Mr. Sorapoj Techakraisri	2011–Present	Senior Executive Vice President	PACE Development Corporation Public Company Limited ¹ Property Development
						2008-2011	Senior Executive Vice President	PACE Development Company Limited ² Property Development
						2003-2008	Senior Supervisors	Toyota Motor Thailand Company Limited Auto and Automotive Parts

Name	Position	Age (years)	Educational Background	Shareholder Proportion (%)	Relationship between the executive.	Work Experiences in the past 5 years		
						Duration	Position	Name of Organization / Company Business Type
Mr. Pornson Patanasin	Director / Executive Committee / Senior Executive Vice President	54	<ul style="list-style-type: none"> - Bachelor's Degree in Business Administration, Assumption University - Director Accreditation Program : Governance training for listed company director (DAP), class 91/2011 - Director Certification Program : (DCP), class 192/2014 	-	-	2011 - Present	Director / Senior Executive Vice President / Executive Committee	PACE Development Corporation Public Company Limited ¹ Property Development
						2005 - Present	President Director	Complete Data Systems Limited Computer Systems Services
						2007 - 2011	Executive Committee / Chief Operating Officer	PACE Development Company Limited ² Property Development
						2013-Present	Executive Vice President / Chief Financial Officer	PACE Development Corporation Public Company Limited ¹ Property Development
Miss Natha Kittikarn	Executive Vice President / Chief Financial Officer	46	<ul style="list-style-type: none"> - Master's Degree in Economics, Cal Poly Pomona, USA. - Bachelor's Degree in Economics, University of California, Los Angeles (UCLA), USA. - Director Accreditation Program : Governance training for listed company director (DAP), class 49/2011 	-	-	2011-2013	Director / Executive Committee	PACE Development Corporation Public Company Limited ² Property Development
						2008-2011	Chief Financial Officer	PACE Development Company Limited Property Development
						2002-2007	Chief Financial Officer Executive Vice President - Accounting and Finance	Major Development Public Company Limited Property Development

Name	Position	Age (years)	Educational Background	Shareholder Proportion (%)	Relationship between the executive.	Work Experiences in the past 5 years			
						Duration	Position	Name of Organization / Company	Business Type
Mr. J. Bayani Lauraya	Executive Vice President / Chief Operating Officer	50	- Bachelor's Degree in Accounting & Finance San Francisco State University	-	-	2014 – Present	Executive Vice President / Chief Operating Officer	PACE Development Corporation Public Company Limited	Property Development
						2011 - 2014	Executive Director / Chief Financial Officer	Boutique Asset Management	Investment Management + Property Development
						2005 – 2011	Managing Director	Baker Tilly Tax and Consulting Services (Thailand) Ltd. Baker Tilly Risk Management Services (Thailand) Ltd.	Tax, Accounting and Management Services

Note : ¹ "Cinkara Co., Ltd. has converted and registered to be a public limited company and changed name to PACE Development Corporation Public Company Limited"

² For the purpose of business restructuring, the officers of PACE Development Company Limited were transferred to Cinkara Co., Ltd. Recently, Cinkara Co., Ltd. has converted and registered to be a public limited company and changed name to PACE Development Corporation Public Company Limited since 20 September 2011.

Attachment 2 : Information of holding office of executive and controlling persons of the Company in subsidiaries, associated and affiliated companies (December 31, 2014)

Board Of Directors	1	In Subsidiaries					Associated Companies														
		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
1. Mr. Kraithip Krairiksh	/																				
2. Mr. Chotipol Techakraisri	//, ///, Y	///, XX	///	///	///	///	///	///	///	///	///	///									
3. Mr. Sorapoj Techakraisri	//, ///, X, Y	///	///	///	///	///	///	///	///	///	///	///,YY	///								
4. Mr. Chumpol Techakraisri	//, ///, Y	///	///	///	///	///	///	///						///,YY	///						
5. Mrs. Ladda Siri wattanakosol	//, ///															///					
6. Mr. Prasert Patradhilok	//, ///																///	///	///	///	///
7. Ms. Benjaporn Prisuwan	//, ///																				
8. Mr. Theera Vayakornvichitre	//, Y											//									
9. Mr. Songphon Chaovanayothin	YY																				
10. Mr. Pornson Patanasin	//, Y, YY																				
11. Ms. Natha Kittiakson	YY																				
12. Mr. J. Bayani Lauraya	YY																				

Annotation : / = Chairman of the Board, // = Director, /// = Authorized Director, /// = Audit Committee, x = Chief Executive Officer, xx = Managing Director, Y = Executive Committee, YY = Executive

- | | | |
|--|--|--|
| 1) PACE Development Corporation Public Company Limited | 9) MFT Development Company Limited | 17) International and Commercial Bank of China (Thai) Public Company Limited |
| 2) YLP Company Limited | 10) Dean and Deluca (Thailand) Company Limited | 18) Kindred Company Limited |
| 3) Pace Real Estate Company Limited | 11) Fourteen Points Company Limited | 19) Boutique Newcity Public Company Limited |
| 4) Pace Project One Company Limited | 12) PACE Development Company Limited | 20) Plus Advisory Company Limited |
| 5) Pace Project Two Company Limited | 13) Fierce Publishing Company Limited | 21) Fancy Wood Industries Public Company Limited |
| 6) Pace Project Three Company Limited | 14) Mittraphap Bangplee Transportation Company Limited | |
| 7) Fierce Publishing Company Limited | 15) T.Krngthai Industries Public Company Limited | |
| 8) Chadsan Phansuan Company Limited | 16) Lean Enterprise Company Limited | |

**Attachment 2 : Information of holding office of executive and controlling persons of the Company in subsidiaries, associated and affiliated companies
(December 31, 2014)**

Board Of Directors	1	In Subsidiaries					Associated Companies										
		22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37
1. Mr. Kraithip Krairiksh	/								/	//, ////	//, ////	//	//	//			
2. Mr. Chotipol Techakraisri	//, ///																
3. Mr. Sorapoj Techakraisri	//, ///, X, Y																
4. Mr. Chumpol Techakraisri	//, ///																
5. Mrs. Ladda Siriwattanakosol	//, ///																
6. Mr. Prasert Patradhilok	//, ///	///	///	///, XX													
7. Ms. Benjaporn Prisuwanna	//, ///				///												
8. Mr. Theera Vayakornvichitre	//					///, XX	///										
9. Mr. Songphon Chaovanayothin	YY																
10. Mr. Pornson Patanasin	//, Y, YY							//									
11. Ms. Natha Kittikarn	YY																
12. Mr. J. Bayani Lauraya	YY													//	//	//	//

Annotation : / = Chairman of the Board, // = Director, /// = Authorized Director, /// = Audit Committee, x = Chief Executive Officer, xx = Managing Director, Y = Executive Committee, YY = Executive

22) Robinson Planner Company limited

23) Advance Energy Plus Company Limited

24) Advisory Plus Company Limited

25) Motion Link Company Limited

26) Dynasty Apparel Comapny Limited

27) Sansanee Industries Company Limited

28) Complete Data System Company Limited

29) KT ZMICO Securities Company Limited

30) Samitivej Public Company Limited

31) Vanachai Group Public Company Limited

32) Krunghthep Thanakom Co., Ltd.

33) Advance Energy Plus Company Limited

34) Capital Market Development Fund Foundation

35) Roadshore Capital Partners Co., Ltd.

36) Rachasiam Management Co., Ltd.

37) Silverline Management Services Ltd

CORPORATE GOVERNANCE

The Company profoundly recognized that Corporate Governance (CG) is a key driver to the business efficiency and the sustainable growth, which ultimately lead to the maximum returns for all stakeholders including employees, investors, shareholders and other interested persons. The Board of Directors (BOD) thus agreed to establish the policy of Good Corporate Governance, covering major substances including the structure, roles and responsibilities of the BOD, as well as the executives' managing principles that must be transparent, clear, and measurable. This is to ensure that all of the Company's business maneuvers are done with fairness and on the ground of the maximum benefits of the Company's shareholders and stakeholders.

The BOD and the Company's management team strongly adhere to determination and uprightness. The Company determines its vision, policies, and guidelines to be abided by all of its directors, executives, and employees to create the culture of continual CG mindset and build sustainable grounds for value creation for all stakeholders. This is an important engine to accomplish the goals set by the BOD, who designed the Company's structure to be transparent and facilitative to justifiable business conducts according to the CG framework under the rules set forth by the Stock Exchange of Thailand.

1 CORPORATE GOVERNANCE POLICY

The Company's BOD places high importance on stringent conforming to the CG principle. Recognizing the importance of the roles and responsibilities of the BOD and the management team in building a good CG environment that will strengthen the Company's competitiveness, fortify effective and transparent management, and increase the level of trust from shareholders, investors, and other stakeholders, PACE established its CG policy, covering 5 main principles as the followings:

Principle 1 Shareholders' Rights

The Company respects shareholders' rights to make decisions pertaining to the Company's major changes and the rights to receive correct, complete, sufficient, and timely information evenly. Consequently, The BOD set the following policies:

- 1) The Company must send to the directors meeting invitations, relevant supporting documents and opinions of the previous committees for every agenda at least 14 days prior to the meeting of the BOD to provide the directors sufficient time to study the materials. In the case that any director cannot participate in the meeting, such director is allowed to grant the authority to independent directors or any other proxies to attend the meeting, using the authorization form attached to the invitation letter.
- 2) The Company will facilitate shareholders in the shareholder's meeting by selecting a highly accessible venue and a convenient meeting date and attaching the map to the venue with the invitation letters. The meeting time is also designed to be sufficient and of proper length.
- 3) Before the commencement of the shareholders' meeting, the Company will declare to the shareholders proper approaches to vote, express opinions, and make inquiries in the Meeting for each agenda. Every shareholder maintains equal rights to express opinions and make inquiries during the meeting. The Meeting's chairman is responsible for proper time allotment so that there is sufficient time for all shareholders wishing to make comments. Relevant directors and executives will also attend the meeting to respond to comments or inquiries brought up in the Meeting.

- 4) The Company will increase its communication channel to its shareholders using the Company's website, on which news and details are constantly posted and updated. Meeting invitations will be posted on the website prior to the shareholder's meeting date so that the attendants can download and study the meeting agenda and supporting documents before being given the hard copies from the Company.
- 5) The Company must maintain meeting minutes that are complete, precise, timely, and transparent and record all major opinions and inquiries in the minutes so that shareholders can review them later. In addition, the Company must upload minutes of its shareholders' meeting on the Company's website to allow shareholders to review and also send the hard copy of such minutes to the Stock Exchange of Thailand within 14 days since the meeting date.
- 6) The Company will facilitate its shareholders by distributing dividend payment through bank transfer (in case of dividend payment) to help shareholders get the payment on time and to prevent against lost, damaged, or delayed checks.

Principle 2 Fair Treatment of Shareholders

The Company requires that all shareholders be treated fairly and equally. Consequently, the BOD set up the following policies:

- 1) Facilitate minority shareholders to nominate directors and suggest additional agenda before the commencement of the shareholder meeting
- 2) Determine a clear rule in advance as to whether and how to add additional agenda suggested by minority shareholders into the exiting agenda, and as to how minority shareholders can nominate candidates for the Company's directors
- 3) Include only the agenda determined in advance without changing major information or adding new untold agenda unnecessarily, especially in the meeting with agenda that require extensive time to study and thorough understandings from shareholders
- 4) Facilitate shareholders unable to attend the meeting by allowing such shareholders to grant the authority to attend and vote in the meeting to at least one of the independent directors or any individual of choice. The names of the selected independent directors must be informed in the meeting invitation letter.
- 5) Treat every shareholder fairly and equally, regardless of being majority or minority shareholders, Thai or foreign shareholders
- 6) Encourage the use of voting cards in every agenda to prove transparency and measurability in the voting process, in case of a later dispute. In the director nomination agenda, the Company grants each shareholder the right to nominate directors person by person.
- 7) Establish a written guideline to maintain internal information and prevent misuse of such information and communicate the guideline to all entities in the organization. The Company also requires that all directors and executives report their securities holding and submit the report to the Company's BOD.

Principle 3 Responsibilities to Stakeholders

The Company truly recognizes and respects the rights of internal stakeholders, such as shareholders and employees, and external stakeholders, such as customers, trading partners, competitors, governmental entities, and other entities including surrounding communities, as they are important contributors to the Company's competitiveness and profitability, the main drivers of PACE's long-term value creation. The Company, therefore, set up the following policies:

1) Proper Conducts and Responsibilities Towards Shareholders

PACE realizes that shareholders are the true owners of the Company and wholeheartedly accepts fiduciary duty to create long-term value to its shareholders. It therefore requires that its employees adhere to the following guidelines:

- Behave in an honest, upright manner and always base one's decision on thorough considerations and fairness to every shareholder in order to maximize overall shareholders' value

- Monitor and control the operation to ensure that the Company's financial status and performance are well maintained, and regularly report the Company's business status, performance, financial status, accounting information and other information in a true, unbiased manner
- Report the Company's positive and negative trends, based on probabilities, solid evidence and backup reasoning, to every shareholder in an equal, unprejudiced fashion.
- Refrain from exploiting the Company's undisclosed information to one's or other's personal benefits and abstain from any other actions that may result in conflicts of interest with the organization
- The Company must treat all shareholders equally in the shareholders' meeting

2) Proper Conducts and Responsibilities Towards Governmental Entities

The Company highly values compliance with laws, rules, and regulations set forth by the regulating bodies, especially when transacting with governmental entities. In such exposures, it will avoid maneuver that may lead to misuses of authorities and misconducts. The Company, instead, tries to build relationships with the governmental bodies in a lawful way, such as normal greetings in public venues and paying visits in normal traditions. Guidelines for dealing with governmental bodies are as follows:

- Properly and carefully conduct oneself when contacting with governmental bodies or persons
- Always realize that the laws, rules, and regulations set by different governmental entities may require different procedures, which the Company must know by heart and follow accordingly

3) Proper Conducts and Responsibilities Towards Employees

The Company realizes that all employees are the most valuable assets and the key drivers for the organization's achievement. It thus determined the policy to ensure fair treatment in employment opportunity, compensation, nomination, job rotation, and skill development as the followings:

- Treat all employees with respects in their honors, dignities, and individual rights
- Always maintain a working environment that is safe for the lives and properties of employees
- Nomination, rotation, awards giving, and penalty giving must be done with genuine intention, taking into account such employee's knowledge and appropriateness
- Support the development of knowledge and skills of employees by constantly engaging them in learning opportunities, such as seminars, trainings, and workshops, which are equally accessible to all employees
- Set fair remuneration rates consistent with the market condition, business competition, job type, performance, and the Company's ability to pay
- Avoid any unfair treatment that may negatively affect employees' job security
- Create opportunities for employees to give comments or file complaints in the subjects related to their professions and to suggest possible recommendations that will benefit all parties involved and create relationships and good working environment

4) Proper Conducts and Responsibilities Towards Customers

The Company is determined to stay in real estate development business with the main purposes to create, present, and administer its products and services in the quality-focused, ethical principles as shown below:

- Be determined to procure and develop products and services to best serve the need of the clients
- Deliver quality products and services with fair terms and conditions

- Provide precise and sufficient information related to products and services that customers can utilize in their decision making process without exaggerating the qualifications, quality, quantity, or any conditions of the products and services in the Company's advertisement or in other communicating channels
- Arrange to have communicating mechanism for customer complaints in place should there be any problems related to the Company's products or services so that the Company can immediately resolve such problem and utilize the information to improve the quality of its products and services
- Maintain customers' confidential information and abstain from revealing or misuse of such information

5) Proper Conducts and Responsibilities Towards Trading Partners and Counterparties

Realizing that trading partners and other counterparties are quintessential to the success of the Company, PACE has a strong policy to treat its trading partners and counterparties fairly and equally, placing mutual benefits before its own benefits. Guidelines for treatment of trading partners and counterparties are as follows:

- The company will arrange to procure products and services efficiently by applying the following principles:
 - Competition on equivalent information
 - Clear rules on trading partners and counterparty selection and assessment
 - Have proper agreements that are fair to both sides
 - Put in place management and tracking system to ensure that the conditions in the agreement are followed through completely and accurately to prevent fraud and corruption in every step of the procurement process
 - Make payment to trading partners and counterparties in a timely manner according to the agreed payment terms
- The Company is strongly resolute to develop and preserve sustainable relationship with its trading partners and counterparties that are reliable and determined to provide quality products and services worth of the Company's cost
- All executives and employees must abstain from taking personal benefits from trading partners and counterparties directly or indirectly in any circumstance
- All executives and employees must abstain from abusing information on procurement or purchasing for personal gains of oneself or of others

6) Proper Conducts and Responsibilities Towards Lenders

The Company is determined to conduct its business based on solid principles and strict disciplines to create trust for lenders. In so doing it follows these rules:

- Rigorously follows the terms and conditions defined in the contracts or agreements
- If the Company, in any circumstances, cannot satisfy the said terms and conditions, it will promptly inform relevant lenders in advance to seek for mutually agreed resolutions

7) Proper Conducts and Responsibilities Towards Competitors

The Company is determined to be sustainably successful and to stand to be a leading real estate developer that competes fairly and ethically by following these principles:

- Conduct oneself according to a fair competition framework
- Abstain from acquiring competitors' confidential information wrongfully or inappropriately and abusing such information for the Company's sake

- Refrain from making false allegations or false statements that may destroy the reputation of the competitors
- Abstain from engaging in activities that violate intellectual property rights of the Company's competitors or other entities

8) Proper Conducts and Responsibilities Towards Society

Recognizing its role in the sustainable development of the society and environment, the Company has been active in arranging several altruistic activities in its surrounding communities applying the following principles on responsibilities towards communities and environment:

- Put in place a policy to responsibly conduct business, taking into account environmental concerns, and strictly adhere to the laws and regulations on environment conservation currently in use
- Have a clear set of CSR policies and enforce such policies in the organization
- Encourage the Company's employees to be aware of and responsible for environment and society
- Pay respects to local traditions, customs, and cultures in which the Company operates
- Constantly engaging in activities that improve the living conditions of the surrounding communities, society, and environment held both by the Company itself and through collaboration with other governmental, local, or private entities
- Suitably participate in the activities held by communities surrounding the project sites
- Respond promptly and efficiently to the incidences that may affect the environment, communities, lives, and properties of others due to the business conducts of the Company, and unduly cooperate with governmental agents or other relevant parties to resolve such incidences

In addition, the Company's interested persons can make inquiries, give comments, file complaints, or give information on illegal actions, financial statement inaccuracy, flawed internal control, and unethical actions to the Company's independent directors or members of the Audit Committee. The information will be classified and protected. Independent directors and members of Audit Committee will arrange to have the information investigated and find solutions (if any) and report to the Boards of Directors.

Principle 4 Information Disclosure and Transparency

- 1) The BOD has a policy to disclose financial information and other information pertaining to the business and the performance of the Company in a precise, complete, sufficient, regular, and timely manner to represent the true financial status, current performance, and the future trend of the Company's business.
- 2) The BOD is determined to ensure that the Company complies with laws, rules, and regulations regarding information disclosure and transparency. It arranges to have such information presented both in Thai and English versions on the Company's websites, public communication channels, and SET's communication channel to provide to its shareholders and other stakeholders a convenient access to the Company's information. It will also adjust its communication means to comply with guidelines set forth and enforced by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).
- 3) The Company will arrange to have staff in Investor Relations Department to be responsible for communicating with shareholders, institute investors, and retail investors, and to set up regular analyst meetings, as well as to distribute financial and general information to the Company's shareholders, analysts, rating agencies, and other governmental entities through several channels, such as reports submitted to the SET and the SEC and on PACE's website. In addition, the Company regularly discloses its information in both Thai and English versions through the Company's website to provide its shareholder a convenient access to updated company's information. The information posted on the website, including the Company's visions, missions, financial reports, news, annual reports, organization structures and executives, shareholder structure, and major shareholders will be regularly updated to reflect the most current status of the Company.

- 4) The Company places high emphasis on its financial reports and make sure that they reflect the true financial status and performance of the Company based upon correct, complete, and sufficient data according to the generally accepted accounting standards.
- 5) The Company will disclose the information regarding each director, roles and responsibilities of the Board of Directors and sub-committees, the number of meeting held and the number of meeting attended by each directors in the past year in its annual report (Form 56-2) and annual registration statement (Form 56-1).

Principle 5 Board of Director's Responsibilities

The BOD owes its fiduciary duty to the Company's shareholders to ensure that the Company complies with the governing laws, company's objectives, company's articles of association, and resolutions of shareholders' meetings

1) Structure of the Board of Directors

- 1.1) The Company's BOD consists of 9 members, each serving a 3-year term in position. Three of the members are executive directors. The other 6 members are non-executive directors, three of whom are independent directors. This structure is satisfied with the rules set forth by the SEC requiring that all listed companies must have the ratio of 1 independent director per 3 directors. All directors are knowledgeable in Engineering, Accounting or Finance.
- 1.2) The Company appointed corporate secretary to provide opinions and suggestions on legal points and regulations that the BOD must acknowledge, to support the activities of the BOD, and to coordinate with various entities in the execution of the BOD's resolution

2) Sub-committees

- 2.1) The Company has 4 sub-committees, namely Audit Committee, Executive Committee, Remuneration Committee, and Risk Management Committee. These sub-committees are set up to conform to the principle of good corporate governance and to provide assistance to the BOD.
- 2.2) Chairman of Audit Committee, Chairman of Remuneration Committee, and Chairman of Risk Management Committee are all independent directors. This is to ensure independence and transparency in their job function.

3) Roles, Duties, and Responsibilities of the Board and Committees

The roles, duties, and responsibilities of the BOD and sub-committees will be covered in topic 9.2

4) Meeting of the Board of Directors

- 4.1) The BOD determines at least 1 meeting per 1 quarter in advance and will arrange to have special meetings based on necessity and appropriateness on the case-by-case basis. In case of special meetings, the Company must inform the attendants at least 7 days prior to the meeting date. The meeting's constituted quorum is achieved when at least half of the directors attend the meeting.
- 4.2) The meeting agenda are clearly determined in advance by Chairman of the BOD and Chief Executive Officer (CEO). Corporate secretary is responsible for ensuring that all the directors receive supporting document in a sufficient time period prior to the meeting to allow all attendants to study the agenda and make informed voting decision.
- 4.3) The BOD must receive sufficient, complete, and timely information before the commencement of every meeting. Directors can contact corporate secretary directly and freely to request recommendations pertaining to legal and regulation issues.
- 4.4) Chairman of the BOD is responsible for managing the meeting time properly to allow adequate time for management to present the information and sufficient time for the Board to discuss important agenda and give opinion on each agenda before summarizing the Meeting's resolution.

- 4.5) The BOD has a policy to allow non-executive directors to have a separated session to discuss management-related issues of interest without the presence of management. The result of such meeting is to be informed to the CEO.
- 4.6) The BOD supports the decision of the CEO to invite high-level executives to the meeting of the BOD to give additional information to the Meeting as directly operative agents. This also gives the directors an opportunity to know high-level executives to be considered in the Company's succession plan.
- 4.7) During the consideration and the voting of every agenda, the directors who have conflicts of interest in such agenda must leave the meeting and refrain from voting.
- 4.8) Written meeting minutes are required in all of the meeting of the BOD. The minutes must be approved by the BOD and be maintained in a form that is ready to be reviewed by directors and/or other relevant parties

5) Directors' Self-Assessment

After being listed in the SET, the Company's BOD will arrange to have an annual self-assessment procedure in which the directors will assess his/her performance in the past year and use the result to improve the efficiency of the BOD in the next years.

6) Remuneration

The Company's BOD delegates the authority to recommend remuneration protocols to the Remuneration Committee. Such protocols are to be approved in the shareholders' meeting and will be embodied in a remuneration policy. Such remuneration protocols are based on the following criteria:

- 6.1) The Company's performance and the size of the business, by comparing with remuneration of directors in other listed companies of the same nature and size
- 6.2) Experiences, roles, duties and responsibilities of each director
- 6.3) Expected value contribution from each director
- 6.4) Remuneration rate should be sufficient to attract qualified candidates to join the Company as directors or executives
- 6.5) Responsibilities of each director

7) Directors and Executives Development and Training Programs

The BOD has a policy to support and facilitate trainings for directors engaging in the Company's corporate governance process, such as directors, members of the Audit Committee, and high-level executives, to continually improve the Company's CG procedures. In the case of changing directors or appointing new directors, the Company's management will prepare document containing useful information for the work of the new directors and also arrange to have a session in which the Company's business nature and its operations are introduced to the new directors.

As of present, all directors have passed director training programs from Thai Institute of Directors. Some of them have passed Director Accreditation Program (DAP) and Director Certification Program (DCP) offered by the same institution.

8) Conflicts of interest

The BOD has determined the guidelines to handle conflicts of interest satisfied with the ones provided by the SET and Securities and Exchange Act for the ultimate benefit of the Company. It is the duty of personnel in every level to resolve the situations at risk of conflicts of interest with a careful, upright, and independent mindset based on a well-laid ethical framework, and to transparently disclose necessary information with the Company's interest at heart.

2 COMMITTEES AND BOARDS

The Company's committee structure consist of 5 committees, which are

- 1) Board of Directors
- 2) Audit Committee
- 3) Executives Committee
- 4) Nomination & Remuneration Committee
- 5) Risk Management Committee

2.1 Board of Directors

As of December 31st, 2014, the Company's Board of Directors consists of 9 members as the followings:

Name	Position
1. Mr. Kraithip Krairiksh	Chairman of the Board
2. Mr. Chotipol Techakraisri	Vice Chairman of the Board
3. Mr. Sorapoj Techakraisri	Director
4. Mr. Chumpol Techakraisri	Director
5. Mr. Theera Vayakornvichitre	Director
6. Mr. Pornson Patanasin	Director
7. Mrs. Ladda Siri Wattanakosol	Director, Chairman of Audit Committee and Independent Director
8. Mr. Prasert Patradhilok	Director, Member of Audit Committee and Independent Director
9. Ms. Benjaporn Prisuwanna	Director, Member of Audit Committee and Independent Director

Note: The Company's corporate secretary is Mr. Sarath Pavorndechapong, appointed on September 21st, 2011.

Authorized directors

The Company's authorized directors as defined in the Company's Affidavit is Mr. Sorapoj Techakraisri, signing his signature together with the Company's seal or Mr. Chotipol Techakraisri and Mr. Chumpol Techakraisri, signing their signatures together with the Company's seal.

Authorities, Roles and Responsibilities of the Board of Directors

The Board of Director's no. 1/2011 held on September 21st, 2011 determined the authorities, roles and responsibilities of the Board of Directors as the followings:

- 1) Perform its duties in a manner that conforms to the governing laws, the company's objectives, the company's articles of associations, resolutions of the Board of Directors, and resolutions of shareholder's meeting with accountability, caution, and integrity.
- 2) Review in details and give approval on visions, business strategies, business direction, policies, objectives, guidelines, plans, and budgets of the Company, its affiliates, and its subsidiaries that the Executive Committee and the Company's management team propose.
- 3) Supervise and track the performance of the Company's executive committee, CEO, management, and any other persons delegated the management functions to make sure that such persons undertake their functions in a fashion consistent to the policy given by the BOD.
- 4) Continually monitor the Company's performance to match with the Company's plan and budget
- 5) Ensure that the Company, its affiliates, and its subsidiaries have proper and efficient accounting system, effective internal control, and effective internal audit systems in place.

- 6) Arrange to have the Company's balance sheet and income statement completed for the end of the Company's accounting period and present them in the annual shareholders' meeting for approval.
- 7) Review and approve the Audit Committee's selection and nomination of the Company's auditor and compensation to such auditor and present them in the annual Shareholder meeting for approval.
- 8) Arrange to have a written corporate governance policy and make sure that such policy is effectively executed in the organization to establish the perception that PACE is responsible for fair treatment to every stakeholder.
- 9) Give approval on the appointment of qualified persons that have no prohibitive characteristics defined in the Public Company Act B.E.2535 (and subsequent amendments), the Securities and Exchange Act B.E. 2535 (and subsequent amendments), and other relevant announcements, rules, and/or regulations pertaining to the appointment of directors in the case that the position becomes vacant due to reasons other than expiration of terms, and agree on the appointment of directors to replace the ones whose terms expire and the determination of directors' compensation that the Remuneration Committee proposes to the shareholders' meeting for approval.
- 10) Appoint sub-committees, including Audit Committee, Executive Committee, Remuneration Committee, Risk Management Committee and other sub-committees, and determine roles and responsibilities of such committees to assist and support the work of the Company's directors.
- 11) Make decision on the determination of or alteration of the Company's authorized directors.
- 12) Appoint the Company's management, according to the definition provided by The Securities and Exchange Commission (SEC) or Capital Market Supervisory Board, and the corporate secretary, and decide on giving approval on the Remuneration Committee proposal of executive compensation.
- 13) Request professional opinions from external organizations, if needed, to support in the BOD's decision making process.
- 14) Encourage the Company's directors and management to participate in seminars held by Thai Institute of Directors in the subject matters relevant to the roles and responsibilities of such persons

The authorization of roles and responsibilities must not be done in such a way that the directors or the person given the power of attorney from the directors can make approval/disapproval on the transactions that such persons or the persons having conflicts with such persons may have interests upon or the transactions that may entail conflicts of interest with the Company, its affiliates, and its subsidiaries (according to the definition provided by notifications of the SEC or notifications of the Capital Market Supervisory Board), except the approval on such transactions are done on the policy or the rules that the shareholders' meeting or the Board of Directors have previously approved.

2.2 Audit Committee

As of December 31st, 2014, Audit committee consists of 3 members as in the following

Name	Position
1. Mrs. Ladda Siri wattanakosol	Chairman of Audit Committee
2. Mr. Prasert Patradhilok	Member of Audit Committee
3. Ms. Benjaporn Prisuwanna*	Member of Audit Committee

Note: Ms. Benjaporn Prisuwanna is the member of audit committee who has knowledge and experience in Accounting or Finance
Ms. Montakan Teannetinun appointed as secretary of Audit Committee on December 25th, 2013

Authorities, roles, and responsibilities of Audit Committee

The Board of Directors' Meeting no. 1/2011, held on September 21st, 2011, approved the authorities, roles and responsibilities of the Audit Committee as in the followings:

1. Review and ensure that the Company has correct and sufficient financial reporting

2. Review and ensure that the Company has proper and effective internal control and internal audit system
3. Review and ensure that the Company complies with the securities laws, rules of the SET, and other relevant regulations
4. Consider, select, nominate and propose the compensation package of an independent auditor to act as the Company's auditor and attend the meeting with such auditor without the presence of the Company's management at least once a year
5. Consider and review related transactions or transactions at risk of conflicts of interest according to the definition provided by the laws and the rules of SET and hold a meeting of Audit Committee at least once a year or as frequently as necessary
6. Prepare the report of Audit Committee and disclose such report in the Company's annual report. The report must be signed by Chairman of Audit Committee and have the following information at the minimum:
 - Opinion upon correctness, completeness, and reliability of the Company's financial reports
 - Opinion upon adequacy of the Company's internal control system
 - Opinion upon the Company's compliance with the laws concerning securities and exchanges, rules of the SET, and other relevant regulations
 - Opinion upon appropriateness of the Company's auditor
 - Opinion upon related transactions and transaction at risk of conflicts of interest
7. Review the work of Internal Audit Department in the following topics:
 - Review the department's scope of work, annual audit plans, budget, and personnel to make sure that the department's resources are consistent with the scope of work and enough to support the work of Audit Committee
 - Review the nomination, rotation, or termination of Head of Internal Audit Department
 - Review the presentation of performance report
 - Review the independence of Internal Audit Department
8. Review and verify that the rules of and the protocols used in internal audit work is suitable for the dynamic of the business environment
9. Summarize the task of Audit Committee and report to the Board of Directors
10. Report the findings of suspected transactions that may significantly affect the Company's financial status or performance to the Board of Directors to seek for resolutions in the appropriate time frame determined by the Audit Committee. Such findings include:
 - Transactions at risk of Conflicts of Interest
 - Fraud, irregularities, or fatal flaws in the internal control system
 - Violations of the laws concerning securities and exchanges, rules of the SET, and other relevant regulations

If the Board of Directors or the Company's executives do not arrange to have resolutions to the reported transactions defined in paragraph one above within the time period determined by the Audit Committee, one of the members of Audit committee may report such transaction to the SEC or the SET.
11. Execute its authorities, roles and responsibilities defined in (1)-(10) to the Company's affiliates and subsidiaries as requested by the Company's affiliates and subsidiaries or as far as it is allowed by the defined authorities, roles, and responsibilities

12. Exercise other roles as requested by the Board of Directors with the approval from the Audit Committee

The Company's Audit Committee has authority to do some tasks, such as inviting the Company's directors and employees to discuss on, present, or give answers to topics falling under the responsibilities of Audit Committee, seeking consultation from experts or the Company's advisory agents (if any), hiring external experts from time to time as needed with the Company's expense, requesting supporting document or evidence necessary for an auditing purpose from the Company's employees, investigating doubtful topics or transactions, and delegating to the Company's employee(s) the tasks that fall under the scope of the Audit Committee and is completed for the auditing purpose. The Committee also execute its authorities, roles and responsibilities aforementioned to the Company's affiliates and subsidiaries as requested by the Company's affiliates and subsidiaries or as far as it is allowed by the defined authorities, roles, and responsibilities

Qualifications of Independent Directors

Independent directors must not have businesses or take part in managing businesses that share interest with the Company and, therefore, may sabotage independent decision making of such directors. Independent directors must have the following qualifications:

1. Hold not more than 1% of the shares with voting rights of the Company, its parent company, its affiliates, its subsidiaries, its major shareholders, or its controlling entities, with the inclusion of such shares held by relating parties of such independent directors
2. Must not be or have been directors who are involved in the management of the employees, salaried advisory agents, or controlling entities of the Company, its parent company, its affiliates, its subsidiaries, the subsidiaries of the same rank, its major shareholders, or its controlling entities except such position has been terminated at least 2 years prior to the appointment date.
3. Must not be relatives or by legal registration in the form of parents, spouses, brothers and sisters, children of, or spouses of the children of the Company's executives, major shareholders, controlling entities, or any other persons nominated to be executives or controlling entities of the Company, its affiliates, or its subsidiaries.
4. Have no prior business relationship with the Company, its holding company, its affiliates, its subsidiaries, its major shareholders, or its controlling entities in a fashion that may prevent such directors from making independent judgment, and must not be or have been significant shareholders or controlling entities of the persons having business relationships with the Company, its parent company, its affiliates, its subsidiaries, its major shareholders, or its controlling entities except such relationship has been terminated at least 2 years prior to the appointment date.

Business relationships mentioned in paragraph one includes ordinary business transactions in the real estate lease or rent business, transactions related to properties or services, or provision or receiving of financial supports by means of receiving, lending, guaranteeing, giving assets as collaterals for the loans, or similar transactions that result in one counterparty, or a requester, having a binding obligation to repay to the other counterparty the amount equal to or higher than 3% of net tangible of the requester or 20 million Baht, whichever is lower. Such debt obligation is calculated using the formula of the value of related transactions as defined in the Notification of Capital Market Advisory Board on Related Transactions, with the inclusion of debt obligation incurred within 1 year prior to the date on which such relationships take place.

5. Must not be or have been auditors of the Company, its holding company, its affiliates, its subsidiaries, its major shareholders, or its controlling entities, and must not be significant shareholders, controlling entities, or partners with the audit offices in which the auditor of the Company, its holding company, its affiliates, its subsidiaries, its major shareholders, or its controlling entities operates except such position has been terminated at least 2 years prior to the appointment date.
6. Must not be or have been professional service providers, including legal advisers or financial advisers, who were compensated with more than 2 million baht worth of compensation per year from the Company, its parent company, its affiliates, its subsidiaries, its major shareholders, or its controlling entities, and must not be significant shareholders, controlling entities, or partners of such professional service providers except such position has been terminated at least 2 years prior to the appointment date.

7. Must not be appointed as a representative of any directors, major shareholders, or shareholders that are related to the Company's major shareholders
8. Must not have businesses that have the same nature and can be viewed as competitors of the Company, its affiliates, and its subsidiaries, and must not be significant partners in partnerships or directors that participate in the management of, employees of, salaried advisory agents of, or hold more than 1% of the shares with voting rights of other companies that have the same nature and can be viewed as competitors of the Company, its affiliates, and its subsidiaries
9. Must not have any other qualities that may prevent such directors from providing independent opinion related to the operation of the Company

The Audit Committee reports directly to the Board of Director. The term of each members of the Audit Committee is 3 year since the appointment date. Members of the Audit Committee whose term has expired can be reappointed, with the condition satisfied with rules and regulations defined by relevant government entities.

2.3 Executive Committee

As of December 31st, 2014, the Company's Executive Committee consists of 6 members as the followings:

Name	Position
1. Mr. Chotipol Techakraisri	Chairman of Executive Committee
2. Mr. Sorapoj Techakraisri	Member of Executive Committee
3. Mr. Chumpol Techakraisri	Member of Executive Committee
4. Mr. Teera Vayakornvichitre	Member of Executive Committee
5. Mr. Pornson Patanasin	Member of Executive Committee

Authorities, roles, and responsibilities of Executive Committee

The Board of directors' Meeting no. 1/2011 held on September 21st, 2011 approved the authorities, roles and responsibilities of the Executive Committee in the followings:

1. Executive Committee is responsible for the management of the Company to satisfy with the Company's objectives, the Company's policy, memorandum of association, or any other orders given by the Board of Directors. In addition, the Executive Committee is responsible for reviewing and selecting agenda to be proposed to the Board of Directors for agreement for approval.
2. Prepare and formulate visions, business strategies, business directions, objectives, guidelines, plans, and budgets of the Company, its affiliates, and its subsidiaries and propose such things to the Board of Directors for approval.
3. Monitor and track the execution of the Company's policies and management guidelines to make sure that such policies and guidelines are effectively executed in the manner satisfied with the intentions of the Board of Directors.
4. Have authority to give approval on or execute transactions deemed to be normal business activities under the limits or budget approved by the Board of Directors. In so doing, the Executive Committee cannot incur indebtedness or contingencies of more than 450 million baht with maturity of more than 5 years. This applies to all kinds of indebtedness and contingencies, including project financing facilities from financial institutions.
5. Prepare the following reports and submit to the Board of Directors within a specified timeframe
 - 5.1 Quarterly performance report within the time frame set by the Stock Exchange of Thailand (SET)
 - 5.2 Auditor's report on the Company's financial statements, including annual and quarterly financial statements, within the time frame set by the Stock Exchange of Thailand (SET)
 - 5.3 Other reports deemed necessary by the Executive Committee

6. In the meeting of executive committee to execute any of its authority, the meeting's constituted quorum is achieved and the execution of authority is plausible when at least half of the directors attend the meeting.
7. Each member of the Executive Committee has 1 vote per person. In the case that the votes are equal, Chairman of the Executive Committee has the power to exercise 1 final decisive vote.
8. To give approval on any agenda, the Meeting must have at least half of the votes from the total votes from attendants in such meeting.
9. The Company must hold Meeting of Executive Committee at least once a year and as necessary. Any members of the Executive Committee can call a special meeting on the condition that he/she must inform the agenda of such special meeting to other members in advance to allow sufficient time for the meeting attendants to prepare for such meeting.
10. The Executive Committee can appoint a taskforce and/or other persons to select the agenda to present to the Executive Committee or to perform other tasks beneficial to the work of the Committee or to perform any other delegated tasks under the authority of the Executive Committee.
11. The Company allows the Executive Committee to give its authority to and/or assign other persons to perform its tasks, if such giving of authority/assignment falls under the scope of the letter of power of attorney (POA) and/or is done according to the rules, regulations, orders that the Board of Directors has provided. The authorization of the Executive Committee's roles and responsibilities must not be done in such a way that the members of the Executive Committee or the person given the power of attorney form can make approval/disapproval on the transactions that such persons or the persons having conflicts with such persons (according to the definitions given in notifications of Capital Market Advisory Board or notifications of Securities and Exchange Commission) may have interests upon or the transactions that may entail conflicts of interest with the Company, its affiliates, and its subsidiaries.

The Executive Committee reports directly to the Board of Director. The term of each members of Executive Committee is 2 year since the appointment date. Members of Executive Committee whose term has expired can be reappointed.

2.4 Remuneration Committee

As of December 31st, 2014, the Remuneration Committee consists of 5 members as the followings:

Name	Position
1. Ms. Benjaporn Prisuwanna	Chairman of Nomination & Remuneration Committee
2. Mr. Prasert Patradhilok	Member of Nomination & Remuneration Committee
3. Mrs. Ladda Siri wattanakosol	Member of Nomination & Remuneration Committee
4. Mr. Chotipol Techakraisri	Member of Nomination & Remuneration Committee
5. Mr. Sorapoj Techakraisri	Member of Nomination & Remuneration Committee

Note: Secretary of the Remuneration Committee is Mr. Piya Petchsod, appointed on March 20th, 2012

Authorities, roles, and responsibilities of Remuneration Committee

The Board of Directors' Meeting no. 1/2011 held on September 21st, 2011 approved the authorities, roles and responsibilities of the Remuneration Committee in the followings:

1. Consider the policy and rules in the selection of qualified candidates for directors and high-level executives, as well as the selection or the nomination of qualified persons for directors and high-level executives and seek for approval from the Board of Directors or shareholders' meeting. The Company must hold Meeting of Remuneration Committee at least one a year and as necessary.
2. Consider and review remuneration and compensation policy and rules applied to directors and high-level executives

3. Give opinion to the Board of Directors in the presentation of remuneration for directors or high-level executives in the Board of Director Meeting or Shareholder Meeting. The Board of Directors has authority to give approval on remuneration packages for high-level executives; and the Shareholder Meeting has the authority to give approval on remuneration packages that the Board of Directors propose for its members.

Remuneration Committee reports directly to the Boards of Directors. Each member of the Remuneration Committee has a 2-year term since the appointment date, and can be reappointed after the expiration of term.

2.5 Risk Management Committee

As of December 31st, 2014, the Risk Management Committee consists of 5 members as the followings:

Name	Position
1. Mr. Prasert Patradhilok	Chairman of Risk Management Committee
2. Ms. Benjaporn Prisuwanna	Member of Risk Management Committee
3. Mrs. Ladda Siri Wattanakosol	Member of Risk Management Committee
4. Mr. Chotipol Techakraisri	Member of Risk Management Committee
5. Mr. Sorapoj Techakraisri	Member of Risk Management Committee

Note: Secretary of the Risk Management Committee is Mr. Nuthapon Luckkanalawan, appointed on September 21st, 2011

Authorities, roles, and responsibilities of Risk Committee

The Board of Directors' Meeting no. 1/2011 held on September 21st, 2011 approved the authorities, roles and responsibilities of the Risk Management Committee as the followings:

1. Review the Company's overall risk management policies and guidelines covering all important risks, such as financial risk, investment risk, and reputation risk, and present to the Board of Directors for approval. The Company must hold Risk Management Committee Meeting at least once a year and as necessary.
2. Formulate risk management strategies and guidelines that are consistent with the Company's risk management policies to help assess monitor and control the Company's risk in an acceptable level.
3. Monitor and track the execution of the risk management policies to ensure that it is consistent with the framework given by the Board of Directors
4. Determine the Company's risk measurement criteria and risk tolerance level
5. Determine risk mitigations that are suitable for the current business circumstances
6. Review the adequacy of the risk policies and risk management system, including the effectiveness of the system and the policy execution
7. Report regularly to the Board of Directors the subjects pertaining to the Company's management, operations, and the status of the Company's risk, as well as any changes in risk factors and measures needed to be done to mitigate the risks inconsistent with the risk policies and strategies
8. Constitute risk management taskforces when necessary
9. Support the risk management taskforces in such aspects as personnel, budget, and other resources suitable for the scope of task

Risk Management Committee reports directly to the Boards of Directors. Each member of the Risk Committee has a 2 year term since the appointment date, and can be reappointed after the expiration of term.

3 SELECTION OF DIRECTORS AND MANAGEMENT

Remuneration Committee is in charge of nominating qualified persons to be considered for the positions of the Company's directors, independent directors, and executives and seeking approval from the Board of Directors and/or Shareholder Meeting (on a case-by-case basis). In so doing, the Committee will consider the candidate's qualifications, knowledge, abilities, and relevant experiences with consideration on desirable characteristics defined in Public Company Act. In addition, the candidates must not have prohibitive characteristics defined in Tor Chor 24/2551 Notification of the Capital Markets Supervisory Board on Rules and Procedures for Complying with the Notification Regarding the Acquisition of Securities for Business Takeovers (and subsequent amendments)

Components and Appointment of the Board of Directors

The Board of Directors determines the rules to appoint and relieve the Company's directors as follows:

1. The Board of Directors consists of at least 5 directors, who will collectively select, among themselves, one person to be Chairman of the Board of Directors, and may select other members to be Vice Chairman of the Board of Directors and other positions as deemed suitable. At least half of the members of the Board of Directors must domicile in the Kingdom of Thailand.
2. The Company's directors do not need to also be the Company's shareholders
3. The Meeting of the shareholders has authority to appoint the Company's directors based on majority rule by the following procedures
 - (1) Each shareholder has his/her voting rights equal to the number of shares held by such shareholder
 - (2) Each shareholder can use all of his/her voting rights to vote for one person or many persons, but he/she cannot divide the voting rights into pools of different size and give to many persons
 - (3) Candidates will be selected based on their ranks in the voting process. The number of candidates selected will equal the number of vacant positions. If two or more candidates share the same rank, Chairman of the Meeting has authority to ultimately select the candidates.
4. In each annual general of shareholders' meeting, 1 in 3 of the Company's directors must resign. If the number of the directors is not divisible by 3, the number of directors who must resign will be the closest to 1/3 of the directors. The Company uses lot method to define the directors to resign in the first and second year after the Company is listed. In the following years, the directors with the longest term in position must resign, yet with the chance of being reelected.
5. Besides termination by term expiration, the director status may end when the directors:
 - (1) Decease
 - (2) Resign
 - (3) Lack required qualifications or have prohibitive characteristics according to the Public Company Act
 - (4) The Meeting of shareholders resolves early termination of the director status by voting at least 3 in 4 of the shareholders with voting rights who present in the Meeting and have the combined shares at least half of the shares held by shareholders who present in the Meeting
 - (5) The status is terminated by court decree
6. In case that the director position becomes vacant for the reasons other than expiration of term, the Board of Directors may select qualified persons who have no prohibitive characteristics according to the Public Company Act to be a representative of the directors, except such term will be expired within 2 months. The persons who represent in the Board will assume the position only for the remaining term of the previous director. Selecting of such representative requires 3 in 4 approvals from the remaining directors.

Components and Appointment of Audit Committee

1. Audit Committee consists of 2 independent directors, at least 1 of them possesses adequate knowledge or experiences of Accounting and Finance to be able to verify the reliability of the Company's financial statements.
2. Qualifications of independent directors are stated in topic 2.2 Qualifications of independent directors, which is consistent with the minimum requirements defined by the SEC and the SET
3. The Board of Directors or the annual general of shareholders' meeting has the authority to appoint the Audit Committee. Each member of the Audit Committee has a 2 year term, and can be reappointed once after the expiration of term. Reappointment is subjected to the approval of the Board of Directors or the Shareholder Meeting.

Components and Appointment of Executive Board and the Company's Executives

Remuneration Committee has the authority to search for, review, and nominate the qualified candidates to the Board of Directors for approval as already mentioned in topic 2

Components and Appointment of Remuneration Committee

1. Remuneration Committee consists of 5 directors, at least 1 in 3 (1/3) of whom are independent directors. Chairman of Remuneration Committee must be an independent director.
2. The Board of Directors owns authority to appoint the members of the Remuneration Committee
3. Each member of the Remuneration Committee has a 2-year term, and can be reappointed once after the expiration of term. Reappointment is subjected to the approval of the Board of Directors

Components and Appointment of Risk Management Committee

1. Risk Management Committee consists of 5 directors, at least 1 in 3 (1/3) of whom are independent directors. Chairman of the Risk Management Committee must be an independent director.
2. The Board of Directors owns authority to appoint the members of the Risk Management Committee
3. Each member of the Risk Management Committee has a 2-year term, and can be reappointed once after the expiration of term. Reappointment is subjected to the approval of the Board of Directors

4 MONITORING OF THE OPERATION OF AFFILIATES AND SUBSIDIARIES

In the past operation of the Company, the nomination and the voting to appoint directors of the Company's affiliates and subsidiaries are performed by the Company's management. Nevertheless, starting from 2014 onwards, the nomination and the appointment of such persons must be approved by the Company's Board of Directors. Directors of the affiliates and subsidiaries are responsible for maximizing the benefits of such companies, not those of the Company. Moreover, such persons must be approved by the Company's Board of Directors before being able to vote in the subject matters that requires the power of the Board of Directors should they be the subject matters of the Company

In addition, in the case of subsidiaries, the directors of such subsidiaries are responsible for arranging to have a recording system of related transactions to ensure that such transactions be recorded, maintained in the proper fashion that is easy to verify and used for timely financial statement preparation.

5 CONTROLLING MEASURES FOR THE USE OF INTERNAL INFORMATION

Realizing the importance of transparency in corporate governance, the Company's Board of Directors put in place the following policies to prevent the misuse of the Company's undisclosed information for personal benefits:

- 1) Educate the Company's directors, executives, and managers in charge of Accounting or Finance Department with the rank of First Vice President and higher about the duty to prepare and submit the report of securities holding of oneself, spouses, and minor children to the SEC and SET according to the rules defined in Chapter 59 and penalty clauses in Chapter 275 of the Securities and Exchange Act B.E. 2535
- 2) The Company requires directors, executives, and managers in charge of Accounting or Finance Department with the rank of First Vice President and higher to always prepare and submit the report of securities holding of oneself, spouses, and minor children through corporate secretary before submitting to the SEC and the SET within 30 days since the date that such persons are appointed to assume the positions of directors or executives, as well as to prepare and submit the report of change of securities holding within 3 days since the date of the purchase, sale, transfer, or receiving of such securities.
- 3) The Company requires that its directors, executives, managers in charge of Accounting or Finance Department with the rank of First Vice President or higher, and other persons having access to the Company's material undisclosed information that may affect the price of the Company's securities refrain from selling or buying such securities before the disclosure of financial statements, financial status, or business status prior to the disclosure of such information to the public. In so doing, the Company will notify its directors, executives, and managers in charge of Accounting Department or Finance Department with the rank of First Vice President or higher to refrain from aforementioned action in written notices at least 30 days prior to the public disclosure date. In addition, such persons must wait at least 24 hours after the public disclosure before they can start transacting the securities and must not reveal such information to others by themselves.
- 4) The Company determines a range of disciplinary penalties for the misuse of internal information for personal benefits from written warnings, compensation deduction, suspension without payment, and dismissal. Execution of appropriate penalties depends on the offender's intention and the seriousness of the offensive actions.

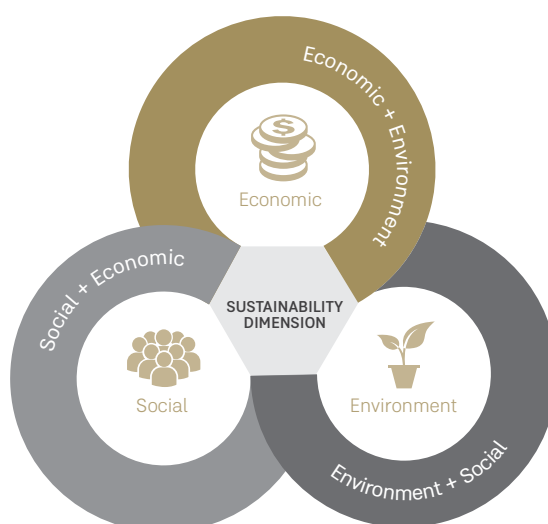
6 COMPENSATION OF AUDITORS

The compensation paid to the auditor for the review of interim financial statements and the auditing of financial statements for the accounting period 2014 of the Company and its subsidiaries totals 3.97 million Baht.

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY (CSR)

2014 proved to be another successful year for PACE in terms of Corporate Social Responsibility. PACE has created an internal CSR department to be responsible for all PACE CSR activities as well as employee well-being matters. The CSR department works in accordance with the Corporate Social Responsibility Institute (CSRI). Moreover, PACE also participates in Thailand's Private Sector Collective Action Coalition against Corruption (CAC) together with other top companies in the Kingdom by declaring the Company intent to be a part of the fight against any form of corruption. The PACE anti-corruption program is incorporated to ensure that PACE will become one of the listed companies that run its businesses responsibly as well as enhancing trust among its key stakeholders. PACE's Anti Corruption Policy is now being put in place and will play a major role in the efforts among private and government sectors with transparency and good governance which facilitate PACE's long-term Corporate Sustainability.



Businesses that are socially responsible need to focus on responsibilities towards economy, social and environment since this is the way for genuine sustainability as any business could be pushed hard by external driving forces and expectations of relevant stakeholders that get impact from our business operations. We shall discuss the issue later in details.

Aiming to integrate 360 degrees of socially and environmentally responsible, PACE as the Thai high-end property developer as well as lifestyle offerings company, has integrated sustainability concept into its operations enabling ethical culture that supports compliance, accountability and transparency together with participation in CSR initiatives from Board of Directors, Committees, Top Executives and all employees. PACE also analyzes trends and changes in social and environmental aspects for precaution as stated below.

- Consumers, tenants have tendency in demanding or appealing directly with the press and related authorities in case they encounter direct impact on the environment and welfare without prompt compensation as per their expectation. Therefore, stakeholder engagement is needed to voice their concerns towards PACE's business operations.
- The Stock Exchange of Thailand and private investors prefer to have listed companies that perform extensive responsibility

in environment, social and governance so-called ESG. They also use ESG as an index for investors to carefully select only those that have done well in ESG and CSR. In this regard, CSR Department has proposed the matter to the management and Investor Relations Department already.

- The press has become more aware of the importance of CSR. Topic of new Releases including news articles have been shifted into CSR more and more. Therefore, press engagement in CSR activities will play a great role and to be in consideration.
- Quality Labor market will become an issue in CSR since talented workforce tends to consider workplace based on CSR performance. They expect to be employed lifelong. Corporate sustainability is then one of major factors for them to choose new employer. Any employer must have an empirical CSR Policy especially CSR in process that attracts potential employees to join the company.
- Once Thailand gets into the AEC era in late 2015, there will be a free flow of labor market which could result in a higher turn-over rate in workforce. To avoid this possibility, employer needs to continuously improve welfare and benefits of employees so that they do not leave the company and join the competitors. Employee Engagement shall be implemented to retain talents with the organization.

Throughout the year 2014, PACE Corporate Social Responsibility Department had managed many activities to achieve corporate CSR goals as follows

1. CSR INITIATIVES (INTERNAL DIMENSION)

The internal dimension starts from the recruitment. PACE recognizes the importance of our internal stakeholders so-called “employees” who in fact are virtually our customers. PACE therefore needs to take a good care of and retain them with the Company. The ongoing activities include;

- **Initial work training:** The Company encourages continuous learning and development of our human capital since their first day at work. During the orientation, PACE has added knowledge and practices in Corporate Social Responsibility and Anti Corruption to the program to create awareness among newly recruited staff how important CSR and Anti Corruption Policy mean to PACE.
- **Additional Training on CSR and Anti Corruption Policy:** PACE provides additional 3 hours training in CSR and Anti Corruption Policy for all staff at operational level up to Assistant Vice President (AVP) level for better understanding in CSR management and practices together with Anti Corruption practices. The employees also have a room to share and discuss or even brainstorm on real incidents and case studies that have happened in this regard. The course participants gain knowledge in stakeholder engagement and materiality assessment as well since the material issues are very important for PACE to better focus on matters that are based on expectations of both PACE and its stakeholders. Then the participants could use the knowledge to engage with their relevant stakeholders under their own responsibility effectively. In 2014, there are 4 training batches with a total number of 51 employees or 69% of all operation level staff up to the AVP level. Those who have not attended the training will attend the course next year. PACE aims to have full company attendance by 2015.
- **CSR Day Activity:** CSR department has planned to set up CSR Day in cooperation with the Stock Exchange of Thailand and Corporate Social Responsibility Institute (CSRI) as a brainstorming session for Top Executives (Vice President and above) in total of 36 persons to manage CSR in the same direction with correct principles and scope by initiating CSR activities that are appropriate for Property and Construction industry. Material issues will also be discussed on the day.

In-house Training



- **Establishment of Badminton Club:** Apart from training and development, safety, security and health of all employees are one of PACE primary concerns since healthy staff leads to improved quality and potentiality of corporation. PACE has set up badminton club for staff interested in exercising after work. Sporting activity would also bring joy, health and harmony among employees for a better team work. PACE supports the badminton court fees for 2 hours Thursdays. Many employees are interested in badminton and come to play on regular basis.
- **Office branch expansion:** With rapid business expansion bringing a larger number of employees, In order to have a better management PACE provides another office located at Teo Hong Silom in addition to the Company's headquarter at All Seasons Place to support the increasing number of staff. The new office is located nearby MahaNakhon project.

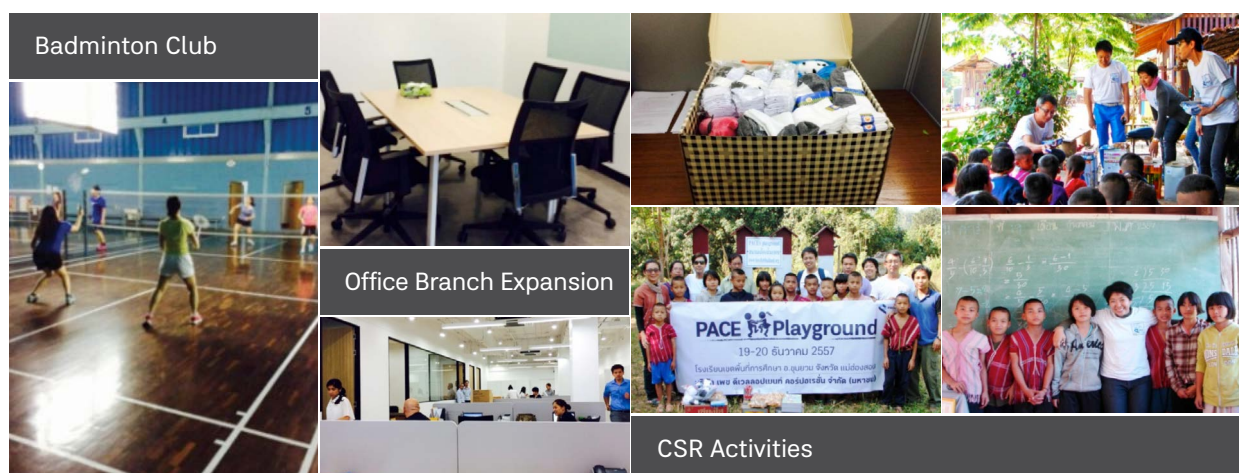
Safety and security in the workplace

There was no report of injury and accident among PACE employees during working hours throughout 2014.

Employee Engagement in CSR Activities

To continuously support PACE Learning Centre at The Beaumont Ruampattana School in Chaiyaphum province, PACE engages to donate clothes, stationery and books to the students in this school. The donation received great feedback and participation. This shows voluntary spirit of PACE staff and the engagement that all employees are willing to contribute back to the underprivileged group of people in Thai society.

Another group of PACE volunteer staff participated in PACE Playground delivery to Khunyuam District Local School in Mae Hong Son Province during 19–20 December 2014 as proposed by PACE's Chairman of Audit Committee, Khun Ladda Siri Wattanakosol who foresees that many schools in remote areas are still in need of assistance for their students in terms of facilities and learning equipments and PACE could be a part to help those in need. This proves that PACE's corporate social responsibility practices are implemented throughout the organization even the committees. They are willing to participate in PACE's CSR initiatives with voluntary spirit which would become foundation for good corporate culture in the near future.



2. CSR INITIATIVES (EXTERNAL DIMENSION)

The external dimension includes corporate social responsibility practices in economic, social and environmental aspects. However, PACE has put emphasis primarily on social aspect especially the knowledge in Architecture and Engineering including underprivileged children in Thai society. It can be summarized in details as follows.

Economy

PACE employs 3 experienced local staff in Hua Hin to work for the MahaSamutr project located in Hua Hin Soi 112 and will continue to recruit more once there is necessity in the future. The local employment can be counted as income distribution to Hua Hin and it supports local people to have a secure job at their hometown without having to work in Bangkok. Moreover, the benefits are equal to those employed in Bangkok with the same standard. Apart from local employment, PACE is now considering disabled employment to join our professional team since we realize that disabled people have special skills that could support our company.

At MahaNakhon CUBE, we will soon have a BTS connection to the building to facilitate mass transportation for the employee, the customers and the tenants. At the moment, there are several stores ready for operation in the CUBE such as Dean & DeLuca, “Vogue Lounge Bangkok” World class concept bar and “L’Atelier de Joël Robuchon Bangkok” World Class Restaurant with 25 Michelin Stars. These big names will attract local and international tourists to the area to enjoy superb food and beverages. This is another revenue generator for the country. Imagine what if the main tower of MahaNakhon is fully finished! PACE could be another big part that generates even more revenues for Thailand.

Social

PACE realizes one of the social problems in Thai society is related to our corporate expertise. We found out that we have limited resources and know how in high rise building management among the students in the field.

- **Knowledge sharing for architectural students from various Thai universities**

PACE is upgrading the knowledge of the students in the architectural and engineering fields by creating share value (CSV) for them by providing knowledge and real life experience in High Rise Building management (our core expertise) during their MahaNakhon Construction site visits. The students gain knowledge in the development of a skyscraper in many aspects such as the system, techniques, the design, problem solving and Q&A session. It is a great outside class room opportunity for the students to visit the construction site. In return, PACE gets more awareness and reputation from the visit by famous institutions in Architecture and Engineering and could attract potential and prospect customers and future employees at the same time once they finish their degree. In 2014, PACE has inspired the young generation in the field for 273 persons in 7 different groups. The students are from various universities including Chulalongkorn University, Chiangmai University, Silpakorn University and Bangkok University etc.

- **Scholarship for underprivileged Architect Student**

Apart from CSV initiative, PACE also offers a scholarship to assist an Architect student named Rorkeeyoh Radang from Rajamangala University of Technology Thanyaburi whose family is affected by the political unrest in Yala province, Southern part of Thailand. PACE pays 1 year monthly expenses for 7,000 Baht to the student starting from October 2014 onwards with condition of Grade Point Average (GPA) improvement each semester. Once the student performs better in her GPA each term, PACE will consider extending the monthly expenses to 3 more years until she finishes her degree in Architecture. Miss Rorkeeyoh only needs to help administrative matters at PACE’s Annual General Meeting of the shareholders (AGM) in return for the scholarship. PACE hopes the student could learn a lot during her time at our AGM and gain direct experience in the field.

- **Establishment of PACE Day Care Center**

Another social initiative of PACE for the year 2014 is Day Care center for the children of MahaNakhon’s construction workers. There are 17 children of both Thai and Cambodian nationalities aged 1-10 years old. PACE in cooperation with Bouygues Thai and Melissa Cosgrove’s Children Foundation have agreed to set up a Day Care Center for the children of MahaNakhon’s construction workers nearby the site to look after them while their parents are away for work at the construction site. PACE is responsible for monthly expenses of 15,000 Baht starting from November 2014 for 1 year with an aim of improved quality of life for the children. In this regard, PACE also engages its staff to participate in the project by teaching the children at the center and donating learning facilities and UHT milks etc. This proves PACE has continuously supported the community around the area where we operate as part of our Good Corporate Citizenship campaign with emphasis on our relevant stakeholders’ expectation.

Environment

PACE has initiated a project with Bangrak District Office to help planting trees and flowers on street isle at the Narathiwas Rajanagarindra/Silom intersection and will continue to do so around the area of MahaNakhon Project to become verdant. Even in front of MahaNakhon CUBE has already been verdant by many different types of trees and more to grow at a later stage. Moreover, PACE realizes the Bangkok traffic problem, we are therefore going to bridge the MahaNakhon CUBE with BTS Chongnonsi station to easily access MahaNakhon and offer a more convenient way to reach the tower which could reduce the use of private cars into town and be a part in solving the traffic jam problem.

Inside the MahaNakhon Project itself, PACE selected sanitary ware that is environmental friendly with automatic function to save water. In order to efficiently manage the building with socially and environmentally responsible, PACE employs CUBE Building Manager to minimize environmental impact and take good care of waste management for the whole building so that people can be ensured the project is committed to environment preservation by using and developing technology and equipments that are environmental friendly.

3. ANTI-CORRUPTION PRACTICES

PACE believes that trust and reliability among shareholders and investors can be strengthened by having strong commitment & policy in Anti Corruption to prove that the company runs business with transparency, compliance and accountability. Therefore, PACE takes part in promoting a fight against any form of corruption by declaring with Collective Action Coalition (CAC) among Thai private companies. PACE's Chairman has signed the Declaration of Intent in Thailand's Private Sector Collective Action Coalition against Corruption on 14 August 2014. PACE expects to be certified by the Private Sector Collective Action Coalition Council within 2016. The important details of the declaration of intent are as follows.

1. To provide and assess any possible risks associated with fraud within the company together with policy implementation and regulatory compliance against fraud. And to provide manual and/or guidance on business best practices in Anti Corruption to the management and all employees
 - 1.1 These policies prohibit bribery in all its forms in every activity to make sure they are well under control. Donation must be made for charity. To ensure that donation for political party, gift and sponsorship must be done with transparency without intention to convince government officials in inappropriate manner.
 - 1.2 These policies will be published in the form of Corporate "Code of Conduct" to guide the management and employees to conduct and behave in an ethical and accountable way for any occasion. And impose penalties if they do not comply.
 - 1.3 To provide training to employees for enhancing probity and honesty and being accountable for their duties and responsibilities and to show commitment of the organization in following the best practices of businesses.
 - 1.4 To provide appropriate internal control systems for prevention of improper conduct by employees to make sure the business has good governance. And to elevate integrity, honesty and accountability values as part of corporate culture.
 - 1.5 To provide a mechanism for financial reporting with transparency and accuracy
 - 1.6 To provide a channel of communication to employees and all stakeholders for the identification of any suspicious clues and ensure that the giver is securely protected. And there will be appointed officials to inspect all clues received.
2. To share and exchange internal policies, experiences and best practices including guidelines for the success in supporting the transaction of business with integrity and transparency in the country.
 - 2.1 We will support any national initiative to set up the conditions for fair competition with transparency in business operations to ensure that there is good governance.
 - 2.2 We will participate in any discussion/forum and comment in any meeting to offer better understanding in concerns and ongoing problems that affect private business regarding integrity, honesty and transparency in business operations.
3. To cooperate with other companies, partners and other stakeholders in the same industry in creating unified practices and participation in anti-corruption activities.
 - 3.1 We will share best practices and framework to ensure every other companies following the same actions to achieve goals of the project.
 - 3.2 We will join Integrity Pacts with other organizations and governmental agencies in bidding and purchasing goods, materials and construction equipments.

- 3.3 We will cooperate and contribute ideas to develop code of conduct that can be applied to all organizations and be accepted by all participating organizations.
- 3.4 We are engaged in creating and monitoring measures to promote transparency, integrity and honesty in business.
- 3.5 We will work with civil society and the media to create awareness and educate the public in order to shift the value to oppose and condemn corruption in all its forms.
- 3.6 We will support the development and monitoring of the program including the compliance certification process together with training to consulting staff and auditor as part of a guideline for any participating companies in conducting business ethics to leverage the process to become a corporate culture and promote the project for its sustainability.
- 3.7 We are willing to be audited and certified by the CAC Committee every 3 years.

In order to effectively implement Anti Corruption practices with international standard throughout the organization, PACE provides training to relevant departments to attend the Anti-Corruption The Practical Guide (ACPG 14) organized by Thai Institute of Directors: IOD etc.

PACE's Donation and Sponsorship in 2014

Name of Receivers	Objectives	Total Amount Spent
Princess Maha Chakri Sirindhorn Foundation	Social development	10,000 Baht
The Beaumont Partnership Foundation	Social development (underprivileged children)	99,677.23 Baht
Phrachomklao Foundation	Social development	5,000 Baht
Sodsri-Saritwong Foundation	Economic development	10,000 Baht
Real Estate Business Program Thammasat Business School	Economic development (research funding for Real Estate study)	50,000 Baht
Operation Smile Thailand	Economic: Fund raising Social: support a cleft lip or cleft palate operation costs for underprivileged Thai Children	100,000 Baht
Miss Rorkeeyoh Radang, Architect Student from Rajamangala University of Technology Thanyaburi whose family is affected by the political unrest in Yala	Economic: lighten the load from her family Social: Scholarship for Architect student	21,000 Baht
Young Women's Christian Association of Bangkok	Social: Sponsored prize ticket sales	5,000 Baht
Raksthai Project	Social development	2,000 Baht
Ploenchit Fair at Bangkok Patana School 2014	Social development	2,500 Baht
Khunyuam District Local School, Mae Hong Son	Social development PACE Playground	189,300 Baht
Engineering Mahidol University Foundation	Economic: support in scholarship funding Social: support in Civil Engineering and Environmental Engineering study	20,000 Baht
Children of MahaNakhon Construction Workers	Social development	45,000 Baht
Total amount		559,477.23 Baht

RELATED PARTY TRANSACTIONS

as of December 31st, 2014

Persons that may have conflicts of interest and nature of relationships as of December 31st, 2014 are shown below:

Legal Persons That May Have Conflicts of Interest (Legal entity)	Abbreviation	Nature of Business	Nature of Relationship
Dean and Deluca (Thailand) Co., Ltd.	DEAN	Restaurant	Mr. Sorapoj Techakraisri holds 100% of its shares.
Fourteen Points Co., Ltd.	FP	Restaurant	Mr. Sorapoj Techakraisri holds 100% of its shares.
PACE Development Co., Ltd.	PACED	Project management services	Mr. Sorapoj Techakraisri and Mr. Chotipol Techakraisri hold 50% and 50% of its shares, respectively.
Fierce Publishing Co., Ltd.	FIERCE	Publish advertisements on newspapers, journals, and magazines	Mr. Sorapoj Techakraisri holds 88.6% of its shares.
Fourteen Points Holding Co., Ltd.	FPH	Holding company	Mr. Sorapoj Techakraisri holds 100% of its shares.
Lumpini Property Management Co., Ltd.	LUMPINI	Buy, procure, rent, rent out, lease out, and manage real estate properties	Mrs. Yupa Techakraisri, mother of Mr. Sorapoj Techakraisri, Mr. Chotipol Techakraisri and Mr. Chumpol Techakraisri, is the company's director.

Legal Persons That may have Conflicts of Interest (Persons)	Nature of Relationship
Mr. Sorapoj Techakraisri	The Company's authorized director and major shareholders, holding 53% of the Company's shares
Mr. Chotipol Techakraisri	The Company's authorized director and shareholder, holding 1.2% of the Company's shares, and older brother of Mr. Sorapoj Techakraisri.
Mr. Sumate Techakraisri	The Company's shareholder, holding 0.5% of the Company's shares, and father of Mr. Sorapoj Techakraisri, Mr. Chotipol Techakraisri, and Mr. Chumpol Techakraisri
Mr. Chumpol Techakraisri	The Company's authorized director and shareholder, holding 0.5% of the Company's shares, and younger brother of Mr. Sorapoj Techakraisri.
Mr. Theera Vayakornvichitre	The Company's director

In 2013 and 2014, the Company engaged in transactions with the persons who may have conflicts of interest; however, such transactions did not result in conflicts of interest. Such transactions are as follows:

(1) Sales of Products and Services

Seller/ Service Provider	Buyer	Type of Transaction	Transaction Size		Pricing and Conditions	Audit Committee's Opinions
			In the year ending on December 31 st , 2013 (Million Baht)	In the year ending on December 31 st , 2014 (Million Baht)		
PACE Two	DEAN	Income from equipment, furniture, and space rentals			<ul style="list-style-type: none"> On Jan 25th, 2012, PACE Two allowed DEAN to rent total area of 205 sq.m. and pay the rental rate of 104,500.0 baht/month (510 baht/sq.m./month). Such Service Agreement was effective from Feb 1st-Aug 15th, 2012. 	<ul style="list-style-type: none"> According to the appraisal report on 23rd August 2011, prepared by Sims Property Consultant Co., Ltd., an SEC-approved independent appraiser, such property should yield market rental rate of 82,000 baht/month.
		Beginning balance	0.7	0.7		
		Income from equipment and furniture rentals during the period	0.4	0.4		
		Income from space rentals	1.3	0.3		
		Payment during the period	(1.7)	(0.9)		
		Ending balance	0.7	0.5	<ul style="list-style-type: none"> On Aug 28th, 2012, the service agreement was further extended by 1 year, resulting in such agreement being ended on Aug 15th, 2013. After that, PACE Two will continue to rent out the space to DEAN at the same rate without further extension of the agreement, as DEAN will relocate to Cube Building, which belongs to PACE Three, at the beginning of 2014. 	<ul style="list-style-type: none"> Audit Committee agreed to enter into a Service Agreement, in which the rent would be adjusted to be consistent with updated market prices
					<ul style="list-style-type: none"> The Board of Director terminated the Services Agreement since April 1st, 2014; however, they allow DEAN for equipment and furniture rental with the rental rate of 35,000.0 baht/month. 	

(2) Purchase of Products and Services

Seller/ Service Provider	Buyer	Type of Transaction	Transaction Size		Pricing and Condition	Audit Committee's Opinions
			In the year ending on December 31 st , 2013 (Million Baht)	In the year ending on December 31 st , 2014 (Million Baht)		
PACE Three	DEAN	Income from space rentals and services				
		Beginning balance	-	2.0	• DEAN entered into a Rental and Service Agreement dated Oct 10 th , 2013 with PACE	• Such transaction is considered a trading transaction with normal conditions and has passed the review of Audit Committee
		Increase in income from space rentals and service during the period	2.0	25.2	Three for the rent of space in Cube Building with the total rental space of 770.20 sq.m. for 3 years. Monthly rental and service rates for each year are defined as:	
		Payment during the period	-	4.4		
		Ending balance	2.0	22.8	Year 1: 587,840.00 baht/month Year 2: 689,210.00 baht/month Year 3: 891,950.00 baht/month	
					Such agreement is effective from Nov 15 th , 2013 to Feb 14 th , 2016.	
PACE Three	FP	Income from space rentals and services			• PF entered into a Rental and Service Agreement for 2 contracts as of dated Dec 1 st , 2013 and May 15 th , 2014 with PACE	• Such transaction is considered a trading transaction with normal conditions and has passed the review of Audit Committee
		Beginning balance	-	0.6		
		Increase in income from space rentals and service during the period	0.6	12.8	Three for the rent of space in Cube Building with the total rental space of 531.29 sq.m. and 785.46 sq.m., respectively for 3 years. Monthly rental and service rates for each year are defined as:	
		Payment during the period	-	-		
		Ending balance	0.6	13.4		
					The First Contract: Year 1: 291,217.50 baht/month Year 2: 331,297.50 baht/month Year 3: 411,457.50 baht/month	
					Such agreement is effective from Dec 1 st , 2013 to Nov 30 th , 2016.	
					The Second Contract: Year 1: 578,597.50 baht/month Year 2: 680,042.50 baht/month Year 3: 882,932.50 baht/month	
					Such agreement is effective from May 15 th , 2014 to May 14 th , 2017.	

Seller/ Service Provider	Buyer	Type of Transaction	Transaction Size		Pricing and Condition	Audit Committee's Opinions
			In the year ending on December 31 st , 2013 (Million Baht)	In the year ending on December 31 st , 2014 (Million Baht)		
DEAN	PACE One, PACE Two, and PACE Three	Entertainment expenses and Marketing expenses				
		Beginning balance	0.1	-		• Compensation paid equals to the compensation that DEAN would get from providing services to other persons
		Entertainment expenses incurred in the period (including VAT recorded as expenses)	1.1	0.1		
		Marketing expenses during the period (including VAT recorded as expenses)	0.1	0.4		
		Payment during the period	(1.3)	(0.5)		
		Ending balance	-	0.0		
DEAN	The Company	Selling and Administrative expenses				
		Beginning balance	0.1	0.02		• During 2013, the Company bought beverage and food gift baskets from DEAN.
		Expenses incurred during the period	0.3	1.20		
		VAT	-	-		
		Payment during the period	(0.4)	(0.38)		• During 2014, the Company bought food and beverages from DEAN.
		Ending balance	-	0.84		
FIERCE	The Company	Selling, General, and Administrative Expenses (SG&A)				
		Beginning balance	0.0	0.0		• The Company hired FIERCE to take a photo for PR.
		Expenses incurred in the period (including VAT recorded as expenses)	0.0	0.1		
		Payment during the period	(0.0)	(0.1)		
		Ending balance	0.0	0.0		
FIERCE	PACE Two	Marketing Expenses				
		Beginning balance	0.0	0.0		• PACE Two hired FIERCE to take a photo of showroom unit and model for advertisement.
		Expenses incurred in the period (including VAT recorded as expenses)	0.0	0.2		
		Payment during the period	(0.0)	(0.2)		
		Ending balance	0.0	0.0		

Seller/ Service Provider	Buyer	Type of Transaction	Transaction Size		Pricing and Condition	Audit Committee's Opinions
			In the year ending on December 31 st , 2013 (Million Baht)	In the year ending on December 31 st , 2014 (Million Baht)		
FP	The Company	Selling, General, and Administrative Expenses (SG&A)				
		Beginning balance	0.0	0.0		
		Expenses incurred in the period (including VAT recorded as expenses)	0.0	0.05		
		Payment during the period	(0.0)	(0.05)		
		Ending balance	0.0	0.0		
					<ul style="list-style-type: none"> During 2014, the Company bought food and beverages. The pricing of such transaction was calculated based on market price 	
FP	PACE One, PACE Two, and PACE Three	Entertainment expenses and Marketing expenses				
		Beginning balance	0.0	0.0		
		Entertainment expenses incurred in the period (including VAT recorded as expenses)	0.0	0.1		
		Marketing expenses during the period (including VAT recorded as expenses)	0.0	0.1		
		Payment during the period	(0.0)	(0.1)		
		Ending balance	0.0	0.1		
					<ul style="list-style-type: none"> During 2014, the Company bought food and beverages. The pricing of such transaction was calculated based on market price 	
DEAN	YLP	Selling, General, and Administrative Expenses (SG&A)				
		Beginning balance	-	-		
		Expenses incurred in the period (including VAT recorded as expenses)	0.01	0.002		
		Payment during the period	(0.01)	(0.002)		
		Ending balance	-	-		
					<ul style="list-style-type: none"> During 2013, YLP bought DEAN's products and other expenses. During 2014, YLP bought gift baskets and food and beverages from DEAN. The pricing of such transaction was calculated based on market price 	

Seller/ Service Provider	Buyer	Type of Transaction	Transaction Size		Pricing and Condition	Audit Committee's Opinions
			In the year ending on December 31 st , 2013 (Million Baht)	In the year ending on December 31 st , 2014 (Million Baht)		
LUMPINI	PACE Two	Selling, General, and Administrative Expenses (SG&A)				
		Beginning balance	0.1	0.1		
		Expenses incurred in the period	0.5	0.5		
		(including VAT recorded as expenses)				
		Payment during the period	(0.5)	(0.5)		
		Ending balance	0.1	0.1		
					<ul style="list-style-type: none"> On Jan 5th, 2011, PACE Two hired LUMPINI to provide maintenance services for its sales offices and mock-up rooms with a 1-year contract term, starting from Jan 5th, 2011 to Jan 4th, 2012, and service fee of 42,800 baht/month (price including VAT) On Jan 5th, 2012, the Company extended the contract for 1 year, resulting in the contract being valid from Jan 5th, 2012 to Jan 4th, 2013, with the previous service fee. On Jan 5th, 2013, the Company extended the contract for 1 year, resulting in the contract being valid from Jan 5th, 2013 to Jan 4th, 2014, with the previous service fee. On Jan 5th, 2014, the Company extended the contract for 1 year, resulting in the contract being valid from Jan 5th, 2014 to Jan 4th, 2015, with the previous service fee. 	<p>Such expenses were calculated based on market price and passed the review of Audit Committee</p> <p><u>Note:</u> After the contract ends, PACE Two does not plan to extend the contract, yet it will continue to use LUMPINI's cleaning service and will pay relevant service fee to LUMPINI each time it provides such services at market prices. It will also compare such fees with other service providers every time.</p>

(3) Advanced payment

Payee	Payer	Type of Transaction	Outstanding as of December 31 st , 2012 (Million Baht)	Increase during the period (Million Baht)	Decrease during the period (Million Baht)	Outstanding as of December 31 st , 2013 (Million Baht)	Increase during the period (Million Baht)	Decrease during the period (Million Baht)	Outstanding as of December 31 st , 2014 (Million Baht)	Pricing and Conditions	Audit Committee's Opinion
YLP	Mr. Theera Vayakornvichitre	Advanced payment from customers	6.4	-	(6.4)	-	-	-	-	On Dec 6 th , 2008, the Company sold 1 residential unit to Mr. Theera Vayakornvichitre for 25.4 MB. According to the sales contract, 25% of the sale price is made at sales and 75% on ownership transfer date. On Nov 9 th , 2013, Mr Theera Vayakornvichitre transferred the right to purchase such residential unit to other person, and the ownership transfer occurred on Nov 28 th , 2013.	Such transaction occurred in the past with a then-current market price. The ownership of such residential unit was transferred in 2013
The Company	Dynasty Apparel Co., Ltd.	Advanced payment from customers	-	0.3	-	0.3	-	-	0.3	On Jun 28 th , 2013, the Company sold a life-time membership of Country Club Hua Hin to Mr. Theera Vayakornvichitre.	Such transaction is a normal business transaction with a then-current market sales price.

Payee	Payer	Type of Transaction	Outstanding as of December 31 st , 2012 (Million Baht)	Increase during the period (Million Baht)	Decrease during the period (Million Baht)	Outstanding as of December 31 st , 2013 (Million Baht)	Increase during the period (Million Baht)	Decrease during the period (Million Baht)	Outstanding as of December 31 st , 2014 (Million Baht)	Pricing and Conditions	Audit Committee's Opinion
The Company	Mr. Sumate Techakraisri	Advanced payment from customers	-	0.3	-	0.3	-	-	0.3	On Jul 9 th , 2013, the Company sold a life-time membership of Country Club Hua Hin to Mr. Sumate Techakraisri.	Such transaction is a normal business transaction with a then-current market sales price.
The Company	Mr. Chumpol Techakraisri	Advanced payment from customers	-	0.3	-	0.3	-	-	0.3	On Jun 28 th , 2013, the Company sold a life-time membership of Country Club Hua Hin to Mr. Chumpol Techakraisri.	Such transaction is a normal business transaction with a then-current market sales price.
PRE and PACE Two	PACED	Advance Received	0.5	-	-	0.5	-	-	0.5	Due to PACE Two and PRE do not have petty cash, PACED as a project developer paid all relevant operating expenses. PACE Two was required to pay back monthly and PRE was required to repay when the project completed.	Such transaction already occurred in the past. Presently, the Company is responsible for advance payment for PACED and already signed that agreement.

(4) Loans and Interest Expenses

Borrower	Lender	Type of transaction	Outstanding Balance as of Dec 31 st , 2012 (Million Baht)	Increase during period (Million Baht)	Decrease during period (Million Baht)	Outstanding Balance as of Dec 31 st , 2013 (Million Baht)	Increase during period (Million Baht)	Decrease during period (Million Baht)	Outstanding Balance as of Dec 31 st , 2014 (Million Baht)	Pricing and Condition	Audit Committee's Opinions
PRE, PACE One, PACE Two, and PACE Three	Mr. Sorapoj Techakraisri	Loans	-	-	-	-	-	-	-	<ul style="list-style-type: none"> Important details of the loan are: <ul style="list-style-type: none"> Interest rates of 14% and 15% per annum Interest payable longer than 1 year will incur interest upon interest Repayment is made on Lender's request No collateral On Aug 11th, 2011, the loan outstanding was reduced by 906.3 MB. as a result of the transfer of the loan from Mr. Sorapoj Techakraisri (Lender) to the Company Such transfer resulted in the cessation of accruing interest payable of more than 1 year on the amount equal to such transferred amount, starting from the transfer date Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity 	
		Accrued Interest Payable	386.3	-	-	386.3	-	-	386.3		

Borrower	Lender	Type of transaction	Outstanding Balance as of Dec 31 st , 2012 (Million Baht)	Increase during period (Million Baht)	Decrease during period (Million Baht)	Outstanding Balance as of Dec 31 st , 2013 (Million Baht)	Increase during period (Million Baht)	Decrease during period (Million Baht)	Outstanding Balance as of Dec 31 st , 2014 (Million Baht)	Pricing and Condition	Audit Committee's Opinions
PRE, PACE One, PACE Two, and PACE Three	Mr. Sorapoj Techakraisri	Loans and Accrued Interest Payable (Cont')								<ul style="list-style-type: none"> - The lender will transfer assignment of interest to the assignee after 60 days since the borrower receives Form Or.6 from government authority. 	
PACE One, PACE Two, and PACE Three	FPH	Loans	-	-	-	-	-	-	-	<ul style="list-style-type: none"> • Important details of the loan are: <ul style="list-style-type: none"> - Interest rate of 14% per annum - Repayment is made on Lender's request - No collateral - On Aug 11th, 2011, the loan outstanding was reduced by 157.9 MB. as a result of the transfer of FPH's loan to the Company - The lender will transfer assignment of interest to the assignee after 60 days since the borrower receives Form Or.6 from government authority. 	<ul style="list-style-type: none"> • Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity.
		Accrued Interest Payable	76.9	-	-	76.9	-	-	76.9		

Borrower	Lender	Type of transaction	Outstanding Balance as of Dec 31 st , 2012 (Million Baht)	Increase during period (Million Baht)	Decrease during period (Million Baht)	Outstanding Balance as of Dec 31 st , 2013 (Million Baht)	Increase during period (Million Baht)	Decrease during period (Million Baht)	Outstanding Balance as of Dec 31 st , 2014 (Million Baht)	Pricing and Condition	Audit Committee's Opinions
The Company	Mr. Sorapoj Techakraisri	Loan	505.8	27.0	532.8	-	-	-	-	<ul style="list-style-type: none"> Important details of the loan are: <ul style="list-style-type: none"> Interest rate of 7.075% – 7.275% per annum 1st repayment started when the Company received the funds from its IPO No collateral On Aug 1st, 2013, the Company completed its IPO and used the proceeds to pay interest and payoff the loan on Aug 7th, 2013. Such transaction occurred in the past and was necessary for enhancement of the Company's liquidity 	
		Accrued Interest Payable	26.4	18.1	44.5						

(5) Guarantees and Collateral Securities provided to Financial Institutions (as of December 31st, 2014)

The Company, its subsidiaries, and its jointly-controlled entities entered into credit facilities agreements with financial institutions whereby the Company's directors and related parties provided guarantee to the loans. Guarantors did not ask for guarantee fees from the Company, subsidiaries, and jointly-controlled entities for such transaction. The transaction is as follows:

Guarantors	Receiver of the Loans from FIs	Lenders	Loan limit (Million Baht)	Loan Outstanding (Million Baht)	Details of Guarantee/Collateral Securities	Audit Committee's Opinion
Mr. Sorapoj Techakraisri	PACE One, The Siam PACE Two, Commercial Bank and PACE Three Limited		532	532	<ul style="list-style-type: none"> On Feb 6th, 2014, the Company entered into the Credit Facility Agreement to have loan amount of 532 MB of which to buy land for Mahanakhon project and the Company's stock with the total of 750 million shares from shareholders and directors, Mr. Sorapoj Techakraisri is the guarantor. 	<ul style="list-style-type: none"> The transaction occurred in the past and was necessary and beneficial to the Company's business operation. There was no guarantee fee for such transaction.

Guarantors	Receiver of the Loans from FIs	Lenders	Loan limit (Million Baht)	Loan Outstanding (Million Baht)	Details of Guarantee/Collateral Securities	Audit Committee's Opinion
Mrs. Yupa Techakraisri	PACE One, The Siam PACE Two, Commercial Bank and PACE Public Company Three Limited		532	532	<ul style="list-style-type: none"> On Feb 6th, 2014, the Company entered into the Credit Facility Agreement to have loan amount of 532 MB of which to buy land for MahaNakhon project and Mrs. Yupa Techakraisri, a mother of Mr. Sorapoj Techakraisri, Mr. Chotipol Techakraisri, and Mr. Chumpol Techakraisri, is the director and the personal guarantor. 	<ul style="list-style-type: none"> The transaction occurred in the past and was necessary and beneficial to the Company's business operation. There was no guarantee fee for such transaction.
Mr. Sorapoj Techakraisri	The Company	The Siam Commercial Bank Public Company Limited	1,154.3	1,154.3	<ul style="list-style-type: none"> On Dec 2nd, 2014, the Company entered into the Facility Agreement to have loan amount of 1,154.3 MB of which consists of the Company's stock of 231 million shares from shareholders and directors, Mr. Sorapoj Techakraisri is the guarantor. 	<ul style="list-style-type: none"> The transaction occurred in the past and was necessary and beneficial to the Company's business operation. There was no guarantee fee for such transaction.
Mr. Chotipol Techakraisri	The Company	The Siam Commercial Bank Public Company Limited	1,154.3	1,154.3	<ul style="list-style-type: none"> On Dec 2nd, 2014, the Company entered into the Facility Agreement to have loan amount of 1,154.3 MB of which consists of the Company's stock of 17 million shares from shareholders and directors, Mr. Sorapoj Techakraisri is the guarantor. 	<ul style="list-style-type: none"> The transaction occurred in the past and was necessary and beneficial to the Company's business operation. There was no guarantee fee for such transaction.
Mr. Sumate Techakraisri	The Company	The Siam Commercial Bank Public Company Limited	1,154.3	1,154.3	<ul style="list-style-type: none"> On Dec 2nd, 2014, the Company entered into the Facility Agreement to have loan amount of 1,154.3 MB of which consists of the Company's stock of 102 million shares from Mr. Sumate Techakraisri, a father of Mr. Sorapoj Techakraisri, Mr. Chotipol Techakraisri, and Mr. Chumpol Techakraisri, and a shareholder of the Company who is the guarantor. 	<ul style="list-style-type: none"> The transaction occurred in the past and was necessary and beneficial to the Company's business operation. There was no guarantee fee for such transaction.

MANAGEMENT DISCUSSION AND ANALYSIS



for the year ended December 31st, 2014

THE FOLLOWING IS THE OVERALL BUSINESS OPERATION AND SIGNIFICANT CHANGES DURING THE YEAR:

In 2014, the Company had an opportunity to enter into food and beverages retailing business. The Company acquired the shares of Dean & DeLuca, Inc. (“D&D”), the world’s famous gourmet food and beverages brand. Moreover, there were other significant changes occurred with the Company, such as buying the land plot in MahaNakhon project and changed the ownership structure in MahaNakhon project from leasehold to freehold, corporate bond issuance, and entered into option agreement to purchase the ordinary shares and the transfer of financial obligations (loan and accrued interest) in four subsidiaries of the Company from IBC Thailand Ltd. and IDJ Holdings Co., Ltd. Therefore causing the total assets, total liabilities, and total equity attributable to owners of the parent to increase significantly.

Besides, the current project considered as the new landmark of Bangkok such as “MahaNakhon Project” is still under development. The construction progress now shows that the core structure reaches 74th floor (as of 27 February, 2015) and it is expected to be completed and able to partially transfer in the 4Q2015 onward. Another development is MahaSamutr project which started construction since 4Q2013, and the Company plans to sell the membership of MahaSamutr Country Club in 1Q2015. Moreover, the Company already presaled the latest project “Nimit Langsuan” super-luxury high-rise residential freehold development in February 2015.

The operating results for the Year 2014 ending 31 December 2014 are following below.

The Company recorded revenue from gourmet food and beverages business under brand “Dean & DeLuca” of Baht 486.6 million by proportion of revenue after acquisition since 4 December 2014, sales revenue from sales of a condominium unit from Ficus Lane project of Baht 34.0 million, rental and service income from MahaNakhon Cube of Baht 39.3 million and other revenue of Baht 65.8 million, making total revenue of Baht 607.6 million or 76.1% growth YoY. The Company also recorded net losses of Baht 501.5 million during the year, which implied negative net margin of 82%. Such Baht 501.5 million losses can be classified into Baht 378.8 million losses attributed to owners of the parent and Baht 122.7 million from non-controlling interests. The losses are mainly due to lower of the revenue from sale residential condominium units by Baht 253.4 million, total selling and administrative expenses increased by Baht 334.7 million or totaling of Baht 718.9 million, finance cost increased by Baht 110.3 million or totaling of Baht 207.8 million. In Year 2014, the Company used more debt financing to invest in both the property project and Dean & DeLuca acquisition, the source of fund came from corporate bond, billed of exchange, and bank loan. For Dean & DeLuca acquisition, the Company will strengthen by generating another sustainable revenue stream that is less cyclical than property development and less prone to external economic shocks.

Operation for the Year ended 31 December 2013, the Company recorded sales revenue from sales of condominium units and furniture from Saladaeng Residences project and Ficus Lane project of Baht 287.4 million and other revenue of Baht 57.7 million, making total revenue of Baht 345.1 million. The Company also recorded net losses of Baht 841.0 million during the year, which implied negative net margin of 243.7%. Such Baht 841 million losses can be classified into Baht 795.4 million losses attributed to owners of the parent and Baht 45.6 million from non-controlling interests. The losses are mainly contributed to extraordinary item “loss on derecognition of discount on business combinations under common control” according to the accounting standard, 3rd edition. After acquiring shares and shareholder’s loans of the subsidiaries to increase shares in subsidiary from 50% to approximately 68%, the Company recognized the losses from recognition of discount on business

combinations under common control from subsidiary worth Baht 584.1 million. However, such negative was recorded in the shareholders' equity since 2011 but was just recorded in the income statement during 2013, so such extraordinary item was not from normal business operation and does not affect shareholders' equity.

Details and progress of the Company's residential projects as of 31 December 2014 are as follows:

Project	Operated by	Project value	Total units	Sales recognized			Construction progress	Start of transfer
				Rooms	Btm	%		
Ficus Lane	Company	900.4	70	69	866.9	99.0	100	2006
Saladaeng Residences	YLP	2,309.8	132	127	2,200.8	95.3	100	2011
The Ritz-Carlton Residences Bangkok	Pace 2	14,500.0	207	-	-	-	41.35	2015
MahaSamutr – Country Club	Company	2,300.0	-	-	-	-	-	2016
MahaSamutr – Villa	Company	3,200.0	80	-	-	-	-	2016 (Partially finished in 2015)

SUMMARY OF FINANCIAL HIGHLIGHTS

Balance Sheet

	The Consolidated		Financial Statements	
	December 31, 2013		December 31, 2014	
	Million Baht	%	Million Baht	%
Current assets				
Cash and cash equivalents	1,039.3	12.1	519.0	2.7
Short term investments	-	-	518.9	2.7
Restricted saving deposit	-	-	67.1	0.3
Trade account receivables - net	13.3	0.2	24.0	0.1
Inventories	144.3	1.7	297.1	1.5
Real estate projects for sales under development	278.5	3.2	5,565.5	28.9
Other receivables from subsidiaries and related companies	3.3	0.0	52.3	0.3
Refundable value added tax	38.7	0.5	87.3	0.5
Advance payments for construction	-	-	386.5	2.0
Other current assets	19.8	0.2	65.6	0.3
Total current assets	1,537.3	17.9	7,583.2	39.4
Non-current asset				
Investment in available for sale equity security - at fair value	-	-	-	-
Deposit for assets acquisition	-	-	318.9	1.7
Restricted saving deposit	-	-	7.6	0.0
Interest receivable from related companies	-	-	-	-
advance for purchase of land & relate exp	-	-	211.0	1.1
Long-term loan to shareholder and related companies	-	-	-	-
Advances payment for land	-	-	-	-

Balance Sheet

	The Consolidated		Financial Statements	
	December 31, 2013		December 31, 2014	
	Million Baht	%	Million Baht	%
Real estate projects for sales under development	-	-	-	-
Deferred loan agreement fee	-	-	-	-
Leasehold rights on land-net	2,083.8	24.3	-	-
Advances for leasehold rights on land	-	-	-	-
Advances payment for construction	231.9	2.7	123.8	0.6
Construction in progress	3,093.4	36.1	1,959.8	10.2
Land	579.6	6.8	1,493.2	7.8
Residential condominium unit and equipment for rent	-	-	-	-
Building improvement, sales gallery and equipment-net	144.0	1.7	343.5	1.8
Property for lease-net	141.8	1.7	1,016.9	5.3
Intangible assets-net	-	-	2,425.7	12.6
Goodwill-net	501.8	5.9	3,397.9	17.7
Deferred income tax assets	259.6	3.0	345.1	1.8
Other non-current assets	3.3	0.0	10.2	0.1
Total non-current asset	7,039.3	82.1	11,653.5	60.6
Total Assets	8,576.6	100.0	19,236.7	100
Current liabilities				
Bank overdraft and short-term loans from finance institutions	244.9	2.9	1,362.9	7.1
Short-term loans from other company	323.5	3.8	1,165.3	6.1
Trade account payables	201.7	2.4	714.2	3.7
Trade account payables - Freehold land	-	-	110.4	0.6
Other payables to related companies	0.6	0.0	1.5	0.0
Other account payables	2.6	0.0	3.5	0.0
Current portion of long - term loan from financial institution	-	-	1,845.5	9.6
Current portion of liability under finance lease contracts	1.8	0.0	3.6	0.0
Advances received from customers	58.8	0.7	2,055.1	10.7
Loans from shareholders and accrued interest	-	-	-	-
Income tax payable	3.3	0.0	0.2	0.0
Retention payables to contractors	20.7	0.2	21.9	0.1
Current portion of deferred revenue	-	-	74.1	0.4
Accrued expenses	12.0	0.1	172.7	0.9
Accrued construction costs	29.4	0.3	20.1	0.1
Other current liabilities	12.8	0.1	116.0	0.6
Total current liabilities	912.1	10.6	7,667.1	39.9

Balance Sheet

	The Consolidated		Financial Statements	
	December 31, 2013		December 31, 2014	
	Million Baht	%	Million Baht	%
Non-current liabilities				
Deposits received from customers	1,471.3	17.2	8.1	0.0
Retention payable to contractor	19.2	0.2	39.2	0.2
Provision for loss on litigation case	9.6	0.1	-	-
Long-term loans and accrued interest from shareholders	2,320.8	27.1	2,413.0	12.5
Long-term loans from financial institutions - net	1,685.5	19.7	3,686.0	19.2
Liabilities under finance lease contracts - net of current portion	7.6	0.1	8.7	0.0
Debentures-net	-	-	2,971.8	15.4
Deferred revenue-net	-	-	114.6	0.6
Deferred Tax Liability	-	-	665.9	3.5
Provision for employee retirement benefit	2.6	0.0	5.5	0.0
Other non-current liabilities	-	-	0.8	0.0
Total non-current liabilities	5,516.7	64.3	9,913.7	51.5
Total liabilities	6,428.8	75.0	17,580.8	91.4
Shareholders' equity				
Share capital	2,054.3	24.0	2,054.3	10.7
Premium (discount) on share capital	1,431.1	16.7	1,431.1	7.4
Surplus on swap of investment in subsidiary under common control	(61.4)	(0.7)	(61.4)	(0.3)
Exchange differences on translating foreign operations	-	-	9.6	0.1
Change in available for sale equity security	-	-	-	-
Legal reserve	15.6	0.2	15.6	0.1
Retained Earnings(Deficit)	(689.5)	(8.0)	(1,068.3)	(5.6)
Total equity attributable to equity holders of parent	2,750.1	32.1	2,380.9	12.4
Non-controlling interests	(602.3)	(7.0)	(725.0)	(3.8)
Total shareholders' equity	2,147.7	25.0	1,655.9	8.6
Total liabilities & shareholders' equity	8,576.6	100.0	19,236.7	100.0

STATEMENT OF COMPREHENSIVE INCOME

	The Consolidated		Financial Statements	
	December 31, 2013		December 31, 2014	
	Million Baht	%	Million Baht	%
Revenue from sale residential condominium units and furniture	287.4	83.3	34.0	5.6
Costs of sales residential condominium units and furniture	(188.1)	(54.5)	(23.6)	(3.9)
Revenue from sale of goods	-	-	468.6	77.1
Costs of goods sold	-	-	(243.7)	(40.1)
Gross Profit	99.3	28.8	235.3	38.7
Rental income and service income	3.9	1.1	39.3	6.5
Gain on sale of land held for sale	-	-	30.6	5.0
Interest income	32.3	9.3	3.8	0.6
Management fee income	15.0	4.3	-	-
Other income	6.6	1.9	27.0	4.4
Cost of lease & service	-	-	(64.8)	(10.7)
Selling expenses	(186.6)	(54.1)	(304.6)	(50.1)
Administrative expenses	(119.0)	(34.5)	(305.2)	(50.2)
Management benefit expenses	(28.2)	(8.2)	(44.3)	(7.3)
Gain (loss) on foreign exchange - net	(0.9)	(0.3)	4.4	0.7
EBIT	(177.7)	(51.5)	(378.5)	(62.3)
Finance costs	(97.6)	(28.3)	(207.8)	(34.2)
EBT	(275.3)	(79.8)	(586.4)	(96.5)
Income Tax Income (Expense)	18.3	5.3	84.9	14.0
NI before extra items	(257.0)	(74.5)	(501.5)	(82.5)
Other comprehensive income(loss)	-	-	-	-
Unrealized gain on revaluation of investments	-	-	-	-
Loss on derecognition of discount on business combinations under common control - net	(584.1)	(169.2)	-	-
Profit (loss) for the period	(841.0)	(243.7)	(501.5)	(82.5)
Total comprehensive income (loss) for the period attributable to:				
Owners of the parent	(795.4)	(230.5)	(378.8)	(62.3)
Non-controlling interests	(45.7)	(13.2)	(122.7)	(20.2)
Profit (loss) for the period	(841.0)	(243.7)	(501.5)	(82.5)
Basic Earnings (Loss) per Share Attributable to Owners of the Parent (In Baht)	(0.387)	-	(0.184)	-
Weighted Average Number of Shares (In Million Shares)	2,054.3	-	2,054.3	-

STATEMENT OF CASH FLOW	2013	2014
	Million Baht	Million Baht
Net Cash Provided by (Used in) Operating Activities	(369.1)	(808.5)
Net Cash Used in Investing Activities	(719.5)	(8,138.5)
Net Cash Provided by (Used in) Financing Activities	1,993.2	8,429.4
Net increase (decrease) in cash and cash equivalents	904.6	(520.3)
Cash and cash equivalents at beginning of year	134.6	1,039.3
Cash and cash equivalents at end of year	1,039.3	519.0

REVENUE

Core revenue

Since the Company acquired all shares of Dean & DeLuca, Inc., the world's famous gourmet food and beverages brand, and all chains operated under Dean and DeLuca brand in December 2014, this caused the Company to be able to generate revenue from two cores businesses: real estate development and gourmet food and beverages.

For real estate development business, the Company will be able to recognize revenue only when the construction is completed and the ownership of such condominium projects has been transferred to the buyers; meanwhile the gourmet food and beverages retailing business generating sustainable revenue stream to the Company.

As of December 31st, 2014, there were 129 residences of the Ritz-Carlton Residences Bangkok, a part of MahaNakhon project, under sales contracts with the total area of 26,187.86 sq.m., or 54.36% of the total sales area; of which are expected to start ownership transfer and recognize revenue in 4Q2015 onward. In addition, the Company sold one residential unit with the total area of 471.73 sq.m.

In Year 2014, the Company recorded sales revenue of Baht 34.0 million or decreased 88.2% as compared with the Year 2013 of which sales revenue of Baht 287.4 million. The decline was mainly due to the Company is presently developing two big projects: MahaNakhon project and MahaSamutr project. The sales backlog of MahaNakhon project now is Bath 7,126.74 million; however the Company cannot recognize until transferring the residential units to clients. The Company plans to sell luxury villa and membership of MahaSamutr Country Club in the first half of the Year 2015, and expects to finish and transfer to the clients in the 4Q2015 and in Year 2016, respectively.

The Company generated other revenues from rental income and service income with the total of Baht 39.3 million, or increased Baht 35.4 million from last year of which was Baht 35.4 million. Mostly revenues were from rental space of MahaNakhon Cube, a part of MahaNakhon project, which started opening since the late of the Year 2013 onward.

In Year 2014, the Company recorded the revenue from gourmet food and beverages under brand Dean & DeLuca of Baht 468.6 million* and onward. The Company believes that Dean & DeLuca business will contribute the recurring cash flow in addition to the current project-based cash flow of the real estate business and improve the liquidity of the Company in long-term.

* Revenue recognition started from 4 December 2014, since the Company acquired Dean & DeLuca business.

Other income

In Year 2013, the Company recorded other income such as interest income, management fee income, gain (loss) on foreign exchange – net, and other incomes with the total of Baht 53.8 million.

In Year 2014, the Company recorded all other incomes with the total of Baht 65.8 million or increased 22.3% as compared with the Year 2013. As a result of the decreasing interest income and management fee income to Baht 43.5 million; however, the Company received revenue from selling land of Baht 30.6 million.

COSTS, EXPENSES AND PROFITS

Costs of Sales

In Year 2014, the Company recorded costs of sales residential condominium units and furniture of Ficus Lane project of Baht 23.6 million or 3.9% of the total revenue which decreased from last year of which was Baht 164.5 million. The reason is that the decreasing cost of sales was aligning with the decreasing revenue from sales residential condominium units. Meanwhile, the cost of sales residential condominium units and furniture of Saladaeng Residences project was Baht 188.1 million. For gourmet food and beverages business under brand Dean & DeLuca, the Company recorded the costs of sales of Baht 243.7 million or 40.1% of the total revenue.

Selling and Administrative Expenses

In Year 2014, the Company recorded selling and administrative expenses (SG&A) of Baht 718.9 million or increased 114.8% as compared with the Year 2013 of which was Baht 334.7 million. This is because of the increasing selling and administrative expenses from gourmet food and beverages of Dean & DeLuca which was Baht 155.8 million and from the real estate development business of Baht 563.0 million. These expenses consisted of selling expenses of Baht 304.6 million, administrative expenses of Baht 305.2 million, management benefit expenses of Baht 44.3 million and cost of MahaNakhon Cube's rental and service of Baht 64.8 million.

In the meantime, the Company recorded the main expenses in the Year 2013 of which consisted of selling expenses of Baht 186.6 million, administrative expenses of Baht 119.0 million, management benefit expenses of Baht 28.2 million, and other expenses of Baht 0.9 million.

Finance Costs

The Company recorded finance costs for the Year 2014 of Baht 207.8 million, or increased 110.3% as compared with the Year 2013 of which was Baht 97.6 million. This is due to the results of corporate bond issuance during in Year 2014 of Baht 3 billion and bank overdraft and short-term loans ending the Year 2014 of Baht 1.2 billion.

In Year 2013, the Company recorded finance costs of Baht 97.6 million of which were contributed by MahaNakhon project of 49.5%, the Company's finance costs of 43.3%, and Saladaeng Residences project of 7.2%.

Gross Profits and Profit (Loss)

In Year 2014, the Company reported gross profits of Baht 235.3 million or a gross profit margin of 46.8% from revenue recognition of Ficus Lane project sales of Baht 10.4 million or a gross profit margin of 30.6% and gross profits of Baht 224.9 million or a gross profit margin of 48% from gourmet food and beverages of Dean & DeLuca. The Company recorded losses before finance costs and income tax for the Year 2014 of Baht 378.5 million and losses for the year of Baht 501.5 million; decreased Baht 339.5 million or 40.4% as compared with last year. The net loss for the Year 2014 attributable to owners of the parent was Baht 378.8 million or net loss margin of 62.3%.

In Year 2013, the Company reported gross profits of Baht 99.3 million, or gross profit margin of 34.5% from revenue recognition of Saladaeng Residences project sales and Ficus Lane project sales. The Company reported losses before finance costs and income tax for the Year 2013 of Baht 177.7 million. The net loss for the Year 2013 attributable to owners of the parent was Baht 795.4 million or net loss margin of 243.7%.

STATEMENT OF FINANCIAL POSITION

Assets

As a result that the Company acquired shares and shareholder's loan of subsidiaries, causing the Company's total assets, liabilities and shareholders' equity increased significantly. From the statement of financial position as at 31 December 2014, the Company's total assets were at Baht 19,236.7 million; increased Baht 10,660.1 million or an increase of 124.3% as compared with the Year 2013 of which were Baht 8,576.6 million. Total liabilities were at Baht 17,580.8 million; increased Baht 11,152.0 million or imply an increase of 173.5% as compared with the Year 2013 of which were Baht 6,428.8 million. Total shareholders' equity in the Year 2014 decreased to Baht 2,380.9; decreased Baht 369.1 million or a decrease of 13.4% as compared with the Year 2013 of which was Baht 2,570.1 million.

As ending of the Year 2014, the total assets of Baht 19,236.7 million comprising of real estate projects for sales under development: MahaNakhon project, luxury villa of MahaSamutr project, and Nimit Langsuan project that were Baht 5,565.5 million. The increase assets were attributed to inventories of Baht 297.1 million, assets under development of

MahaNakhon project and MahaSamutr Country Club of Baht 1,959.8 million, land of MahaNakhon project and MahaSamutr project of which were valued of Baht 1,493.2 million, property for lease (MahaNakhon Cube) of Baht 1,016.9 million. Besides, there was goodwill of Dean & DeLuca acquisition of Baht 2,425.7 million; for instance, trade mark, brand, and the rights to do business under brand Dean & DeLuca worldwide, etc. Aforementioned assets contributed 84.0% of the Company's total assets.

As ending of the Year 2013, the Company reported a total assets of Baht 8,576.6 million, comprised of leasehold right of MahaNakhon project valued Baht 2,083.8 million, work in progress of MahaNakhon project of Baht 3,093.4 million, work in progress of MahaSamutr project of Baht 278.5 million, remaining inventories in Saladaeng Residences and the Ficus Lane projects of Baht 144.3 million, and rental assets worth Baht 141.8 million. Aforementioned assets contributed 66.9% of the Company's total assets.

Inventories

As ending of the Year 2014, the Company had ending inventories valued Baht 297.1 million, comprised of completed residential building units that are ready for sales and transfer of which 2 units of Ficus Lane project and 5 units of Saladaeng Residences, totally worth of Baht 106.6 million and 144.3 million, respectively, and inventories of gourmet food and beverages business under brand Dean & DeLuca of Baht 190.6 million.

As ending of the Year 2013, the Company had ending inventories valued Baht 144.3 million, comprised of completed residential building units that are ready for sales and transfer, of which 3 units of Ficus Lane with total space of 951.69 sq.m. and valued of Baht 59.1 million; and 5 units of Saladaeng Residences with total area of 689.11 sq.m. and valued of Baht 82.5 million.

SOURCES OF FUND

Liabilities

As ending of Year 2014 and Year 2013, the Company had total liabilities of Baht 17,580.8 million and Baht 6,428.8 million, respectively. Liabilities mainly comprised of long-term loans from financial institutions of Baht 3,686.0 million, debentures of Baht 2,971.8 million, shareholder's loan and interest payable of Baht 2,413.0 million, short-term loans financial institutions of Baht 1,326.9 million, short-term loans of Baht 1,165.3 million, advances and deposits received from customers of Baht 2,063.2 million. These will be used for Dean & DeLuca acquisition (a consideration of USD 140 million or Baht 4.5 billion) and for entering into option agreement to purchase the ordinary shares and the transfer of financial obligations (loan and accrued interest) in four subsidiaries of the Company from IBC Thailand Ltd. and IDJ Holdings Co., Ltd. with the total of Baht 319.1 million and for investing in real estate projects for sales under development. The increasing advance and deposit received from customers of Baht 533.1 million were by the

increasing numbers contracts signed and increasing numbers of customers who changed the ownership structure in MahaNakhon project from leasehold to freehold.

In Year 2013, the Company had shareholder's loan and interest payable of Baht 2,320.8 million, long-term loans from financial institutions of Baht 1,685.5 million, advances and deposits received from customers of Baht 1,530.1 million, short-term loans from financial institutions of Baht 244.9 million, and short-term loans of Baht 323.5 million.

Shareholders' Equity

As ending of the Year 2014, the shareholders' equity was at Baht 2,380.9 million, decreased 13.4% from the Year 2013 of which was Baht 2,750.1 million. This is because the Company had net loss of Baht 378.8 million; hence the net loss accruing to Baht 1,068.3 million, and non-controlling interests of Baht 725.0 million; therefore, the equity were Baht 1,655.9 million.

As ending of the Year 2013, the shareholders' equity was at Baht 2,750.1 million due to the IPO of the Company's 600 million shares with par of Baht 1 each, causing paid-up capital to increase by Baht 600 million and share premium to increase by Baht 1,431.1 million. Thus, the net loss accruing to Baht 689.5 million or increased to Baht 875.3 million from the losses from negative book write down due to business consolidation of Baht 584.1 million, and non-controlling interests of Baht 602.3 million; therefore, the equity were Baht 2,147.7 million.

Appropriateness of the Funding Structure

As ending of the Year 2014 and Year 2013, the Company recorded total debt to equity ratio of 10.6x and 3.0x, respectively, and financial institutions debt and short-term Loans from other Company to equity ratio of 6.7x and 1.0x, respectively. The Company's liabilities were comprised of no-repayment risk liabilities such as advances and deposits received from customers of Baht 2,063.2 million. However, most of the loans from financial institutions will reimburse by the Company's cash flow which expected to receive when the developing projects are completed and able to transfer to the customers. In addition, the total debt to equity ratio will decrease in the Year 2015. Due to the Resolutions of the Extraordinary General Meeting of Shareholders No. 1/2015 on 8 January, 2015, it approved for the allocation of newly issued ordinary shares to specific person under Private Placement Scheme (Private Placement) and approved the allocation of not exceeding 600,000,000 newly issued ordinary shares. Therefore, the Company's capital will increase and debt to equity ratio will decline.

Liquidity

The liquidity ratio of the Year 2014 was 1.0 times lower than last year of which was 1.7 times. As a result of Dean & DeLuca acquisition, the Company's total current assets and total current liabilities were increasing significantly in Year 2014. Moreover, the Company had to take on short-term loans from financial institutions for such investment, and take on short-term loans for the Company's cash flow. Thus total current liabilities that were used for calculation caused the ratio to increase.

The liquidity ratio of the year Y013 was 1.7 times higher than the year 2012 of which was 0.5 times. The main reason was from the increasing cash driven by the IPO of the Company's shares for working capital. Thus total current assets that were used for calculation caused the ratio to increase.

As ending of the Year 2014, the Company had cash inflow from operation of Baht 808.5 million; mainly from the increasing value of Baht 905.3 million from the Company's real estate projects for sales under development and the increasing value of Baht 209.5 million from advance payments for construction. Meanwhile, the advance and deposits received from customers were increased to Baht 533.1 million due to sales of residential units of MahaNakhon project and income tax income expenses of Baht 84.9 million.

2014 Auditor's remuneration

Accounting auditor's fee for auditing interim and annual financial statement for Year 2014, ending 31 December 2014 totaled approximately Baht 3.97 million.

Factors that may influence business operation and financial status in the future

DOMESTIC AND OVERSEAS ECONOMIC CONDITION

The real estate sector slowed down significantly in 2014 due to the impact of domestic political started in the late of the Year 2013 till the first half of the Year 2014. This also affected the high-end condominium projects in the business center areas launch less. This is due to rare downtown land for sales and higher land price that is increasing continually. Currently, price competition of downtown residential project is obviously higher than Baht 1 million per square wah. According to CBRE Research Centre, the report in the Bangkok property market showed that average selling prices of luxury condominium projects launched in the third quarter in CBD start from THB 170,000 – 240,000 per sq.m. The sales performance in the third quarter was greater than the first half of the year 2014 (as divided into the 1Q2014 of 1,200 units, 2Q2014 of 1,700 units, and 3Q2014 of 3,500 units of which were expected to sell all out approximately 9,000 – 10,000 units; or lower than the total units sold out of 11,000 units in Year 2013). Although the political factor might impact on the domestic and international economics, some investors are still interested in real estate investment because it is considered as rising assets value. Besides, the numbers of expat working in Thailand are rising, and this results in the needs of luxury residences ongoing.

Profit generation capability of MahaNakhon project and Mahasamutr project

The Company had pre-sales backlog of Baht 7,126.7 million from the super luxury project "The Ritz-Carlton Residences, Bangkok" as of ended 31st December, 2014 and expected to start transferring residential units to the customers and recognizing revenues in 4Q2015. The Company aims to sell all residential units in 2016; meanwhile the Company planned to sell luxury villa of MahaSamutr project during 1H2015 including a new luxury condominium project "Nimit Langsuan" in 1Q2015. If the Company can recognize revenues from such projects as planned, the Company may be able to pay dividend as in the dividend policy and payment. However, dividend payment is subject to change depending on the necessity and appropriateness of return to shareholders in the future.

REPORT OF THE AUDIT COMMITTEE



Audit Committee Report

The Audit Committee of PACE Development Corporation Public Company Limited composed of 3 independent directors: Mrs. Ladda Siri wattanakosol as Chairman of Audit Committee, Mr. Prasert Patradhilok, and Miss Benjaporn Prisuwana as Member of Audit Committee.

The Audit Committee operates independently and performs as assigned by the Board of Directors in overseeing the Company. In the year 2014, the Company's Audit Committee held 6 meetings to discuss and consider important subjects. In addition, the Audit Committee also held meeting with the Management, Internal Auditor and the external auditor. The summary of the significant details were following below:

1. Review of accuracy of financial statements and the adequacy of disclosure

The Audit Committee reviewed the quarterly and annually Company's financial statements with the management and the auditors. The Audit Committee has an opinion that such financial statements and all related transaction items present fairly in accordance with the generally accepted accounting principles and disclose accurate information adequately for the benefit of investors and users of financial statements.

2. Review and evaluation sufficiency of internal control systems

The Audit Committee reviewed the Company's internal control systems with the internal audit unit and approved the annual internal audit plan; including quarterly review and monitoring, The Audit Committee has an opinion that the Company had been operating sufficiency and appropriately of the internal control systems. According to the external auditor also evaluated the Company's internal control systems and report that there is no cause that might impact on the Company's financial statements significantly.

3. Review related party transactions

The Audit Committee reviewed the Company's related transactions that may give rise to conflicts of interest. It shows that such transactions are actual commercial transactions that occur in the normal business condition. It also shows that the Company has sufficiently and appropriately disclosed such related transactions in the financial statements and the footnotes to the financial statements, consistent with relevant rules and guidelines set forth by the Stock Exchange of Thailand and Securities and Exchange Commission.

4. Review of compliance with laws on Securities and Stock Exchange, the SET's regulations and laws related to the Company's operations

The Audit Committee reviewed the Company's laws and regulations compliance with the legal unit, the compliance unit, and the internal audit unit and found no incident indicating significant violation of these rules, related laws and regulations relevant to the Company's business operations.

5. Review suitability of the auditors

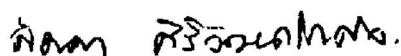
The Audit Committee reviewed the auditors' qualifications, business knowledge and experiences, as well as appropriateness of the compensation packages given to such auditors. It shows that the auditors from Baker Tilly Audit and Advisory Services (Thailand) Co., Ltd. are independent and properly function as auditors according to the standards in audit profession.

6. Good corporate governance

The Board of Directors and the Management emphasize on the Company's corporate governance in order to comply with the principles of good corporate governance. Such as, they focus on related transactions to ensure that the company's operate followed the general business trading condition and ethical business operations that brings trust to the company's shareholders, investors and all other relevant parties

7. The Audit Committee's performance assessment

The Audit Committee's performance assessment was conducted annually. It was participated by the Audit Committee's members themselves, The Audit Committee perform independently throughout the time. To review that completeness of the extent set forth in the Charter of the Audit Committee.



Mrs. Ladda Siri Wattanakosol
Chairman of Audit Committee

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT

For the Year Ended December 31, 2014

██████████

To the Shareholders of Pace Development Corporation Public Company Limited

I have audited the accompanying consolidated and Separate Financial Statements of Pace Development Corporation Public Company Limited and its subsidiaries, and of Pace Development Corporation Public Company Limited, which comprise the consolidated and separate statements of financial position as at December 31, 2014, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Separate Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated and Separate Financial Statements based on my audits. I conducted my audits in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and Separate Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated and Separate Financial Statements referred to above present fairly, in all material respects, the consolidated and separate financial position of Pace Development Corporation Public Company Limited and its subsidiaries, and of Pace Development Corporation Public Company Limited as at December 31, 2014, and their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards and the basis as discussed in Note 2 to the financial statements.

Emphasis of Matter

I draw attention to Note 2 to the financial statements that the financial statements for year ended December 31, 2014 include financial information of subsidiaries for the year then ended, which was revised based on the new estimation and assumptions that the management used to allocate land (previously recorded as leasehold rights on land), construction costs and common project costs of subsidiaries according to the revised proportion. The management determined the new proportion by considering quantitative information of construction area of each subsidiary's project. The treatment of this matter was approved by the Audit Committee's meeting and the Board of Directors' meeting held on February 8, 2013 and the extraordinary shareholders' meeting held on February 19, 2013. However, my opinion is not modified in respect of the matter emphasized.

(Ms. Waleerat Akkarasrisawad)
Certified Public Accountant Registration No. 4411
Baker Tilly Audit and Advisory Services (Thailand) Ltd.
Bangkok
February 27, 2015

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

ASSETS

ASSETS		In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		Notes	2014	2013	2014
CURRENT ASSETS					
Cash and cash equivalents	5, 23, 24	519,033,419	1,039,284,307	98,366,549	4,440,603
Short-term investments	6	518,900,582	-	458,410,008	-
Restricted savings deposit	24	67,108,720	-	-	-
Trade and unbilled trade account receivables					
- Related companies	4	42,951,241	2,614,283	-	-
- Other companies - net	7	33,283,494	13,345,794	-	-
	4, 8, 21, 23, 24,				
Inventories - net	26	297,107,536	144,319,699	21,370,371	59,134,536
Real estate projects for sales under development	4, 10, 11, 12, 13, 14, 21, 24	5,565,471,811	278,483,378	440,239,745	278,483,378
Advance payments for construction		386,450,836	-	63,224,694	-
Short-term loans to subsidiary and interest receivable	4	-	-	91,983,281	-
Other receivables from subsidiaries and related company	4	566,417	705,917	101,644,523	60,872,939
Refundable value added tax		87,294,602	38,730,635	460,814	-
Other current assets		65,023,614	19,788,925	24,344,420	13,967,589
Total Current Assets		7,583,192,272	1,537,272,938	1,300,044,405	416,899,045

The accompanying note are an integral part of these financial statements.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2014

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ASSETS		In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		Notes	2014	2013	2014
NON-CURRENT ASSETS					
Investments in shares of subsidiaries - at cost	4, 9, 19, 24	-	-	1,077,821,506	265,872,106
Restricted bank - current account	37	7,564,930	-	-	-
Deposit for acquisition of assets	4	318,908,775	-	318,908,775	-
Accrued management fee income	4	-	-	120,000,000	-
Interest receivables from subsidiaries	4	-	-	685,975,753	440,661,747
Long-term loans to subsidiaries	4, 24	-	-	4,938,925,344	2,944,200,344
Leasehold rights on land - net	2, 3, 4, 11, 12, 13, 14, 24	-	2,083,802,694	-	-
Land	11, 12, 13, 16, 21, 24	1,493,170,020	579,562,481	271,023,701	271,023,701
Advance payments for land	4, 10, 11	211,000,000	-	211,000,000	-
Advance payments for construction		123,844,471	231,930,573	-	-
Construction in progress	2, 4, 11, 12, 14, 16, 21, 24, 37	1,959,774,958	3,093,361,074	356,379,446	101,264,068
Leasehold improvements, sales gallery and equipment - net	4, 15	343,532,304	144,026,598	62,966,243	17,256,291
Property for lease - net	13, 14, 16, 24	1,016,917,866	141,823,512	-	-
Intangible assets - net	17, 18	2,425,672,735	-	-	-
Goodwill - net	9, 18, 19	3,397,883,860	501,823,469	-	-
Deferred income tax assets - net	20	345,079,603	259,630,471	19,473,103	7,019,305
Other non-current assets - net		10,161,268	3,333,461	5,858,516	2,772,661
Total Non-Current Assets		11,653,510,790	7,039,294,333	8,068,332,387	4,050,070,223
TOTAL ASSETS		19,236,703,062	8,576,567,271	9,368,376,792	4,466,969,268

The accompanying note are an integral part of these financial statements.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2014

LIABILITIES AND EQUITY

	Notes	In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2014	2013	2014	2013
CURRENT LIABILITIES					
Bank overdraft and short-term loans from financial institutions	8, 11, 13, 14, 21, 24	1,362,926,908	244,855,146	1,362,926,908	244,855,146
Short-term loans	22	1,165,299,518	323,496,551	1,165,299,518	139,109,925
Trade account payables		714,217,725	201,707,659	13,786,497	11,743,957
Payable for purchase of land	13	110,409,864	-	-	-
Other payables to related companies	4	1,542,565	586,701	840,132	15,046
Other account payables		3,510,129	2,635,691	-	-
Current portion of long-term loans from financial institutions	4, 5, 8, 9, 11, 12, 13, 14, 16, 24	1,845,515,381	-	-	-
Current portion of liabilities under finance lease contracts		3,573,930	1,836,242	2,945,116	1,313,899
Advances and deposits received from customers	4, 8, 23	2,055,072,771	58,799,531	27,246,122	26,346,122
Short-term loans from subsidiary	4	-	-	-	204,341,598
Income tax payable		226,458	3,331,405	-	962,981
Retention payables to contractors	25	21,904,643	20,712,846	285,613	13,137
Current portion of deferred revenue		74,064,414	-	-	-
Accrued expenses		172,692,387	11,981,114	49,767,286	8,096,517
Accrued construction costs		20,131,283	29,404,341	-	-
Other current liabilities		116,044,119	12,771,618	32,348,512	8,551,632
Total Current Liabilities		7,667,132,095	912,118,845	2,655,445,704	645,349,960

The accompanying note are an integral part of these financial statements.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2014

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LIABILITIES AND EQUITY		In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		Notes	2014	2013	2014
NON-CURRENT LIABILITIES					
Deposits received from customers	23, 37	8,128,419	1,471,326,895	-	-
Retention payables to contractors	25	39,183,573	19,219,879	-	-
Provision for loss on litigation case	8, 26	-	9,649,539	-	9,649,539
Long-term loans from shareholders and accrued interest	4, 18	2,413,001,320	2,320,841,287	-	-
Long-term loans from financial institutions - net	4, 5, 8, 9, 11, 12, 13, 14, 16, 24	3,686,026,088	1,685,517,826	-	-
Liabilities under finance lease contracts - net		8,731,606	7,576,716	5,728,964	4,012,243
Debentures - net	27	2,971,839,616	-	2,971,839,616	-
Deferred revenue - net		114,614,380	-	-	-
Deferred income tax liability - net	20	665,878,295	-	-	-
Provision for employee retirement benefit	28	5,485,617	2,576,385	5,064,881	2,576,385
Other non-current liabilities		814,907	-	-	-
Total Non-Current Liabilities		9,913,703,821	5,516,708,527	2,982,633,461	16,238,167
Total Liabilities		17,580,835,916	6,428,827,372	5,638,079,165	661,588,127

The accompanying note are an integral part of these financial statements.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2014

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LIABILITIES AND EQUITY

In Baht

		Consolidated Financial Statements		Separate Financial Statements	
	Notes	2014	2013	2014	2013
EQUITY					
Share capital	29, 38				
- Authorized share capital, common share 2,054,265,670 shares at Baht 1 par value		2,054,265,670	2,054,265,670	2,054,265,670	2,054,265,670
- Issued and paid-up share capital, common share 2,054,265,670 shares at Baht 1 per share		2,054,265,670	2,054,265,670	2,054,265,670	2,054,265,670
Premium on common shares		1,431,062,052	1,431,062,052	1,431,062,052	1,431,062,052
Discount on business combination under common control		(61,374,560)	(61,374,560)	-	-
Currency translation differences		9,627,781	-	-	-
Retained earnings (Deficit)					
- Appropriated for legal reserve	30	15,643,231	15,643,231	15,643,231	15,643,231
- Unappropriated (Deficit)		(1,068,316,173)	(689,542,319)	229,326,674	304,410,188
Equity Attributable to Owners of the Parent		2,380,908,001	2,750,054,074	3,730,297,627	3,805,381,141
Non-controlling interests		(725,040,855)	(602,314,175)	-	-
Equity - Net		1,655,867,146	2,147,739,899	3,730,297,627	3,805,381,141
TOTAL LIABILITIES AND EQUITY		19,236,703,062	8,576,567,271	9,368,376,792	4,466,969,268

The accompanying note are an integral part of these financial statements.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2014

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		In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
	Notes	2014	2013	2014	2013
Revenues					
Revenue from sales of residential condominium units and furnitures		34,000,000	287,415,701	34,000,000	42,317,757
Revenue from sales of foods and beverages	4	468,584,628	-	-	-
Rental and service income	4	39,290,004	3,869,783	-	-
Interest income	4	3,756,534	32,252,168	250,114,558	164,123,904
Dividend income	4, 9	-	-	-	119,999,520
Gain on sale of land held for sale	8	30,592,172	-	30,592,172	-
Gain on foreign exchange - net		4,395,844	-	1,842,507	-
Management fee income	4	-	15,000,000	60,000,000	60,000,000
Other income	4, 8	27,009,188	6,550,529	18,041,632	8,816,788
Total Revenues		607,628,370	345,088,181	394,590,869	395,257,969
Expenses					
Costs of sales of residential condominium units and furnitures		23,604,165	188,118,934	23,604,165	25,204,615
Costs of sales of food and beverage		243,692,998	-	-	-
Cost of rental and service		64,769,675	-	-	-
Selling expenses	4	304,633,807	186,611,622	73,420,916	85,511,049
Administrative expenses	4	305,191,879	118,954,621	210,118,842	86,601,288
Management benefit expenses	4, 32	44,263,852	28,171,824	41,043,232	25,161,934
Loss on foreign exchange - net		-	934,695	-	378,519
Total Expenses	31	986,156,376	522,791,696	348,187,155	222,857,405

The accompanying note are an integral part of these financial statements.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2014

	Notes	In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2014	2013	2014	2013
Profit (Loss) before Finance Costs and Income Tax		(378,528,006)	(177,703,515)	46,403,714	172,400,564
Finance Costs	4	(207,827,677)	(97,561,793)	(133,941,025)	(42,235,414)
Profit (Loss) from Operation		(586,355,683)	(275,265,308)	(87,537,311)	130,165,150
Loss on derecognition of discount on business combinations under common control - net	18	-	(584,050,448)	-	-
Profit (Loss) before Income Tax		(586,355,683)	(859,315,756)	(87,537,311)	130,165,150
Income Tax Income (Expense)	20	84,854,549	18,271,863	12,453,797	(3,242,133)
PROFIT (LOSS) FOR THE YEAR		(501,501,134)	(841,043,893)	(75,083,514)	126,923,017
Other Comprehensive Income					
Currency translation differences		9,627,781	-	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR		9,627,781	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		(491,873,353)	(841,043,893)	(75,083,514)	126,923,017
Profit (loss) for the year attributable to:					
Owners of the parent		(378,773,854)	(795,373,208)	(75,083,514)	126,923,017
Non-controlling interests		(122,727,280)	(45,670,685)	-	-
		(501,501,134)	(841,043,893)	(75,083,514)	126,923,017
Total comprehensive income (loss) for the year attributable to:					
Owners of the parent		(369,146,073)	(795,373,208)	(75,083,514)	126,923,017
Non-controlling interests		(122,727,280)	(45,670,685)	-	-
		(491,873,353)	(841,043,893)	(75,083,514)	126,923,017
Basic Earnings (Loss) per Share Attributable to Owners of the Parent (In Baht)		(0.184)	(0.466)	(0.037)	0.074
Weighted Average Number of Shares (In Shares)	29	2,054,265,670	1,705,772,519	2,054,265,670	1,705,772,519

The accompanying note are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2014

Consolidated Financial Statements (In Baht)

	Notes	Issued and paid-up share capital	Premium on common shares	Discount on business combination under common control	Currency translation differences	Retained earnings (Deficit)		Equity attributable to owners of the parent	Non-controlling interests	Equity - net
						Appropriated for legal reserve	Unappropriated (Deficit)			
Balance as at January 1, 2013		1,454,265,670	-	(753,779,902)	-	6,956,795	185,777,585	893,220,148	-	893,220,148
Increase in share capital	29	600,000,000	1,431,062,052	-	-	-	-	2,031,062,052	-	2,031,062,052
Derecognition of discount on business combinations under common control	18	-	-	692,405,342	-	-	-	692,405,342	-	692,405,342
Effect of change in consolidation method		-	-	-	-	-	(71,260,260)	(71,260,260)	(556,643,490)	(627,903,750)
Appropriated for legal reserve	30	-	-	-	-	8,686,436	(8,686,436)	-	-	-
Total comprehensive loss for the year		-	-	-	-	-	(795,373,208)	(795,373,208)	(45,670,685)	(841,043,893)
Balance as at December 31, 2013		2,054,265,670	1,431,062,052	(61,374,560)	-	15,643,231	(689,542,319)	2,750,054,074	(602,314,175)	2,147,739,899
Addition in non-controlling interests from investments in new subsidiaries		-	-	-	-	-	-	-	600	600
Total comprehensive loss for the year		-	-	-	9,627,781	-	(378,773,854)	(369,146,073)	(122,727,280)	(491,873,353)
Balance as at December 31, 2014		2,054,265,670	1,431,062,052	(61,374,560)	9,627,781	15,643,231	(1,068,316,173)	2,380,908,001	(725,040,856)	1,655,867,146

The accompanying note are an integral part of these financial statements.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2014

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Separate Financial Statements (In Baht)

	Notes	Issued and paid-up share capital	Premium on common shares	Retained earnings		Total
				Appropriated for legal reserve	Unappropriated	
Balance as at January 1, 2013		1,454,265,670	-	6,956,795	186,173,607	1,647,396,072
Increase in share capital	29	600,000,000	1,431,062,052	-	-	2,031,062,052
Appropriated for legal reserve	30	-	-	8,686,436	(8,686,436)	-
Total comprehensive income for the year		-	-	-	126,923,017	126,923,017
Balance as at December 31, 2013		2,054,265,670	1,431,062,052	15,643,231	304,410,188	3,805,381,141
Total comprehensive loss for the year		-	-	-	(75,083,514)	(75,083,514)
Balance as at December 31, 2014		2,054,265,670	1,431,062,052	15,643,231	229,326,674	3,730,297,627

The accompanying note are an integral part of these financial statements.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

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	In Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:				
Profit (loss) for the year	(501,501,134)	(841,043,893)	(75,083,514)	126,923,017
Adjustments to reconcile profit (loss) for the year to net cash provided by (used in) operating activities:				
Management fee income	-	-	(60,000,000)	-
Allowance for doubtful accounts	11,501	338,439	11,501	338,439
Depreciation and amortization	75,074,690	35,225,074	6,679,822	5,307,567
Gain on sales of short-term investments	(4,091,028)	-	(4,091,028)	-
Gain on sales of land held for sale	(30,592,172)	-	(30,592,172)	-
Gain on sales of equipment	(47,847)	(383,177)	(47,847)	-
Write-off equipment	93,221	39,352	93,221	39,352
Provision for loss on litigation case (reversal)	(651,038)	124,504	(651,038)	124,504
Provision for employee retirement benefit	2,909,232	675,537	2,488,496	675,537
Unrealized loss (gain) on foreign exchange - net	(214,343)	538,768	(232,698)	-
Unrealized gain on revaluation of short-term investments	(896,770)	-	(406,196)	-
Adjustment of prepaid expenses	9,613,106	546,889	6,173,264	-
Allowance for impairment loss on goodwill	2,374,027	64,760	-	-
Loss on derecognition of discount on business combinations under common control - net	-	584,050,448	-	-
Income tax expense (income)	(84,854,549)	(18,271,863)	(12,453,797)	3,242,133
Interest income	(3,756,534)	(32,252,168)	(250,114,558)	(164,123,904)
Interest expense	207,827,677	97,561,793	133,941,025	42,235,414
Decrease (increase) in operating assets:				
Trade and unbilled trade account receivables	(22,627,644)	(15,970,082)	(11,501)	(10,005)
Inventories	111,562,010	169,002,298	23,604,165	25,204,615
Other receivables from subsidiaries and related companies	139,500	(14,422,485)	(100,771,584)	(58,618,855)
Refundable value added tax	(48,563,967)	(19,294,058)	(460,814)	-
Real estate project for sales under development	(905,328,330)	(212,398,274)	(142,720,091)	(212,398,273)
Advance payments for construction	(209,529,881)	(15,163,808)	(63,224,694)	-

The accompanying note are an integral part of these financial statements.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2014

	In Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Construction in progress	-	(449,536,691)	-	-
Other current assets	(25,392,364)	(4,296,994)	(10,965,440)	(3,473,014)
Other non-current assets	(3,266,563)	(2,021,168)	(3,257,078)	(1,977,168)
Increase (decrease) in operating liabilities:				
Trade account payables and accrued construction costs	(11,988,794)	6,703,789	(6,714,199)	7,559,542
Other payables to related companies	955,864	(211,011)	825,086	(101,996)
Advances and deposits received from customers	533,074,764	417,138,540	900,000	9,077,570
Retention payables to contractors	21,155,491	23,398,468	272,476	-
Other account payables	874,438	(24,859,988)	-	-
Deferred revenue	(8,839,367)	-	-	-
Accrued expenses	13,887,475	(9,167,883)	24,433,178	(9,175,598)
Other current liabilities	91,554,289	7,939,739	23,796,880	6,514,395
Other non-current liabilities	814,907	-	-	-
Payment for loss on litigation case	(8,998,501)	-	(8,998,501)	-
Income tax paid	(9,284,167)	(53,130,680)	(6,547,637)	(31,673,945)
Net Cash Used in Operating Activities	(808,502,801)	(369,075,825)	(554,125,273)	(254,310,673)

The accompanying note are an integral part of these financial statements.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2014

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	In Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES:				
Increase in investments in shares of subsidiaries	(4,588,530,000)	(85,780,206)	(811,949,400)	(85,872,106)
Increase (decrease) in restricted savings deposit and current account	(74,673,650)	78,602,395	-	-
Increase in deposit for assets acquisition	(318,908,775)	-	(318,908,775)	-
Additions in non-controlling interests from investments in new subsidiaries	600	-	-	-
Effect on cash flows from additionally investing in subsidiaries	4,921,275	247,760,769	-	-
Increase in short-term investments	(2,190,000,000)	-	(2,130,000,000)	-
Proceeds from sales of short-term investments	1,676,087,216	-	1,676,087,216	-
Increase in short-term loans to subsidiary	-	-	(90,700,000)	-
Increase in long-term loans to subsidiaries	-	(88,617,500)	(2,079,725,000)	(1,451,434,676)
Decrease in long-term loans to subsidiaries	-	85,750,000	85,000,000	171,500,000
Proceeds from sales of land held for sale	44,752,172	-	44,752,172	-
Proceeds from sales of equipment	607,477	383,178	607,477	-
Purchases of leasehold improvements, sales gallery and equipment	(84,571,780)	(7,431,583)	(47,292,052)	(4,345,285)
Advance payments for construction	(68,834,853)	50,167,654	-	-
Advance payments for land	(211,000,000)	-	(211,000,000)	-
Purchases of land	(1,406,062,460)	(391,422,269)	-	(271,023,701)
Increase in construction in progress	(926,003,842)	(610,146,382)	(236,307,033)	(96,987,543)
Interest received	3,756,534	1,204,144	3,517,271	592,255
Net Cash Used in Investing Activities	(8,138,460,086)	(719,529,800)	(4,115,918,124)	(1,737,571,056)

The accompanying note are an integral part of these financial statements.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2014

	In Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2014	2013	2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES:				
Increase in bank overdraft and short-term loans from financial institutions	1,142,949,087	231,432,669	1,142,949,087	231,432,668
Increase in short-term loans	887,000,000	325,000,000	1,072,000,000	140,000,000
Increase (decrease) in short-term loans from subsidiary	-	-	(205,000,000)	205,000,000
Decrease in short-term loans from shareholder	-	(505,750,000)	-	(505,750,000)
Cash receipts from long-term shareholder loans	-	248,617,500	-	-
Cash receipts from long-term loans from financial institutions	3,921,709,305	1,228,331,175	-	-
Cash receipts from debentures	2,999,500,000	-	2,999,500,000	-
Repayment of long-term shareholder loans	-	(686,950,240)	-	-
Repayment of long-term loans from financial institutions	-	(375,310,051)	-	(25,310,051)
Repayment of liabilities under finance lease contracts	(2,146,872)	(1,365,537)	(1,691,512)	(879,906)
Proceeds from increase in share capital	-	2,100,000,000	-	2,100,000,000
Payment of expenses relating to increase in share capital	-	(68,937,948)	-	(68,937,948)
Payment of deferred loan arrangement fee and debenture underwriting fee	(206,411,078)	(29,584,444)	(67,994,273)	(2,564,171)
Interest paid	(313,172,099)	(472,239,874)	(175,793,959)	(76,922,806)
Net Cash Provided by Financing Activities	8,429,428,343	1,993,243,250	4,763,969,343	1,996,067,786
CURRENCY TRANSLATION DIFFERENCES	(2,716,344)	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(520,250,888)	904,637,625	93,925,946	4,186,057
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,039,284,307	134,646,682	4,440,603	254,546
CASH AND CASH EQUIVALENTS AT END OF YEAR	519,033,419	1,039,284,307	98,366,549	4,440,603

The accompanying note are an integral part of these financial statements.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2014

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	In Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Non-Cash Transactions				
a) Interest expense recorded as cost of real estate project for sales under development and construction in progress	51,715,147	29,201,122	-	6,708,868
b) Construction payables	501,514,945	61,455,271	13,173,852	4,184,415
c) Payable for purchase of land	110,000,000	-	-	-
d) Amortization of leasehold rights on land as part of real estate project for sales under development and construction in progress	1,327,722	11,949,491	-	-
e) Transfer leasehold right on land to land	2,082,015,965	-	-	-
f) Transfer land to real estate project for sales under development	2,390,989,319	-	-	-
g) Transfer construction in progress to real estate project for sales under development	1,635,768,316	-	-	-
h) Transfer construction in progress to property for lease	606,847,477	142,391,825	-	-
i) Transfer residential condominium unit and equipment for rent to be inventories	-	25,204,615	-	25,204,615
j) Deferred loan arrangement fee and debenture underwriting fee capitalized as a part of real estate project for sales under development and construction in progress	50,246,196	24,584,372	2,240,482	1,068,405
k) Fixed assets increased by means of :				
- Finance lease agreements	5,039,450	4,557,254	5,039,450	4,557,254
- Cash payments	84,571,780	7,431,583	47,292,052	4,345,285
Total	89,611,230	11,988,837	52,331,502	8,902,539

The accompanying note are an integral part of these financial statements.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2014

- l) On December 4, 2014, the Pace Development Corporation Group purchased indirect investment in shares of the Dean Group wholly 100% from the former shareholders.

Detail of assets and liabilities of the Dean Group for investing portion as at acquisition date were summarized below:

	<u>In thousand Baht</u>
Trade and other accounts receivable - net	37,658
Inventories - net	278,510
Other current assets	23,871
Property and equipment	147,093
Other non-current assets	3,772
Trade account payables	(226,889)
Deferred revenue	(197,518)
Accrued expenses	(122,739)
Other current liabilities	(11,718)
Intangible assets	2,429,273
Deferred income tax liability - net	(664,208)
Goodwill (Notes 18 and 19)	2,891,164
Fair value at the acquisition date	4,588,269
Effect from cash flows from investments in subsidiaries	4,921
Currency translation differences	(4,660)
Cash payment for purchase of investments in shares of subsidiaries	<u>4,588,530</u>

The accompanying note are an integral part of these financial statements.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2014



m) During the year ended December 31, 2013, the Company purchased direct and indirect investment in shares of the Pace Group from 50% to approximately 67.68%. Therefore, the Company changed the consolidation method of the Pace Group from proportional consolidation to fully consolidation. Detail of assets and liabilities of the Pace Group for additional investing portion as at acquisition date were summarized below:

	<u>In thousand Baht</u>
Other receivables from related companies	283
Refundable value added tax	11,155
Other current assets	2,213
Restricted saving deposits	17,500
Leasehold rights on land - net	1,047,262
Advance payments for construction	138,682
Construction in progress	1,251,329
Land	154,269
Sales gallery and equipment - net	59,833
Deferred income tax assets	118,170
Other non-current assets	132
Trade account payables	(179,056)
Other payables to related companies	(15,837)
Other account payables	(22,799)
Advances and deposits received from customers	(676,795)
Retention payables to contractors	(7,817)
Accrued expenses	(1,953)
Other current liabilities	(1,710)
Long-term loans and accrued interest from shareholders	(2,527,177)
Long-term loans from financial institutions	(479,842)
Non-controlling interests at the acquisition date	556,644
Gain on changes in fair value of investments before business combination (Note 18)	(108,355)
Goodwill (Notes 18 and 19)	501,888
Fair value at the acquisition date	(161,981)
Effect from cash flows from investments in subsidiaries	247,761
Cash payment for purchase of investments in shares of subsidiaries	85,780

The accompanying note are an integral part of these financial statements.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

For the year ended december 31, 2014

1. GENERAL

Pace Development Corporation Public Company Limited (“the Company”) was incorporated as a limited company in Thailand on September 1, 2003 and registered the change of the Company’s status to be a public company on September 20, 2011. Subsequently on August 7, 2013, the Company’s ordinary shares have been approved to be a listed security in the Stock Exchange of Thailand. The Company is principally engaged in property development.

The Pace Group (Subsidiaries - formerly jointly controlled entities), in these financial statements, represents Pace Project One Co., Ltd., Pace Project Two Co., Ltd., Pace Project Three Co., Ltd. and Pace Real Estate Co., Ltd.

The major shareholder of the Company as at December 31, 2014 and 2013 is Techakraisri Group who owned 60.92% and 56.00% of the Company’s authorized share capital, respectively.

The registered office address of the Company is located at 87/2 CRC Tower All Season Place, 45th Floor, Unit 3, Wireless Road, Lumpini, Pathumwan, Bangkok, Thailand.

2. BASIS FOR PREPARATION OF SEPARATE FINANCIAL STATEMENT AND CONSOLIDATED FINANCIAL STATEMENTS

- a) The Company and its subsidiaries are together referred to as “the Pace Development Corporation Group”. The consolidated and separate financial statements are intended solely to present the financial position, financial performance and cash flows in accordance with Thai Financial Reporting Standards.

Other than those specified in notes to financial statements, the consolidated and separate financial statements are prepared under the historical cost convention.

For the convenience of the readers, the Pace Development Corporation Group prepared an English translation of the financial statements from the Thai language financial statements, which are issued for domestic financial reporting purposes.

- b) Business combinations

The Pace Development Corporation Group applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Pace Development Corporation Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured at the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

The Pace Development Corporation Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Pace Development Corporation Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Subsidiary is that entity controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible instruments are taken into account. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Jointly controlled entities are that entities over whose activities the Company has joint control. The consolidated financial statements, therefore, include only the Company's proportionate share of the jointly controlled entities' assets, liabilities, revenues and expenses with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

Upon the loss of control, the Pace Development Corporation Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Pace Development Corporation Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

- c) The financial statements for each of the years ended December 31, 2014 and 2013 of Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. ("subsidiaries") have been prepared based on accounting records and supporting documents, which are in accordance with the Consortium Agreement among subsidiaries and the shareholders agreement of the subsidiaries' shareholders, whereby the leasehold rights on land, construction costs and common project costs of MahaNakhon Project are allocated at the proportion of 40%, 40% and 20%, respectively. The management of the subsidiaries considered such proportions based on market research at the early stage and the consent of landlord relating to the horizontal utilization of areas for both quantitative and qualitative factors. The management also assigned the consultant to analyze the MahaNakhon Project, which had the conclusion that for the preliminary design, the hotel design was complicated for guest rooms, outlets, meeting rooms, function rooms and various service sections because these are based on requirements and standards of the hotel operator (Marriott International Group). Hence, volume of works and relevant costs are as much as those of residential design that is rather fixed. For that of retail project, the design is not complicated. The management, accordingly, considers that such allocation is appropriate. However, for the purpose of the preparation on the consolidated financial statements of the Pace Development Corporation Group, the management considered that the financial statements of the subsidiaries should be prepared based on the new estimation and assumptions that the management used to allocate land (previously recorded as leasehold rights on land), construction costs and common project costs of subsidiaries according to the revised proportion. The management determined the new proportion by considering quantitative information of construction area of each subsidiary's project. The treatment on this matter was approved by the Audit Committee's meeting and the Board of Directors' meeting held on February 8, 2013 and the extraordinary shareholders' meeting held on February 19, 2013, which is shown below:

Subsidiaries (formerly jointly controlled entities)	Previous Proportion (%)	New Proportion (%)	
	Land (previously recorded as leasehold rights on land), construction costs and common project costs	Land (previously recorded as leasehold rights on land)	Construction costs and common project costs
Pace Project One Co., Ltd.	40.00	25.68	25.80
Pace Project Two Co., Ltd.	40.00	60.02	60.88
Pace Project Three Co., Ltd.	20.00	14.30	13.32
Total	100.00	100.00	100.00

The above changes in proportion will be used solely for preparation of financial information of the subsidiaries in order to be included in the consolidated financial statements of the Pace Development Corporation Group for each of the years ended December 31, 2014 and 2013 and did not reflect the effects of relevant taxes to the subsidiaries based on the revised proportions.

- d) The consolidated financial statements for the six-months period ended June 30, 2013 include the financial statements of the Pace Development Corporation Group as follows:

	Nature of Business	Type of Holding	Method of Consolidation	Proportionate of Share (%)
Subsidiary				
YLP Company Limited	Property development	Direct	Full	100
Jointly controlled entities				
The Pace Group:				
Pace Real Estate Co., Ltd.	Investment in equity shares	Direct	Proportionate	50
Pace Project One Co., Ltd.	Hotel	Direct and indirect	Proportionate	50
Pace Project Two Co., Ltd.	Luxury condominium	Direct and indirect	Proportionate	50
Pace Project Three Co., Ltd.	Shopping centre	Direct and indirect	Proportionate	50

Subsequently, during the third quarter of 2013, the Company additionally purchased investments in shares of the Pace Group as discussed in Note 18. As a result, the consolidated financial statements for the year ended December 31, 2013 had change the method of consolidation and proportionate of share as follows:

	Nature of Business	Type of Holding	Method of Consolidation	Proportionate of Share (%)
Subsidiaries				
YLP Company Limited	Property development	Direct	Full	100.00
The Pace Group (formerly jointly controlled entities):				
Pace Real Estate Co., Ltd.	Investment in equity shares	Direct	Full	67.68
Pace Project One Co., Ltd.	Hotel	Direct and indirect	Full	67.84
Pace Project Two Co., Ltd.	Luxury condominium	Direct and indirect	Full	67.84
Pace Project Three Co., Ltd.	Shopping centre	Direct and indirect	Full	67.84

During 2014, the Company invested in 3 new subsidiaries which are Pace Country Club Co., Ltd., Pace Food Retail Co., Ltd. and Dean & DeLuca Inc. (merged with Olive Acquisition Corporation on December 4, 2014) as discussed in Note 9.

The consolidated financial statements for each of the years ended December 31, 2014 and 2013 include the financial statements of the Pace Development Corporation Group as follows:

	Nature of Business	Type of	Method of	Proportionate of Share (%)	
		Holding	Consolidation	2014	2013
Subsidiaries					
YLP Company Limited	Property development	Direct	Full	100	100
Pace Country Club Co., Ltd.	Property development and management	Direct	Full	99.97	-
Pace Food Retail Co., Ltd.	Investment in equity shares	Direct	Full	100	-
The Pace Group (formerly jointly controlled entities):					
Pace Real Estate Co., Ltd.	Investment in equity shares	Direct	Full	67.68	67.68
Pace Project One Co., Ltd.	Hotel	Direct and indirect	Full	67.84	67.84
Pace Project Two Co., Ltd.	Luxury condominium	Direct and indirect	Full	67.84	67.84
Pace Project Three Co., Ltd.	Shopping centre	Direct and indirect	Full	67.84	67.84
Dean Group (Incorporated in USA)					
Dean & DeLuca Inc.	Food and beverage	Indirect	Full	100	-
Dean & DeLuca Brands, Inc.	Food and beverage	Indirect	Full	100	-
Dean & DeLuca Marketing, LLC	Food and beverage	Indirect	Full	100	-
Dean & DeLuca Atlanta, LLC	Food and beverage	Indirect	Full	100	-
Dean & DeLuca Markets, LLC	Food and beverage	Indirect	Full	100	-
D&D Cafes of North Carolina, LLC	Food and beverage	Indirect	Full	100	-
Dean & DeLuca Georgetown, Inc.	Food and beverage	Indirect	Full	100	-
Dean & DeLuca Imports, Inc.	Food and beverage	Indirect	Full	100	-
Dean & DeLuca Call Center, Inc.	Food and beverage	Indirect	Full	100	-
Dean & DeLuca New York, Inc.	Food and beverage	Indirect	Full	100	-
Dean & DeLuca Espresso, Inc.	Food and beverage	Indirect	Full	100	-
Dean & DeLuca Madison Avenue, Inc.	Food and beverage	Indirect	Full	100	-
Gaetano & Barteau, Inc.	Food and beverage	Indirect	Full	100	-
Dean & DeLuca International, LLC	Food and beverage	Indirect	Full	100	-
Dean & DeLuca Brands Hawaii, LLC	Food and beverage	Indirect	Full	100	-
Dean & DeLuca, Incorporated	Food and beverage	Indirect	Full	100	-
Dean & DeLuca Espresso D.C., Inc.	Food and beverage	Indirect	Full	100	-

- e) Significant transactions among the Pace Development Corporation Group have been eliminated in these consolidated financial statements.
- f) The financial statements of the subsidiaries are prepared using consistent significant accounting policies as the Company.
- g) Non-controlling interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated statement of comprehensive income and under equity in the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

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

Accounts Receivable and Allowance for Doubtful Accounts

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

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

Inventory Valuation

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

Inventories of food and beverage business are values at the lower of cost by using first-in, first-out method and net realizable value.

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

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

An allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.

Real Estate Projects for Sales under Development

Real estate projects for sales under development are stated at the lower of cost and net realizable value. Cost comprises cost of land, design fees, utilities, construction costs, and directly related finance cost and expenses.

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

Investments

Investments in shares of subsidiaries are accounted for at cost method in the separate financial statements.

Investment in available for sale equity security is determined at fair value. The change in the value of security is recorded as a separate item in equity until the security is sold, the change is then included in the statement of comprehensive income.

Equity securities which are not marketable securities are stated at cost less impairment losses.

The cost of investments disposed of during the year is determined by the weighted average method.

Leasehold Rights on Land

Leasehold rights on land that are acquired by the Pace Group are stated at cost less accumulated amortization. The amortizations are as follows:

Pace Project One Co., Ltd.	Recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.
Pace Project Two Co., Ltd.	On a straight-line basis from the date that assets are available for use over the remaining terms of the leases. Amortization that is not directly attributable to the acquisition, construction or production of a qualifying asset is recognized in the statement of comprehensive income. The remaining of unamortized leasehold rights on land when the construction is complete will be transferred to cost of condominium which will be charged to the statement of comprehensive income when condominium is sold.
Pace Project Three Co., Ltd.	On a straight-line basis from the date that assets are available for use over the remaining terms of the leases. Amortization that is not directly attributable to the acquisition, construction or production of a qualifying asset is recognized in the statement of comprehensive income. The remaining of unamortized leasehold rights on land when the construction is complete is recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

Residential Condominium Unit and Equipment for Rent

Residential condominium unit and equipment for rent are stated at cost less accumulated depreciation and allowance for impairment. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in statement of comprehensive income.

The Pace Development Corporation Group depreciates its residential condominium unit and equipment for rent by the straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Residential condominium unit	20
Furniture and equipment	10

Leasehold Improvement, Sales Gallery and Equipment

Leasehold improvement, sales gallery and equipment are stated at cost less accumulated depreciation and allowance for impairment. When assets are sold or retired, their cost and accumulated depreciations are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of comprehensive income.

The Pace Development Corporation Group depreciates their leasehold improvement and equipment by the straight-line method over the following estimated useful lives:

	<u>Years</u>
Leasehold improvements	1 - 20
Furniture, fixtures and office equipment	1 - 10
Media equipment	5
Vehicles	3 - 5

Sales gallery is depreciated based on the percentage of total sales of project on hand until the estimated demolition date.

Property for lease

Property for lease is stated at cost less accumulated depreciation and allowance for impairment loss (if any).

Depreciation of property for lease is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

	Years
Building and building improvement – cube building	50
Mechanical, electrical and plumbing, lifts and escalator works	20
Car park system	5
Interior decoration and landscape	5

Goodwill

Goodwill that arises upon the acquisition of subsidiaries are measured at initial recognition is discussed in note 2 b). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Intangible Assets

Intangible assets that are acquired by the Pace Development Corporation Group are stated at cost less accumulated amortization and impairment losses.

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

	Years
Trademark and trade name	Indefinite
Non-competition agreements	4
Franchise agreements	6.5
Customer relationships	4

Impairment of Assets

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

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

Provision

A provision is recognized when the Pace Development Corporation Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. A provision is reviewed at the statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provision for Employee Retirement Benefit

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

Use of Estimates

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

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

The consolidated financial statements for each of the years ended December 31, 2014 and 2013 of the Pace Development Corporation Group include financial information of the Pace Group (formerly jointly controlled entities) for each of the years then ended, which were revised based on the new estimation and assumptions that the management used to allocate leasehold rights on land, construction costs and common project costs of the subsidiaries according to the revised proportion. The management determined the new proportion by considering quantitative information of construction area of each subsidiary's project as discussed in Note 2.

Revenue Recognition

The Pace Development Corporation Group recognized revenue from sales of residential condominium units as revenue when the construction works are completed and the ownerships have been transferred to buyers after all payments received from the buyers.

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

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

Service income is recognized as services are provided on an accrual basis.

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

Other income is recognized as income on an accrual basis.

Cost of Residential Condominium Units Sold

Development costs are stated at the lower of cost and net realizable value, consisting of cost of land, design fees, utilities, construction and direct related interest and expense cost.

In determining the cost of residential condominium units sold, the anticipated total development costs (taking into account actual costs incurred to date) are attributed to residential condominium units sold on the basis of the ownerships area.

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

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

Repair and Maintenance

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

Finance Lease

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

Operating Lease

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

Finance Costs

Interest expense and similar costs are charged to the statement of comprehensive income for the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

Foreign Currency Transactions

Foreign currency transactions during the year are translated into Baht at the rates prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into Baht at the prevailing bank rates at that date. Gains or losses on translation are credited or charged to current operations in statement of comprehensive income.

Functional and presentation currency

Items included in the financial statements of each of the Pace Development Corporation Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the Company's functional currency and presentation currency.

Foreign Operations

The assets and liabilities of foreign operations are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are stated at exchange rates ruling on the reporting date

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognized in other comprehensive income and presented in the currency translation differences in equity until disposal of the investment.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in the currency translation differences in equity until disposal of the investment.

Income Tax

The income tax charge is based on profit for the year and considers deferred taxation. Deferred income taxes reflect the net tax effects of temporary differences between the tax basis of an asset or liability and its carrying amount in the statement of financial position. Deferred income tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The measurement of deferred income tax assets and deferred income tax liabilities reflects the tax consequences that would follow from the manner in which the Pace Development Corporation Group expect, at the statement of financial position date, to recover or settle the carrying amount of their assets and liabilities.

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

Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Basic Earnings (Loss) per Share Attributable to Owners of the Parent

Basic earnings (loss) per share attributable to owners of the parent are determined by dividing the profit (loss) attributable to owners of the parent for the year by the weighted average number of shares outstanding during the year.

4. TRANSACTIONS WITH RELATED PARTIES

Significant portions of the Company and its subsidiaries' assets, liabilities, revenues and expenses arose from transactions with related parties. These parties are related through common shareholdings and/or directorships. The significant transactions with related parties as included in the consolidated financial statements are determined at the price as stipulated in the agreement or mutual negotiation.

The significant transactions between the Pace Development Corporation Group and their related parties for each of the years ended December 31, 2014 and 2013 are as follows:

			In Thousand Baht			
			Consolidated Financial Statements		Separate Financial Statements	
	Relationship	Policy of Pricing	2014	2013	2014	2013
Revenues from sales						
Dean & Deluca (Thailand) Co., Ltd.	Related company	Contract price	253	-	-	-
Rental and service income						
Dean & Deluca (Thailand) Co., Ltd.	Related company	Contract price	24,812	3,277	-	-
Fourteen Points Company Limited	Related company	Contract price	12,486	592	-	-
Total			37,298	3,869	-	-
Management fee income						
Pace Project One Co., Ltd.	Subsidiary company	Contract price	-	3,870	15,480	15,480
Pace Project Two Co., Ltd.	Subsidiary company	Contract price	-	9,132	36,528	36,528
Pace Project Three Co., Ltd.	Subsidiary company	Contract price	-	1,998	7,992	7,992
Total			-	15,000	60,000	60,000
Trademark and trade name fee						
Dean & Deluca (Thailand) Co., Ltd.	Related company	Contract price	691	-	-	-
Commission income						
Pace Project Two Co., Ltd.	Subsidiary company	Contract price	-	3,951	990	7,902
Pace Project Three Co., Ltd.	Subsidiary company	Contract price	-	-	12,121	-
Total			-	3,951	13,111	7,902
Interest income						
Pace Country Club Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	1,283	-
Pace Food Retail Co., Ltd.	Subsidiary company	MLR+3% p.a.	-	-	9,189	-
Dean & DeLuca Inc.	Subsidiary company	MLR+3% p.a.	-	-	38	-
Pace Project One Co., Ltd.	Subsidiary company	7.5% p.a.	-	13,158	92,231	67,886
Pace Project Two Co., Ltd.	Subsidiary company	7.5% p.a.	-	12,140	79,604	58,033
Pace Project Three Co., Ltd.	Subsidiary company	7.5% p.a.	-	3,518	49,566	26,323
Pace Real Estate Co., Ltd.	Subsidiary company	7.5% p.a.	-	2,232	14,724	11,290
Total			-	31,048	246,635	163,532

			In Thousand Baht			
			Consolidated Financial Statements		Separate Financial Statements	
	Relationship	Policy of Pricing	2014	2013	2014	2013
Dividend income						
YLP Company Limited	Subsidiary company	-	-	-	-	120,000
Other income						
Khun Apichart Kasemkulsiri	Shareholder	Contract price	951	-	-	-
Pace Project One Co., Ltd.	Subsidiary company	Mutual negotiation	-	41	-	81
Pace Project Two Co., Ltd.	Subsidiary company	Mutual negotiation	-	109	-	219
Pace Project Three Co., Ltd.	Subsidiary company	Mutual negotiation	-	21	-	42
Total			951	171	-	342
Interest expense (included in real estate projects for sales under development, construction in progress and finance costs)						
Khun Sorapoj Techakraisri	Shareholder	7.075% to 7.275% p.a.	-	18,110	-	18,110
YLP Company Limited	Subsidiary company	5.00% to 6.75% p.a.	-	-	5,647	7,488
IBC Thailand Ltd.	Shareholder	7.5% p.a.	92,160	80,962	-	-
Total			92,160	99,072	5,647	25,598
Other expenses						
Pace Project Two Co., Ltd.	Subsidiary company		-	-	627	-
Dean & Deluca (Thailand) Co., Ltd.	Related company	Mutual negotiation	1,733	1,030	1,152	296
Lumpini Property Management Co., Ltd.	Related company	Mutual negotiation	514	383	-	-
Fierce Publishing Co., Ltd.	Related company	Mutual negotiation	307	-	107	-
Fourteen Points Company Limited	Related company	Mutual negotiation	312	-	52	-
Total			2,866	1,413	1,938	296

The outstanding balances with related parties as at December 31, 2014 and 2013 in the consolidated financial statements are as follows:

Consolidated Financial Statements (In Thousand Baht)						
	Balance as at		Additions from		Balance as at	
	December 31,		purchase of		December 31,	
	2013	Increase	Decrease	investments in	Currency	2014
				subsidaries	translation	
					differences	
Trade and unbilled trade account receivables						
Dean & Deluca (Thailand) Co., Ltd.	2,022	26,189	(4,435)	5,772	14	29,562
Fourteen Points Company Limited	592	12,797	-	-	-	13,389
Total	2,614	38,986	(4,435)	5,772	14	42,951
Other receivable						
Dean & Deluca (Thailand) Co., Ltd.	706	733	(873)	-	-	566
Advance payment for land						
Cinkara Property Co., Ltd.	-	180,000	-	-	-	180,000
Other payables to related companies						
Pace Development Co., Ltd.	466	-	-	-	-	466
Dean & Deluca (Thailand) Co., Ltd.	35	1,738	(1,591)	656	2	840
Lumpini Property Management Co., Ltd.	86	514	(514)	-	-	86
Fierce Publishing Co., Ltd.	-	307	(307)	-	-	-
Fourteen Points Company Limited	-	312	(161)	-	-	151
Total	587	2,871	(2,573)	656	2	1,543

Consolidated Financial Statements (In Thousand Baht)

	Balance as at			Additions from		Balance as at
	December 31,			purchase of		December 31,
	2013	Increase	Decrease	investments in	Currency	2014
				subsidaries	translation	
					differences	
Advances received from customers						
Khun Apichart Kasemkulsiri (shareholder)	9,514	-	(9,514)	-	-	-
Khun Sumate Techakraisri (shareholder)	327	-	-	-	-	327
Khun Yupa Techakraisri (related party)	-	13,200	-	-	-	13,200
Khun Chotipol Techakraisri (shareholder)	-	9,000	-	-	-	9,000
Khun Sorapoj Techakraisri (shareholder)	-	6,000	-	-	-	6,000
Khun Chumpol Techakraisri (shareholder)	327	4,500	-	-	-	4,827
Dynasty Apparel Co., Ltd. (directorship)	327	-	-	-	-	327
Total	10,495	32,700	(9,514)	-	-	33,681
Long-term loans from shareholders and accrued interest						
Loans from shareholders of the Pace Group	1,228,800	-	-	-	-	1,228,800
Accrued interest	1,092,041	92,160	-	-	-	1,184,201
Total	2,320,841	92,160	-	-	-	2,413,001

The aging analyses of trade account receivables - related companies as at December 31, 2014 and 2013 are as follows:

	Consolidated Financial Statements	
	(In Thousand Baht)	
	2014	2013
Trade account receivables		
Within credit term	1,636	-
Overdue		
- Not over 3 months	13,754	-
- Over 3 months to 6 months	12,948	-
- Over 6 months to 12 months	2,159	-
Total trade account receivables	30,497	-
Unbilled trade account receivables	12,454	2,614
Total	42,951	2,614

On August 7, 2013, the Company purchased 9% shares in Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. from IBC Thailand Ltd. and 17.68% shares in Pace Real Estate Co., Ltd. from IBC Thailand Ltd. and IDJ Holding Ltd. and the Company was assigned 36% of the right of loans from IBC Thailand Ltd. with the following purchase price:

	In Thousand Baht
Investments in common shares of the Pace Group	85,780
Transfer the right of loans and accrued interest	934,200
Total	1,019,980

On August 7, 2013, the Company has entered into the loan agreements with the Pace Group for the above transfer the right of loans and accrued interest. The significant details are follows:

- Loans are due upon the lenders' written demand given at least 30 days in advance.
- Loans are to be subordinated to the loans from the financial institutions as discussed in Note 24.
- These loans bear interest at the rate of 7.5% per annum for the years ended December 31, 2014 and 2013.
- The borrowers are responsible for withholding tax and other expenses.

On September 19, 2014, the Company entered into Option Agreement with IBC Thailand Ltd. and IDJ Holdings Ltd. to:

- Purchased 1.17% shares in Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. from IBC Thailand Ltd. and 2.35% shares in Pace Real Estate Co., Ltd. from IBC Thailand Ltd. and IDJ Holding Ltd. and the Company was assigned 7.245% of the right of loans and accrued interest from IBC Thailand Ltd. with the purchase price totalling USD 5 million, and
- Option to purchase 14.83% shares in Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. from IBC Thailand Ltd. and 29.9829% shares in Pace Real Estate Co., Ltd. from IBC Thailand Ltd. and IDJ Holding Ltd. and the Company was assigned 92.755% of the right of loans and accrued interest from IBC Thailand Ltd. with the non-refundable option price of USD 5 million (unless the other parties, IBC Thailand Ltd. and IDJ Holding Ltd. cannot comply with the conditions specified in the Option Agreement) and exercise price of USD 59 million within March 31, 2015.

Subsequently on October 7, 2014, the Company has made payment of above sale and purchase transaction and option to purchase totalling USD 9.75 million (net offset with withholding tax deducted at source of USD 0.25 million), equivalent to Thai Baht 318.9 million. As at December 31, 2014, the Company recorded such payment as "Deposit for acquisition of assets" in the statement of financial position as at December 31, 2014.

Long-term loans from shareholders of the Pace Group are the unsecured loans, which were obtained under the shareholder loan agreements. The significant details are follows:

- a) Loans are due upon the lenders' written demand given at least 30 days in advance.
- b) Loans are to be subordinated to long-terms from the financial institutions as discussed in Note 24.
- c) These loans bear interest at the rate of 7.5% per annum for the years ended December 31, 2014 and 2013
- d) The borrowers are responsible for withholding tax and other expenses.

MANAGED SERVICES AGREEMENT

The Pace Development Corporation Group have entered into Managed Services Agreement dated August 14, 2008 with Pace Development Co., Ltd., a related company, whereby the latter will provide the services as indicated in agreements. In consideration thereof, the Pace Development Corporation Group is committed to pay service fees of Baht 5 million per month to such related company.

On September 1, 2011, the Pace Development Corporation Group entered into novation agreement to transfer the right and obligation under Managed Services Agreement between Pace Development Co., Ltd. (Assignor) and the Company (Assignee) for novation and obligation under conditions as indicated in Managed Services Agreement.

Subsequently on January 6, 2014, the Company entered into the amendment Managed Services Agreement to extend the service period to the Pace Group until the completion of the project with the service fees of Baht 5 million per month. Such service fees are repayable within 30 days after the date of receipt of an invoice which can be billed after the completion of the project of the Pace Group and the completion of the construction loan repayment of the project.

MEMORANDUM TO SELL AND PURCHASE OF LAND

On March 14, 2014, the Company has entered into amendment agreement of memorandum to sell and purchase of land for developing the new project with Cinkara Property Co., Ltd. at the amount of Baht 216.4 million. Expenses relating to the transfer of ownership shall be absorbed by the buyer as indicated in the agreement. The ownership on such land shall be transferred to the Company when payments are made in full amount within December 2014. Subsequently, on December 16, 2014, the Company made an amendment agreement to extend the payment of such remaining amount to be on March 31, 2015 (the date of transfer the ownership of land).

As at December 31, 2014, the Company made an advance payment for land of Baht 180 million and recorded such payment as "Advance payments for land" in the statement of financial position as at December 31, 2014.

ADVANCES RECEIVED FROM CUSTOMERS

On June 6, 2014, YLP Company Limited, a subsidiary, has made a memorandum to cancel sell and purchase Saladaeng Residences Project with Khun Apichart Kasemkulsiri, a shareholder. In this regard, the subsidiary has returned the advances received to such customer of Baht 8.6 million and recorded the confiscation of Baht 0.9 million as a part of "Other income" in the statement of comprehensive income for the year ended December 31, 2014.

On December 29, 2014, YLP Company Limited has made the agreements to purchase and sales of 5 condominium units of Saladaeng Residences Project with 4 related parties with the totalling sale value of Baht 109 million. As at December 31, 2014, the subsidiary has received the advance payment of Baht 32.7 million and recorded such advances as a part of "Advances received from customers" in the consolidated statement of financial position as at December 31, 2014. The remaining amounting to Baht 76.3 million will be paid on the date of transfer the ownership on January 30, 2015. Subsequently on February 13, 2015, the related parties has extend the registration date to transfer the ownership to be within March 2015 and paid the postdated cheque dated March 20, 2015 and March 31, 2015 totalling of Baht 76.3 million which is a normal practice for third party customers.

DISTRIBUTION AND LICENSE AGREEMENT AND TRADEMARK LICENSE AGREEMENT

A subsidiary of Pace Development Corporation Group has entered into the Distribution and License Agreement, the Trademark License Agreement, both with an effective date of January 1, 2010 with Pace Development Co., Ltd., a related company, whereby the latter will be granted certain distribution and trademark usage rights in the business of operation of certain food stores under the name “Dean & DeLuca” in Thailand and hospitality sales business in some countries. In consideration thereof, the Pace Development Co., Ltd. is committed to pay initial license fee and royalty payment to the Pace Development Corporation Group at the rate that indicated in the agreement. The agreement will be in effective until December 31, 2018 with renewal option of 1 year advance notice.

On November 1, 2014, Pace Development Co., Ltd. (Assignor) entered into novation agreement to transfer the right and obligation under the Distribution and License Agreement, the Trademark License Agreement to Dean & DeLuca (Thailand) Co., Ltd. (Assignee), a related company, under conditions as indicated in the Distribution and License Agreement, the Trademark License Agreement.

The outstanding balances with related parties as at December 31, 2014 and 2013 in the separated financial statements are as follows:

Separate Financial Statements (In Thousand Baht)				
	Balance as at December 31, 2013	Increase/ Transfers	Decrease/ Transfers	Balance as at December 31, 2014
Short-term loan to				
Pace Country Club Co., Ltd.				
- Principal	-	90,700	-	90,700
- Interest receivable	-	1,283	-	1,283
	-	91,983	-	91,983
Dean & DeLuca Inc.				
- Principal	-	7,576	(7,576)	-
- Interest receivable	-	38	(38)	-
	-	7,614	(7,614)	-
Total	-	99,597	(7,614)	91,983
Other receivables				
Pace Project One Co., Ltd.	15,482	530	(15,952)	60
Pace Project Two Co., Ltd.	36,993	46,860	(82,754)	1,099
Pace Project Three Co., Ltd.	7,994	24,868	(13,493)	19,369
Pace Real Estate Co., Ltd.	404	141	-	545
Pace Country Club Co., Ltd.	-	17	(17)	-
Pace Food Retail Co., Ltd.	-	809,951	(809,950)	1
Dean & DeLuca Inc.	-	80,570	-	80,570
Total	60,873	962,937	(922,166)	101,644
Accrued management fee income				
Pace Project One Co., Ltd.	-	30,960	-	30,960
Pace Project Two Co., Ltd.	-	73,056	-	73,056
Pace Project Three Co., Ltd.	-	15,984	-	15,984
Total	-	120,000	-	120,000

Separate Financial Statements (In Thousand Baht)				
	Balance as at December 31, 2013	Increase/ Transfers	Decrease/ Transfers	Balance as at December 31, 2014
Interest receivables				
Pace Project One Co., Ltd.	175,378	92,231	-	267,609
Pace Project Two Co., Ltd.	174,856	79,604	-	254,460
Pace Project Three Co., Ltd.	56,292	49,566	-	105,858
Pace Real Estate Co., Ltd.	34,136	14,724	-	48,860
Pace Food Retail Co., Ltd.	-	9,189	-	9,189
Total	440,662	245,314	-	685,976
Long-term loans to				
Pace Project One Co., Ltd.	1,189,313	183,175	-	1,372,488
Pace Project Two Co., Ltd.	986,977	409,700	(85,000)	1,311,677
Pace Project Three Co., Ltd.	571,581	265,550	-	837,131
Pace Real Estate Co., Ltd.	196,329	-	-	196,329
Pace Food Retail Co., Ltd.	-	1,221,300	-	1,221,300
Total	2,944,200	2,079,725	(85,000)	4,938,925
Advance payment for land				
Cinkara Property Co., Ltd.	-	180,000	-	180,000
Other payables				
Pace Project Two Co., Ltd.	-	627	(627)	-
Dean & Deluca (Thailand) Co., Ltd.	15	1,152	(327)	840
Fierce Publishing Co., Ltd.	-	107	(107)	-
Fourteen Points Company Limited	-	52	(52)	-
Total	15	1,938	(1,113)	840
Advances received from customers				
Khun Sumate Techakraisri (shareholder)	327	-	-	327
Khun Chumpol Techakraisri (shareholder)	327	-	-	327
Dynasty Apparel Co., Ltd. (directorship)	327	-	-	327
Total	981	-	-	981
Short-term loans from				
YLP Company Limited				
- Principal	205,000	60,000	(265,000)	-
- Prepaid interest expense	(659)	(4,988)	5,647	-
Net	204,341	55,012	(259,353)	-

Other receivables to subsidiary

During the third quarter of 2014, the Company had advances to Pace Food Retail Co., Ltd., a subsidiary, totalling Baht 809.95 million for subsequently investing in a new subsidiary as discussed in Note 9.

Short-term loans to subsidiary

Short-term loans to Pace Country Club Co., Ltd. are unsecured loans. These loans bear interest at the rate of 7.5% per annum and will be repayable in June to September 2015.

Long-term loans to subsidiaries

Long-term loan to Pace Food Retail Co., Ltd. is unsecured loan. This loan bears interest at the rate of MLR+3% per annum and will be repayable upon the lenders' written demand given at least 15 days in advance. This loan is to be subordinated to the loans from the financial institutions as discussed in Note 24.

The Company entered into long-term loan agreements with the Pace Group. These loans are unsecured loans. The significant details are follows:

- a) Loans are due upon the lenders' written demand given at least 30 days in advance.
- b) Loans are to be subordinated to the loans from the financial institutions as discussed in Note 24.
- c) These loans bear interest at the rate of 7.5% per annum for the years ended December 31, 2014 and 2013.
- e) The borrowers are responsible for withholding tax and other expenses.

5. CASH AND CASH EQUIVALENTS

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2014	2013	2014	2013
Cash on hand	2,457	39	49	29
Cash at banks - current accounts	172,330	35	352	-
Cash at banks - savings accounts	344,247	1,039,210	97,966	4,412
Total	519,034	1,039,284	98,367	4,441

6. SHORT-TERM INVESTMENTS

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2014	2013	2014	2013
Investments in open-end fixed income fund				
- Cost value	518,004	-	458,004	-
- Unrealized gain on revaluation	897	-	406	-
Fair value	518,901	-	458,410	-

7. TRADE AND UNBILLED TRADE ACCOUNT RECEIVABLES – OTHER COMPANIES - NET

The aging analyses of trade account receivables – other companies as at December 31, 2014 and 2013 are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Trade account receivables				
Within credit term	11,439	13,346	-	-
Overdue				
- Not over 3 months	11,593	-	-	-
- Over 3 months to 6 months	987	-	-	-
- Over 6 months to 12 months	12	10	12	10
- Over 12 months	338	328	338	328
Total trade account receivable	24,369	13,684	350	338
Unbilled trade account receivables	9,305	-	-	-
Total	33,674	13,684	350	338
Less: Allowance for doubtful accounts	(391)	(338)	(350)	(338)
Net	33,283	13,346	-	-
Doubtful debts during the year	12	338	12	338

In 2013, YLP Company Limited has made sale agreement and transferred the ownership of 3 residential condominium units in Saladaeng Residences Project to its customer with the total sale value of Baht 97.3 million. The subsidiary has received the payment of Baht 84.0 million and the remaining amounting to Baht 13.3 million was paid by postdate cheque with the due date on January 30, 2014. As at December 31, 2013, such remaining amount was recorded as a part of trade account receivable in the consolidated statement of financial position. Subsequently on February 11, 2014 and February 26, 2014, the subsidiary received full remaining amount.

8. INVENTORIES - NET

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Inventories in real estate business	106,556	144,320	21,370	59,134
Inventories in food and beverage business	190,552	-	-	-
Total	297,108	144,320	21,370	59,134

Details of inventories in real estate business as at December 31, 2014 and 2013 are as follows:

Consolidated Financial Statements (In Thousand Baht)					
	Ficus Lane Project		Saladaeng Residences Project		Total
	2014	2013	2014	2013	
Residential condominium units					
- Units with sale agreements	14,542	14,542	85,186	69,256	99,728
- Units not been sold	6,828	30,432	-	15,930	6,828
Total residential condominium units	21,370	44,974	85,186	85,186	106,556
Land held for sale					-
Total					106,556

Separate Financial Statements (In Thousand Baht)	
2014	2013
Residential condominium units of Ficus Lane Project	
- Units with sale agreements	14,542
- Units not been sold	6,828
Total residential condominium units	21,370
Land held for sale	-
Total	21,370

The Company

As at December 31, 2014 and 2013, a residential condominium unit which the Company has made sale agreement with its customer and the customer has moved into unit. However, the Company has not received full payment and has not transferred the right to that customer. As at December 31, 2014 and 2013, the Company recorded the amount received from customer based on installments of Baht 19.1 million and Baht 18.2 million, respectively, as advances received from customers in the statements of financial position.

During the year 2013, the Company had transferred residential condominium unit and equipment for rent of Ficus Lane Project which have carrying value totalling Baht 25.2 million to inventories. Subsequently, these assets were sold to a non-related party.

The Company engaged an independent appraisal firm to appraise the value of the remaining land held for sale and residential condominium units by using the market comparison approach. Land held for sale has an appraisal value as per report dated December 11, 2013 of Baht 26.0 million (cost as at December 31, 2013 amounting Baht 14.2 million) and residential condominium units of Ficus Lane project have appraisal values as per reports dated December 17, 2014 and December 11, 2013 totalling Baht 46.9 million and Baht 94.0 million as at December 31, 2014 and 2013 (cost totalling Baht 21.4 million and Baht 45.0 million as at December 31, 2014 and 2013), respectively.

Certain residential condominium units of Ficus Lane project, which have carrying value totalling Baht 6.8 million, including the restriction use of sale proceeds from such residential condominium units, are pledged as collateral for credit facilities from a financial institution of the Pace Group as at December 31, 2014 as discussed in Note 24.

Certain residential condominium units of Ficus Lane project, which have carrying value totalling Baht 38.1 million are pledged as collateral for bank overdraft line of the Company as at December 31, 2013 as discussed in Note 21.

Land held for sale, which has carrying value as at December 31, 2013 of Baht 14.2 million, is pledged as collateral for litigation case as discussed in Note 26.

During 2014, the Company sold land held for sale to other company and recorded gain on sale of land held for sale amounting to Baht 30.6 million in the statement of comprehensive income for the year ended December 31, 2014.

Subsidiary

The Company engaged an independent appraisal firm to appraise the value of the remaining residential condominium units of subsidiary by using the market comparison approach. Such residential condominium units of Saladaeng Residences Project have appraisal values totalling Baht 142.9 million for the remaining units as per report dated December 12, 2013 (costs as at December 31, 2013 totalling Baht 85.2 million).

Residential condominium units of Saladaeng Residences Project, which have carrying value totalling Baht 85.2 million, including the restriction use of sale proceeds from such residential condominium units, are pledged as collateral for credit facilities from a financial institution of the Pace Group as at December 31, 2014 as discussed in Note 24.

During the second quarter of 2014, YLP Company Limited has made memorandum to cancel sell and purchase Saladaeng Residences Project with 4 customers (including a shareholder as discussed in Note 4). In this regards, the subsidiary has returned the advances received to such customers totalling of Baht 25.0 million (including a shareholder of Baht 8.6 million as discussed in Note 4) and recorded the confiscation of Baht 2.8 million (including a shareholder of Baht 0.9 million as discussed in Note 4) as a part of "Other income" in the statement of comprehensive income for the year ended December 31, 2014.

On December 29, 2014, YLP Company Limited has made the agreement to purchase and sales of 5 condominium units in Saladaeng Residences Project with 4 related parties with the totalling sale value of Baht 109 million as discussed in Note 4.

Details of inventories in food and beverage as at December 31, 2014 and 2013 are as follows:

	Consolidated Financial Statements (In Thousand Baht)	
	2014	2013
Merchandise inventories	184,010	-
Supplies	9,193	-
Total	193,203	-
Less: Allowance for net realizable value	(2,651)	-
Net	190,552	-

9. INVESTMENTS IN SHARES OF SUBSIDIARIES - AT COST

As at December 31, 2014 and 2013, investments in shares of subsidiaries are as follows:

	Country of Registration	Type of Business	Paid-up Share Capital (In Million Baht)	Percentage of Ownership		Separate Financial Statements (In Thousand Baht)	
				Cost Method		2014	2013
				2014	2013		
YLP Company Limited	Thailand	Property development	50	100	100	50,000.0	50,000.0
Pace Country Club Co., Ltd.	Thailand	Property development and management	1	99.97	-	999.7	-
Pace Food Retail Co., Ltd.	Thailand	Food and beverage	1	100	-	810,949.8	-
Pace Real Estate Co., Ltd.	Thailand	Investment in equity shares	10.2	67.68	67.68	8,391.0	8,391.0
Pace Project One Co., Ltd.	Thailand	Hotel	200	34	34	82,992.0	82,992.0
Pace Project Two Co., Ltd.	Thailand	Luxury condominium	200	34	34	82,992.0	82,992.0
Pace Project Three Co., Ltd.	Thailand	Shopping centre	100	34	34	41,497.0	41,497.0
Total						1,077,821.5	265,872.0

During the second quarter of 2013, the Company received dividend income amounting Baht 120 million from YLP Company Limited.

On August 7, 2013, the Company additionally purchased 9% shares in Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. from IBC Thailand Ltd. and 17.68% shares in Pace Real Estate Co., Ltd. from IBC Thailand Ltd. and IDJ Holding Ltd. as discussed in Notes 4 and 19.

All of the Pace Group's shares held by the shareholders are pledge as collateral for credit facilities of subsidiaries as discussed in Note 24.

At the Board of Directors' meeting of the Company held on May 14, 2014, the Board of Directors approved the Company to establish the new subsidiary, Pace Country Club Co., Ltd. with the registered capital of Baht 1,000,000 (common share 10,000 shares at Baht 100 par value). Such subsidiary registered the incorporation with the Ministry of Commerce on June 18, 2014.

During the third quarter of 2014, the Board of Directors approved the Company to establish the new subsidiary, Pace Food Retail Co., Ltd. with the registered capital of Baht 1,000,000 (common share 10,000 shares at Baht 100 par value). Such subsidiary registered the incorporation with the Ministry of Commerce on September 19, 2014.

During the third quarter of 2014, Pace Food Retail Co., Ltd. has invested in Olive Acquisition Corporation, a new subsidiary, with the paid-up capital of USD 10 (common share 1,000 shares at USD 0.01 par value) and paid for the consideration of USD 25 million (equivalent to Baht 809.55 million). Such subsidiary registered under the law of the State of Delaware, the United States of America on September 22, 2014.

On September 29, 2014, the Company, Pace Food Retail Co., Ltd. and Olive Acquisition Corporation entered into the conditional share purchase agreement ("Agreement") with Dean & DeLuca Holdings, Inc. (a major shareholder of Dean & DeLuca, Inc., 93.56% holdings) and other minority shareholders to acquire a new business which is a multi-channel retailer of premium gourmet and delicatessen business under "Dean & DeLuca" brand with the purchase price totalling USD 140 million. Olive Acquisition Corporation paid a non-refundable deposit totalling USD 25 million (equivalent to Baht 809.55 million). Subsequently on December 4, 2014, Olive Acquisition Corporation was merged with Dean & DeLuca Inc., (the company incorporated in United States of America) as discussed in Note 18.

At the extraordinary shareholders' meeting of Pace Food Retail Co. Ltd., a subsidiary, held on October 30, 2014, the subsidiary's shareholders passed the resolution to increase the subsidiary's authorized share capital from Baht 1 million (divided into 10,000 common shares at Baht 100 par value) to Baht 810.95 million (divided into 8,109,500 common shares at Baht 100 par value). The subsidiary registered the increase in authorized share capital with the Ministry of Commerce on October 31, 2014.

10. ADVANCE PAYMENTS FOR LAND

	Consolidated/Separate Financial Statements	
	(In Thousand Baht)	
	2014	2013
Balance as at January 1	-	-
Addition with related party (Note 4)	180,000	-
Addition with third parties	31,000	217,836
Transfer to real estate projects for sales under development (Note 11)	-	(217,836)
Balance as at December 31	211,000	-

On November 27, 2012, the Company has entered into the agreements to purchase and to sell land for new project with a group of persons and a company at the amount of Baht 193.5 million and Baht 224.0 million, respectively. The ownerships on such land shall be transferred to the Company by such group of persons and a company within March 15, 2013 and April 1, 2013, respectively. Expenses relating to the transfer of ownerships shall be absorbed by the buyer and the seller as indicated in the agreements.

Subsequently, in the year 2013, the Company made the 3 amendment agreements with the above group of persons and a company and change the selling price to Baht 199.8 million and Baht 231.3 million, respectively. The ownerships on such land were transferred to the Company by such group of persons and a company on August 9, 2013.

On June 20, 2013, the Company has entered into an additional agreement to purchase and to sell land with a person at the amount of Baht 32.4 million. The ownership on such land was transferred to the Company by a person on August 9, 2013. Expenses relating to the transfer of ownership shall be absorbed by the buyer as indicated in the agreements.

As at December 31, 2013, the Company transferred advances payment for land of Baht 217.8 million as a part of real estate projects for sales under development as discussed in Note 11.

On August 15, 2014, the Company has entered into amendment agreement of memorandum to sell and purchase of land for developing the new project with a third party at the amount of Baht 310 million. As at December 31, 2014, the Company paid advance payment for land of Baht 31 million. Expenses relating to the transfer of ownership shall be absorbed by the buyer as indicated in the agreement. The ownership on such land shall be transferred to the Company when payments are made in full amount within March 2015.

11. REAL ESTATE PROJECTS FOR SALES UNDER DEVELOPMENT

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Balance as at January 1, 2013	6,259	6,259
Additions	50,887	50,887
Borrowing costs capitalized during the year	3,025	3,025
Capitalized amortization of deferred loan arrangement fee during the year	476	476
Transfer from advance payments for land (Note 10)	217,836	217,836
Balance as at December 31, 2013	278,483	278,483
Additions	1,098,456	150,166
Borrowing costs capitalized during the year	121,552	10,675
Capitalized amortization of leasehold rights on land during the year (Note 12)	1,073	-
Capitalized amortization of deferred loan arrangement fee and debenture underwriting fee during the year	39,151	916
Transfer from land (Note 13)	2,390,989	-
Transfer from construction in progress (Note 14)	1,635,768	-
Balance as at December 31, 2014	5,565,472	440,240

The Company

The Company has developed real estate projects on the land. Main costs comprise land and capitalized costs such as design fee, interest expense and other fees, excavation, retained wall works and villa infrastructure.

The borrowing costs were capitalized as part of the cost of real estate projects for sales under development amounting to Baht 10.7 million in 2014 and Baht 3.0 million in 2013 at the weighted average capitalization rate of the 6.72% per annum and 5.48% per annum, respectively.

As at December 31, 2014 and 2013, land for developing the real estate project and land of the Company (as discussed in Note 13), which have carrying values totalling Baht 469.8 million and building located or will be constructed on land, were pledged as collateral for short-term loans from financial institution of the Company as discussed in Note 21.

As at December 31, 2014, another plot of land for developing the real estate project and land of the Company (as discussed in Note 13), which have carrying values totalling Baht 19.1 million, were pledged as collateral for long-term loans from a local financial institution of the Pace Group as discussed in Note 24.

Subsidiary

As at December 31, 2014, the Pace Development Corporation Group classified construction project of luxury condominium to real estate project for sales under development because it is expected to be sold in year 2015. Mainly costs represents land cost and capitalized costs such as design fee, consulting fee, interest expense and other fees, amortized portion of leasehold rights on land and deferred loan arrangement fee and piling, sub-structure, underground, main building and façade works and offsite car park, and mechanical, electrical and plumbing system.

The borrowing costs were capitalized as part of the cost of real estate projects for sales amounting to Baht 110.9 million in 2014 at the weighted average capitalization rate of the 6.7% per annum.

As at December 31, 2014, land and construction on land for real estate project of such subsidiary, which have carrying values totalling Baht 5,125.2 million, were pledged as collateral for credit facilities from financial institutions of the Pace Group as discussed in Note 24.

12. LEASEHOLD RIGHTS ON LAND - NET

			In Thousand Baht	
				Consolidated
			Total Amount	Financial
Total rental fee for the periods			Per Agreement	Statements
March 11, 2008	to	March 10, 2038	338,600	169,300
March 11, 2038	to	March 10, 2068	338,600	169,300
March 11, 2068	to	March 10, 2098	338,600	169,300
March 11, 2098	to	March 10, 2111	101,578	50,789
Advance payments for leasehold rights per agreement			1,117,378	558,689
Payments of transfer of leasehold rights per agreement			1,033,000	516,500
Additional payments for lease of adjacent land (additional portion)			56,845	28,422
Effect of change in consolidation method			-	1,103,612
Total balance as at December 31, 2013			2,207,223	2,207,223
Transfer remaining leasehold rights on land to cost of land (Note 13)			(2,207,223)	(2,207,223)
Total balance as at December 31, 2014			-	-
Accumulated amortization leasehold rights on land				
Balance as at January 1, 2013			101,979	50,989
Effect of change in consolidation method			-	56,350
Amortization charged to expense during the year			5,508	4,131
Transferred amortization to capitalize as assets during the year (Note 14)			15,933	11,950
Balance as at December 31, 2013			123,420	123,420
Amortization charged to expense during the year			459	459
Transfer amortization of leasehold rights on land capitalized to real estate project for sales under development during the year (Note 11)			1,073	1,073
Transfer amortization of leasehold rights on land capitalized to construction in progress during the year (Note 14)			255	255
Transfer remaining leasehold rights on land to cost of land (Note 13)			(125,207)	(125,207)
Balance as at December 31, 2014			-	-
Net Book Value				
As at December 31, 2013			2,083,803	2,083,803
As at December 31, 2014			-	-

On March 11, 2008, Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. (“the Pace Group”) have entered into the amendment land lease agreement in relation to the framework agreement dated August 14, 2007 among the Catholic Mission of Bangkok (lessor) and the Pace Group (lessees). In this connection, the parties have agreed to amend certain conditions relation to the framework agreement which were made between the lessor and a foreign company by which the lessees have already made the novation agreement to accept the transfer of all rights and obligations from such foreign company to them. The lessees agreed to pay rental fees to lessor for the lease of assets as indicated in agreement. The lessees will pay for the annual rental fee for the whole period of agreement and the right to extend the period of agreement totalling 103 years starting from March 11, 2008 (grace period of rental fee is for a period of 4 years starting from March 11, 2107 to March 10, 2111). The lessees have already paid all of the rental fees amounting to Baht 1,117.4 million to the lessor.

On March 11, 2008, the lessor and lessees have entered into Land Lease Agreement (and buildings thereon) for a period of 30 years starting from March 11, 2008 to March 10, 2038, by which the lessor wishes to rent out “the rental property” and the lessees wish to lease “the rental property” under the terms and conditions as per agreement, which the lessees have duty to operate and responsible for costs in relation to the construction of buildings located or will be constructed in land and adjacent land.

The payments of transfer of leasehold right per agreement Baht 1,033.0 million, which the portion of Baht 490 million was paid by the issuance of the Pace Group common shares as approved by the resolutions of the extraordinary shareholders’ meeting and the statutory meetings as follows:

Pace Project One Co., Ltd.	1,900,000 shares at Baht 100 par value
Pace Project Two Co., Ltd.	1,999,992 shares at Baht 100 par value
Pace Project Three Co., Ltd.	999,992 shares at Baht 100 par value

On April 27, 2009, the Pace Group has entered into an agreement to purchase and to sell land with a group of persons at the amount of Baht 55 million, whereby Pace Project One Co., Ltd. and Pace Project Two Co., Ltd. share at 40% each and Pace Project Three Co., Ltd. shares at 20% (previous proportion). The Pace Group has paid deposits of Baht 25 million to the seller. As indicated in the agreement, the ownership of land will be transferred to the Pace Group or to the other party, as informed by the purchaser, within December 30, 2009, and the remaining amount of Baht 30 million will be paid on the registration date to transfer the ownership of land.

On May 14, 2009, the Pace Group made an amendment to the purchase and to sell land agreement to extend the registration date to transfer the ownership of land to be within March 31, 2010. During the extension period, the Pace Group agreed to pay to the seller at the rate of 10% per annum of the remaining amount of Baht 30 million, calculating on a daily basis.

On April 9, 2010, the Pace Group has entered into the second amendment agreement in relation to the framework agreement dated August 14, 2007 with the lessor, which they have agreed to amend certain conditions of the previous amendment agreement, such as to change the ownership of all building located or will be constructed in land and adjacent land to be owned by the lessees and have agreed for the terms and conditions for the lease of adjacent land (additional portion).

The Pace Group paid the remaining amount of the purchase and to sell land agreement of Baht 30 million and the related fees of Baht 1.8 million. To comply with the obligation in the second amendment agreement in relation to the framework agreement dated August 14, 2007, the lessor and the lessees have agreed that the total payment by the lessees to the land’s seller is treating as the payment for rental fee for the lease of adjacent land (additional portion). The Pace Group recorded such payment as “leasehold rights on land” in the consolidated statement of financial position as at December 31, 2013.

The above leasehold rights on land were allocated among Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. at the revised proportion as discussed in Notes 2 and 3.

Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. (“the subsidiaries”) had leasehold rights on land totalling Baht 2,207.2 million (total costs in the consolidated financial statements as at December 31, 2013). Therefore, leasehold rights on land represent the prepaid rent and will be charged to expenses or capitalized to qualifying assets over the lease term.

The above leasehold rights on land were transferred to freehold land on February 7, 2014 as discussed in Note 13. Hence, the remaining leasehold rights on land of the Pace Group totalling Baht 2,082.0 million were transferred to be a part of cost of land on the same date.

13. LAND

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Balance as at January 1, 2013	-	-
Additions	373,922	271,024
Transfer from advance payments for leasehold rights on land	51,371	-
Effect of change in consolidation method	154,269	-
Balance as at December 31, 2013	579,562	271,024
Additions	1,516,063	-
Transfer remaining leasehold rights on land to land (Note 12)	2,082,016	-
Transfer land to real estate projects for sales under development (Note 11)	(2,390,989)	-
Transfer land to property for lease (Note 16)	(293,482)	-
Balance as at December 31, 2014	1,493,170	271,024

The Company

Land of the Company was pledged as collateral for short-term loans from financial institution of the Company (as at December 31, 2014 and 2013) and long-term loans from a local financial institution of the Pace Group (as at December 31, 2014) as discussed in Notes 11, 21 and 24.

Subsidiaries

On May 22, 2012 and July 18, 2012, Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. had entered into the agreement to purchase and to sell additional portion land for MahaNakhon Project with a group of persons at the total amount of Baht 295 million. The additional portion of land will be utilized by Pace Project One Co., Ltd. and Pace Project Two Co., Ltd. based on the car park construction floor area at the proportion of 27.39% and 72.61%, respectively. The ownership on such land shall be transferred to Pace Project One Co., Ltd. and Pace Project Two Co., Ltd. and expenses relating to the transfer of ownership shall be absorbed by Pace Project One Co., Ltd. and Pace Project Two Co., Ltd. As at December 31, 2012, Pace Project One Co., Ltd. and Pace Project Two Co., Ltd. had paid advances of Baht 102.8 million and recorded as “advances payment for leasehold rights on land” of Baht 51.4 million in the consolidated statement of financial position as at December 31, 2012.

In 2013, the ownership of such additional portion of land has been transferred to Pace Project One Co., Ltd. and Pace Project Two Co., Ltd. Hence, the Pace Development Corporation Group recorded cost of land and expenses relating to transfer of the ownership as “Land” totalling Baht 308.5 million in the consolidated statement of financial position as at December 31, 2013.

On February 6, 2014, Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. have entered into agreements to sell and purchase for purchasing 7 plots of land (which were previously recorded as leasehold rights on land as at December 31, 2013 as discussed in Note 12) from Roman Catholic Mission of Bangkok and from Piyaphap Co., Ltd. with the purchase value, compensation for opportunity cost and expenses relating to the transfer of ownership amounting to Baht 1,516.1 million.

During 2014, Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. made the payment for land of Baht 1,406.1 million. The remaining unpaid amount of Baht 110 million will be paid on December 15, 2014. However, on December 16, 2014, such subsidiaries made an amendment agreement to extend the payment of such remaining amount to be on March 15, 2015. During the extension period, such subsidiaries agreed to pay to the seller at the rate of 8% per annum of the remaining unpaid amount, calculating on a daily basis. Hence, the remaining unpaid amount and accrued interest of Baht 110.4 million was recorded as “Payable for purchase of land” in the consolidated statement of financial position as at December 31, 2014.

The ownerships on such land were transferred to the Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. on February 7, 2014. Hence, the remaining leasehold rights on land of such subsidiaries amounting to Baht 2,082.0 million was transferred to a part of cost of land on the same date as discussed in Note 12.

As at December 31, 2014, Pace Project Two Co., Ltd. transferred cost of land amounting to Baht 2,391.0 million to be a part of real estate project for sales under development as discussed in Note 11.

Such land is pledged as collateral for credit facilities from financial institutions as discussed in Note 24.

14. CONSTRUCTION IN PROGRESS

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Balance as at January 1, 2013	928,592	-
Effect of change in consolidation method	1,180,069	-
Additions	1,000,143	96,988
Borrowing costs capitalized during the year	90,891	3,684
Capitalized amortization of leasehold rights on land during the year (Note 12)	11,950	-
Capitalized amortization of deferred loan arrangement fee during the year	24,108	592
Transfers to property for lease (Note 16)	(142,392)	-
Balance as at December 31, 2013	3,093,361	101,264
Additions	1,021,428	237,852
Borrowing costs capitalized during the year	76,251	15,939
Capitalized amortization of leasehold rights on land during the year (Note 12)	255	-
Capitalized amortization of deferred loan arrangement fee and debenture underwriting fee during the year	11,095	1,324
Transfers to real estate projects for sales under development (Note 11)	(1,635,768)	-
Transfers to property for lease (Note 16)	(606,847)	-
Balance as at December 31, 2014	1,959,775	356,379

The Company

Construction in progress of the Company as at December 31, 2014 and 2013 mainly represents capitalized costs such as design fee, interest expense and other fees, amortized portion of deferred debenture underwriting fee, excavation, retained wall works, water control system, water pipe installation and lagoon system.

The borrowing costs were capitalized as part of the cost of assets amounting to Baht 15.9 million in 2014 and Baht 3.7 million in 2013 at the weighted average capitalization rate of the 4.5% per annum and 7.075% per annum, respectively.

Construction in progress of the Company was pledged as collateral for short-term loans from financial institution of the Company as discussed in Note 21.

Subsidiaries

Construction in progress of the Pace Country Club Co., Ltd. as at December 31, 2014 mainly represents capitalized costs such as interest expense and lagoon system.

The borrowing costs were capitalized as part of the cost of assets of Pace Country Club Co., Ltd. amounting to Baht 1.3 million in 2014 at the weighted average capitalization rate of the 7.5% per annum.

Construction in progress of the subsidiary was pledged as collateral for short-term loans from financial institution of the Company as discussed in Note 21.

Construction in progress of Pace Group as at December 31, 2014 and 2013 mainly represents capitalized costs such as design fee, consulting fee, interest expense and other fees, amortized portion of leasehold rights on land and deferred loan arrangement fee and piling, sub-structure, underground works, main and cube building and façade works, offsite car park, and mechanical, electrical and plumbing system, lifts system, hardscape landscaping works and interior decoration of cube building, and digital media wall which are directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The borrowing costs were capitalized as a part of the cost of assets of the Pace Group amounting to Baht 59.0 million in 2014 and Baht 87.2 million in 2013 at the weighted average capitalization rate of the 6.7% per annum and 6.88% per annum, respectively.

The Pace Group has mortgaged construction in progress of the project with financial institutions as collateral for credit facilities from financial institutions as discussed in Note 24.

15. LEASEHOLD IMPROVEMENT, SALES GALLERY AND EQUIPMENT - NET

Consolidated Financial Statements (In Thousand Baht)							
	Sales gallery	Leasehold improvements	Furniture, fixtures and office equipment	Media equipment	Vehicles	Assets under installation	Total
Cost							
Balance as at January 1, 2013	114,224	5,728	8,359	-	10,684	-	138,995
Effect of change in consolidation method	114,224	-	1,501	-	-	-	115,725
Additions	3,067	-	4,498	-	4,423	-	11,988
Disposals	-	-	(56)	-	(65)	-	(121)
Balance as at December 31, 2013	231,515	5,728	14,302	-	15,042	-	266,587
Additions from purchase of investments in subsidiaries	-	88,843	38,634	-	800	18,815	147,092
Additions	31,455	6,299	6,907	1,477	7,600	36,044	89,782
Disposals	-	-	(193)	-	(1,466)	-	(1,659)
Currency translation differences	-	223	97	-	2	47	369
Balance as at December 31, 2014	262,970	101,093	59,747	1,477	21,978	54,906	502,171

Consolidated Financial Statements (In Thousand Baht)							
	Sales gallery	Leasehold improvements	Furniture, fixtures and office equipment	Media equipment	Vehicles	Assets under installation	Total
Accumulated Depreciation							
Balance as at January 1, 2013	32,425	1,334	2,257	-	1,331	-	37,347
Effect of change in consolidation method	55,134	-	758	-	-	-	55,892
Depreciation charge for the year	23,435	1,145	2,211	-	2,612	-	29,403
Disposals	-	-	(17)	-	(65)	-	(82)
Balance as at December 31, 2013	110,994	2,479	5,209	-	3,878	-	122,560
Depreciation charge for the year	25,457	3,202	4,752	16	3,658	-	37,085
Disposals	-	-	(100)	-	(906)	-	(1,006)
Balance as at December 31, 2014	136,451	5,681	9,861	16	6,630	-	158,639
Net Book Value							
Owned assets	120,521	3,249	8,970	-	812	-	133,552
Assets under finance leases	-	-	123	-	10,352	-	10,475
As at December 31, 2013	120,521	3,249	9,093	-	11,164	-	144,027
Owned assets	126,519	95,412	49,622	1,461	778	54,906	328,698
Assets under finance leases	-	-	264	-	14,570	-	14,834
As at December 31, 2014	126,519	95,412	49,886	1,461	15,348	54,906	343,532

Separate Financial Statements (In Thousand Baht)					
	Leasehold	Furniture, fixtures and office equipment	Vehicles	Assets under installation	Total
improvements					
Cost					
Balance as at January 1, 2013	5,728	6,361	4,418	-	16,507
Additions	-	4,479	4,423	-	8,902
Disposals	-	(56)	-	-	(56)
Balance as at December 31, 2013	5,728	10,784	8,841	-	25,353
Additions	6,298	6,259	7,600	32,713	52,870
Disposals	-	(171)	(1,465)	-	(1,636)
Balance as at December 31, 2014	12,026	16,872	14,976	32,713	76,587
Accumulated Depreciation					
Balance as at January 1, 2013	1,334	1,472	1,082	-	3,888
Depreciation charge for the year	1,145	1,709	1,372	-	4,226
Disposals	-	(17)	-	-	(17)
Balance as at December 31, 2013	2,479	3,164	2,454	-	8,097
Depreciation charge for the year	1,467	2,646	2,395	-	6,508
Disposals	-	(78)	(906)	-	(984)
Balance as at December 31, 2014	3,946	5,732	3,943	-	13,621
Net Book Value					
Owned assets	3,249	7,497	812	-	11,558
Assets under finance leases	-	123	5,575	-	5,698
As at December 31, 2013	3,249	7,620	6,387	-	17,256
Owned assets	8,080	10,876	-	32,713	51,669
Assets under finance leases	-	264	11,033	-	11,297
As at December 31, 2014	8,080	11,140	11,033	32,713	62,966

The gross carrying amounts of the Company's certain equipment totalling approximately Baht 0.2 million were fully depreciated as at December 31, 2014 and 2013 (of the Pace Development Corporation Group approximately Baht 0.2 million), but these items are still in active use.

16. PROPERTY FOR LEASE - NET

Consolidated Financial Statements (In Thousand Baht)					
	Land	Building and building improvement - cube building	Mechanical, electrical and plumbing, lifts and escalator works, and car park system	Interior decoration and landscape	Total
Cost					
Balance as at January 1, 2013	-	-	-	-	-
Transfers from construction in progress (Note 14)	-	91,490	46,421	4,481	142,392
Balance as at December 31, 2013	-	91,490	46,421	4,481	142,392
Transfers from land (Note 13)	293,482	-	-	-	293,482
Transfers from construction in progress (Note 14)	-	320,089	216,108	70,650	606,847
Balance as at December 31, 2014	293,482	411,579	262,529	75,131	1,042,721
Accumulated Depreciation					
Balance as at January 1, 2013	-	-	-	-	-
Depreciation charge for the year	-	208	260	100	568
As at December 31, 2013	-	208	260	100	568
Depreciation charge for the year	-	6,064	8,730	10,441	25,235
As at December 31, 2014	-	6,272	8,990	10,541	25,803
Net Book Value					
As at December 31, 2013	-	91,282	46,161	4,381	141,824
As at December 31, 2014	293,482	405,307	253,539	64,590	1,016,918

Such property for lease is pledged as collateral for credit facilities from financial institutions as discussed in Note 24.

As at December 31, 2014, property for lease was appraised by an independent professional valuer as per report dated February 2, 2015 by using income approach. The appraised value was Baht 1,100.2 million. As at December 31, 2013, cost of property for lease was not yet appraised since it was partially completed.

17. INTANGIBLE ASSETS - NET

Consolidated Financial Statements (In Thousand Baht)					
	Trademark and trade name	Non-competition agreements	Franchise agreements	Customer relationships	Total
Cost					
Balance as at January 1, 2013 and December 31, 2013	-	-	-	-	-
Additions from purchase of investments in subsidiaries (Note 18)	1,735,734	3,511	594,621	95,407	2,429,273
Currency translation differences	4,364	9	1,495	240	6,108
Balance as at December 31, 2014	1,740,098	3,520	596,116	95,647	2,435,381
Accumulated Amortization					
Balance as at January 1, 2013 and December 31, 2013	-	-	-	-	-
Amortization charge for the year	-	73	7,644	1,993	9,710
Currency translation differences	-	-	(1)	(1)	(2)
Balance as at December 31, 2014	-	73	7,643	1,992	9,708
Net Book Value					
As at December 31, 2013	-	-	-	-	-
As at December 31, 2014	1,740,098	3,447	588,473	93,655	2,425,673

18. BUSINESS COMBINATIONS BY ACQUISITION METHOD

Pace Group

At the Board of Directors' meeting of the Company held on February 8, 2013, the Board of Directors approved the Company to additionally purchase common shares of the Pace Group. On August 7, 2013, the Company additionally purchased 9% shares of Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. from IBC Thailand Ltd. and 17.68% shares of Pace Real Estate Co., Ltd. from IBC Thailand Ltd. and IDJ Holding Ltd. and was assigned 36% of the right of loans from IBC Thailand Ltd. to Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. with the purchase price totalling Baht 1,020.0 million. Details of common shares of the Pace Group additionally purchased are as follows:

	Number of Shares (Direct and Indirect)	Percentage of Ownership (Direct and Indirect)
	(In Thousand Shares)	(%)
Pace Real Estate Co., Ltd.	18,000	17.68%
Pace Project One Co., Ltd.	180,000	17.84%
Pace Project Two Co., Ltd.	180,000	17.84%
Pace Project Three Co., Ltd.	90,000	17.84%

In this regard, the Company has applied Thai Financing Reporting Standards No. 3 (revised 2009) Business Combinations to recognize the business combination transactions. The following summarizes the major classes of consideration transferred, and the recognized amounts of assets acquired and liabilities assumed:

Identifiable Assets Acquired and Liabilities Assumed

	<u>In Thousand Baht</u>
Cash and cash equivalents	247,761
Other receivables from related companies	283
Refundable value added tax	11,155
Other current assets	2,213
Restricted savings deposit	17,500
Leasehold rights on land - net	1,047,262
Advance payments to construction	138,682
Construction in progress	1,251,329
Land	154,269
Sales gallery and equipment - net	59,833
Deferred income tax assets	118,170
Other non-current assets	132
Trade account payables	(179,056)
Other payables to related companies	(15,837)
Other account payables	(22,799)
Advances and deposits received from customers	(676,795)
Retention payables to contractors	(7,817)
Accrued expenses	(1,953)
Other current liabilities	(1,710)
Loans and accrued interest from shareholders	(2,527,177)
Long-term loans from financial institutions	(479,842)
Net liabilities	(864,397)
Less: Net liabilities – attributable to non-controlling interests	556,644
Net liabilities – attributable to the Company	(307,753)
Goodwill from additional purchase of investments	393,533
Consideration transferred (Cash)	85,780

The Company engaged an independent financial advisor to assess the fair value of the Pace Group. Based on such independent financial advisor's reports dated February 15, 2013 and December 17, 2013, the consideration transferred was approximately fair value of the Pace Group.

For the preparation of the consolidated financial statements for the year ended December 31, 2013, the Company has provisionally estimated the fair values of the consideration received from the acquired businesses, and measured components of non-controlling interests at fair value and recorded the difference amount between the purchasing price and the value of consideration received in the account "Goodwill" amounting to Baht 393.5 million by considering the information from such independent financial advisor's reports dated February 15, 2013 and December 17, 2013 and other relevant factors which may affect such information. The factors that contributed to goodwill derived from discounted cash flows from long-term units lease project of Pace Project Two Co., Ltd. and shopping centre, retail space and sky observation deck project of Pace Project Three Co., Ltd. Goodwill from the business combination will not qualify for any tax deduction.

Investment in the Pace Group before Business Combinations

Before the business combinations, the Company had an investment in the Pace Group of 50% ownership interests. The Company had to measure the fair value of the interest in the Pace Group before the business combinations as at the date of acquisition. The management considered that purchasing share price acquired from IBC Thailand Ltd. and IDJ Holding Ltd. on August 7, 2013 which has been given opinion from the independent financial advisor and was approved by the Board of Directors. In addition, there has no material change in financial assumption since the events after the report date of financial advisory to the acquisition date (updated by such dependent financial advisor's report dated December 17, 2013). The treatment on this matter was approved by the Audit Committee's meeting and the Board of Directors' meeting held on November 14, 2013, which approved the purchasing and selling price of Baht 183.29 per shares as fair value at acquisition date. In this regard, the Company had loss on derecognition of discount on business combinations under common control - net amounting to Baht 584.1 million which was presented in the consolidated statement of comprehensive income for the year ended December 31, 2013, details are as follows:

	<u>In Thousand Baht</u>
Loss on derecognition of discount on business combinations under common control	692,405
Gain on changes in fair value of investments	(108,355)
Loss on derecognition of discount on business combinations under common control - net	<u>584,050</u>

Gain on changes in fair value of investments in the Pace Group before business combinations is calculated as follows:

	<u>In Thousand Baht</u>
Fair value of existing interest in the Pace Group before the date of business combinations	238,447
Less: Investments in the Pace Group accounted for cost method at the acquisition date	(130,092)
Gain on changes in fair value of investments	<u>108,355</u>

As at December 31, 2013, goodwill presented in the consolidated statement of financial position is as follows:

	<u>In Thousand Baht</u>
Goodwill from additional purchase of investments	393,533
Gain on changes in fair value of investments before the date of business combinations	108,355
Total	501,888
Less Allowance for impairment loss	(65)
Net	<u>501,823</u>

As at December 31, 2013, the ownership interests (direct and indirect) of the Company in Pace Project One Co., Ltd., Pace Project Two Co., Ltd., Pace Project Three Co., Ltd. and Pace Real Estate Co., Ltd. increased from 50% to 67.84%, 67.84%, 67.84% and 67.68%, respectively.

Operations of the Pace Group after Acquisition Date

The consolidated statements of comprehensive income for the year ended December 31, 2013 were included the operations of the Pace Group by following method:

	<u>Method of Consolidation</u>
During the period from January 1, 2013 to June 30, 2013	Proportionate
During the period from July 1, 2013 to December 31, 2013	Full

Significant details based on the method of consolidation above were as follows:

	<u>In Thousand Baht</u>
Revenues	5,322
Expenses	167,816
Loss for the year attributable to owners of the parent	(310,463)

If the acquisition of such investments in the Pace Group had occurred on January 1, 2013, revenues, expenses and loss for the year attributable to owners of the parent for year ended December 31, 2013 would have been as follows:

	<u>Pro Forma Figures (In Thousand Baht)</u>
Revenues	6,672
Expenses	271,154
Loss for the year attributable to owners of the parent	(442,694)

In addition, the Company fully included operations of the Pace Group during the period from July 1, 2013 to August 7, 2013 (acquisition date) in the preparation of the consolidated statement of comprehensive income for the year ended December 31, 2013 since the Company's management considered that the operations during such period would have no material impact on the consolidated statement of comprehensive income for the year ended December 31, 2013.

Dean & DeLuca Group

At the Board of Directors' meeting held on September 24, 2014, the Company's Board of Directors approved the Company, together with Pace Food Retail Co., Ltd., a subsidiary, to enter into the conditional share purchase agreement to acquire all shares of Dean & DeLuca, Inc. ("D&D") from the existing shareholders, Dean & DeLuca Holdings, Inc and other minority shareholders (collectively referred to as the "Sellers"), for a total consideration the "Transaction" of USD 140 million on September 29, 2014.

On July 28, 1999, Dean & DeLuca, Inc. was incorporated in Delaware, USA as a multi-channel retailer of premium gourmet and delicatessen under "Dean & DeLuca" brand. For international business operations, D&D adopts the licensing structure which provides the licensees with rights to use the "Dean & DeLuca" brand in the specific territory to operate as a multi-channel retailer. D&D has grown to the international outlets in Japan, Singapore, Korea, Thailand, and the Middle East countries.

On September 29, 2014, D&D had the authorized share capital of USD 836,696.50 (divided into 80,000,000 shares of common stock at USD 0.01 par value and 3,669,650 shares of preferred stock at USD 0.01 par value) and the issued and outstanding share capital of USD 569,381.24 (divided into 56,050,171 shares of common stock at USD 0.01 par value and 887,953 shares of preferred stock at USD 0.01 par value). In this transaction, the Company will purchase all issued stocks from the sellers.

The total value of the consideration of USD 140 million with payment terms are as follows:

- USD 5 million payment (initial deposit) made on August 26, 2014
- USD 20 million payment (additional deposit) made on September 29, 2014
- USD 115 million (final payment) made on December 4, 2014

In this regard, the Company has applied Thai Financing Reporting Standards No. 3 (revised 2012) Business Combinations to recognize the business combination transactions. The following summarizes the major classes of consideration transferred, and the recognized amounts of assets acquired and liabilities assumed:

Identifiable Assets Acquired and Liabilities Assumed

	In Thousand USD	In Thousand Baht
Cash and cash equivalents	150	4,921
Trade and other accounts receivable – net	1,148	37,658
Inventories – net	8,489	278,510
Other current assets	728	23,871
Property and equipment	4,483	147,093
Other non-current assets	115	3,772
Trade account payables	(6,916)	(226,889)
Deferred revenue	(6,020)	(197,518)
Accrued expenses	(3,741)	(122,739)
Other current liabilities	(357)	(11,718)
Net liabilities – attributable to the Company	(1,921)	(63,039)
Intangible assets (Note 17)	74,044	2,429,273
Deferred income tax liability – net	(20,245)	(664,208)
Goodwill from purchase of investments	88,122	2,891,164
Currency translation differences	-	(4,660)
Consideration transferred	140,000	4,588,530

Consideration transferred consisted of:

- Cash	25,000	809,550
- Short-term loan from financial institution – Baht currency (Note 21)	35,000	1,154,300
- Long-term loan from financial institution – U.S. Dollars currency (Note 24)	80,000	2,624,680
Total	140,000	4,588,530

The Company engaged an independent financial advisor to assess the fair value of the Dean & DeLuca Group. Based on such independent financial advisor's report dated February 4, 2015, the consideration transferred was approximately fair value of the Dean Group.

For the preparation of the consolidated financial statements for the year ended December 31, 2014, the Company has provisionally estimated the fair values of the consideration received from the acquired businesses, and measured components of non-controlling interests at fair value and recorded the difference amount between the purchasing price and the value of consideration received in the account "Goodwill" amounting to Baht 2,891.2 million by considering the information from such independent financial advisor's report and other relevant factors which may affect such information. Goodwill from the business combination will not qualify for any tax deduction.

19. GOODWILL - NET

	Consolidated Financial Statements (In Thousand Baht)	
	2014	2013
Beginning net book value as at January 1	501,823	-
Additions from purchase of investments in subsidiaries (Notes 9 and 18)	2,891,164	501,888
Currency translation differences	7,271	-
Additionally provided allowance for impairment loss during the year	(2,374)	(65)
Beginning net book value as at December 31	3,397,884	501,823

20. DEFERRED INCOME TAX ASSETS (LIABILITY) - NET

Income tax income (expense) for each of the years ended December 31, 2014 and 2013 consisted of:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Income tax expense - current tax	(594)	(16,564)	-	(5,674)
Tax effects from deferred income tax of temporary differences				
- Recognize revenue from sale of residential condominium units	(1,264)	(1,016)	-	-
- Loss carry forward	78,367	16,102	16,236	-
- Capitalize expenses and interest as part of leasehold rights on land	-	12,631	-	-
- Depreciation	5,327	4,859	235	172
- Capitalize expenses and interest as part of land and advance for purchase of land	9,292	2,100	2,349	2,100
- Deferred debenture underwriting fee	(5,532)	-	(5,532)	-
- Others	(741)	160	(834)	160
Income tax income (expense)	84,855	18,272	12,454	(3,242)

Reconciliations between income tax income (expense) and accounting profit (loss) multiplied by the applicable tax rate for each of the years ended December 31, 2014 and 2013 are as follows:

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2014	2013	2014	2013
Accounting profit (loss) before tax	(586,356)	(859,316)	(87,537)	130,165
Income tax rates at 20% for Thai companies and 38.8% for USA companies	105,353	171,863	17,507	(26,033)
Tax effects from permanent differences				
- Non-deductible expenses	(45,333)	(45,359)	(5,053)	(13,041)
- Dividend income from subsidiary	-	-	-	24,000
- Related expenses for share capital increase	-	11,832	-	11,832
- Loss on derecognition of discount on business combination under common control - net	-	(116,810)	-	-
- Recognition of previously unrecognized tax loss carry forward	8,904	-	-	-
- Unrecognition of tax loss carry forward	16,021	(3,254)	-	-
- Others	(90)	-	-	-
Income tax income (expense)	84,855	18,272	12,454	(3,242)

The details of deferred income tax assets (liability) - net as at December 31, 2014 and 2013 are as follows:

Consolidated Financial Statements (In Thousand Baht)						
	(Charged) / Credited to December 31, 2013	Profit for the year	Additions from purchase of investments in subsidiaries	Currency translation differences	Transfers in (out)	December 31, 2014
Deferred income tax assets						
Recognize revenue from sale of residential condominium units	4,783	(1,264)	-	-	-	3,519
Loss carry forward	92,458	78,367	-	-	-	170,825
Capitalize expenses and interest as part of leasehold rights on land	135,178	-	-	-	(135,178)	-
Depreciation	22,570	5,327	-	-	-	27,897
Capitalize expenses interest as part of land and advance for purchase of land	2,197	9,292	-	-	135,178	146,667
Deferred debenture underwriting fee	-	(5,532)	-	-	-	(5,532)
Others	2,445	(741)	-	-	-	1,704
Net	259,631	85,449	-	-	-	345,080
Deferred income tax liability						
Intangible assets	-	-	664,208	1,670	-	665,878

Separate Financial Statements (In Thousand Baht)			
	(Charged) /		
	December 31, 2013	credited to loss for the year	December 31, 2014
Deferred income tax assets			
Recognize revenue from sale of residential condominium units	2,005	-	2,005
Loss carry forward	-	16,236	16,236
Depreciation	372	235	607
Capitalize expenses interest as part of land and advance for purchase of land	2,197	2,349	4,546
Others	2,445	(834)	1,611
Total	7,019	17,986	25,005
Deferred income tax liability			
Deferred debenture underwriting fee	-	5,532	5,532
Net	7,019	12,454	19,473

Unrecognized Deferred Income Tax Assets

As at December 31, 2014 and 2013, the Pace Development Corporation Group did not recognize deferred income tax assets from loss carry forward and certain temporary differences totalling Baht 950.0 million and Baht 173.2 million, respectively, since it is not probable that future taxable profit will be available against which such subsidiaries can utilize the benefit therefore.

21. BANK OVERDRAFT AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTION

	Interest Rate (% p.a.)		Consolidated/Separate Financial Statements (In Thousand Baht)	
	2014	2013	2014	2013
		7.525		
Bank overdraft	-	(MOR-0.25)	-	11,351
	6.5	6.5		
Short-term loans	(MLR-0.25)	(MLR-0.25)	1,389,300	235,000
Less: Deferred loan arrangement fee			(26,373)	(1,496)
Net			1,362,927	233,504
Total			1,362,927	244,855

As at December 31, 2013, the Company had an overdraft line amounting to Baht 20 million (December 31, 2014: Nil).

As at December 31, 2013, such credit facility of the Company is collateralized by mortgaging/pledging of the Company's residential condominium units of Ficus Lane Project as discussed in Note 8 and additionally guaranteed by certain shareholders of the Company (December 31, 2014: Nil).

Short-term loans from financial institution amounting to Baht 235 million will be repayable within the one year from the first drawdown according to the agreement (August 9, 2013). Subsequently, on August 6, 2014, the Company entered into the first amendment agreement with such financial institution to extend the repayment period to be repayable within March 31, 2015. Such loans are collateralized by land for developing the real estate project and land of the Company and the building located or will be construed on land as discussed in Notes 11, 13 and 14.

Short-term loan from financial institution amounting to Baht 1,154.3 million using for purchase of investment in the Dean Group will be repayable within the 6 months from the first drawdown according to the agreement (December 4, 2014). Such loan is guaranteed as discussed in Note 24.

The Company committed to comply with certain conditions as indicated in the short-term loan agreement such as maintaining of financial ratio and others.

As at December 31, 2014 and 2013, the subsidiaries have an overdraft line amounting to Baht 30 million. Such credit facility of subsidiaries is guaranteed as discussed in Note 24.

22. SHORT-TERM LOANS

	Interest rate (% p.a.)		In Thousand Baht			
			Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013	2014	2013
Short-term loans from						
- Asia Plus Securities Public Company Limited	7.75	6.5	717,000	325,000	717,000	140,000
- KT Zmico Securities Company Limited	6.5, 6.9	-	495,000	-	495,000	-
Total			1,212,000	325,000	1,212,000	140,000
Less : Prepaid interest expense			(46,700)	(1,503)	(46,700)	(890)
Net			1,165,300	323,497	1,165,300	139,110

As at December 31, 2013, short-term loans from Asia Plus Securities Public Company Limited represented bill of exchange which secured by pledging of the Company's shares held by certain shareholders. As at December 31, 2014, the above loans are unsecured billed of exchange. The repayable periods were as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
- January 17, 2014	-	165,000	-	-
- February 4, 2014	-	120,000	-	120,000
- February 13, 2014	-	20,000	-	-
- February 20, 2014	-	20,000	-	20,000
- January 19, 2015	30,000	-	30,000	-
- April 20, 2015	40,000	-	40,000	-
- April 21, 2015	110,000	-	110,000	-
- April 27, 2015	20,000	-	20,000	-
- May 19, 2015	150,000	-	150,000	-
- June 15, 2015	105,000	-	105,000	-
- June 22, 2015	20,000	-	20,000	-
- July 13, 2015	217,000	-	217,000	-
- July 20, 2015	20,000	-	20,000	-
- September 22, 2015	500,000	-	500,000	-
Total	1,212,000	325,000	1,212,000	140,000

23. ADVANCES AND DEPOSITS RECEIVED FROM CUSTOMERS

Advances received from customers of the Company represent installments received from customer for sale agreement of Ficus Lane Project (as discussed in Note 8) and sport club member fees.

Advances received from customers of YLP Company Limited represent advance received from customers for agreements to purchase and to sell of Saladaeng Residences Project (as discussed in Note 4).

A major portion of advances and deposits received from customers of the Pace Group represent:

- a) fees for reservation of the units in the project of Pace Project Two Co., Ltd. whereby the customers may have rights to cancel or terminate such reservations. Pace Project Two Co., Ltd. will return advances in full amount to customers who cancel or terminate the reservation in according to the specified conditions or will transfer the advances to deposits from the customers when they sign the Unit Lease Purchase Agreement and/or Agreement to Sell and Purchase of Condominium Unit.
- b) deposits for rental and services of Pace Project Three Co., Ltd.

24. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS - NET

	Consolidated Financial Statements (In Thousand Baht)	
	2014	2013
Loans from financial institutions		
- In Thai Baht	3,048,762	1,751,732
- In U.S. Dollars	2,631,280	-
Total	5,680,042	1,751,732
Less : Deferred loan arrangement fee	(148,501)	(66,214)
	5,531,541	1,685,518
Less : Portion due within one year	(1,845,515)	-
Net	3,686,026	1,685,518

Pace Group

On March 9, 2012, Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. (“the subsidiaries”) have entered into credit facilities agreement with a local financial institution for the credit facilities totalling Baht 5,400 million for the MahaNakhon Project. Subsequently on October 29, 2012, the another local financial institution joined to be a co-lender for these credit facilities of Baht 2,000 million. On May 10, 2013, such subsidiaries entered into an agreement to amended and restated credit facilities agreement with 2 financial institutions with the significant matter of increase in credit facilities from Baht 5,400 million to Baht 5,750 million. On February 6, 2014, such subsidiaries entered into the second amended and restated credit facilities agreement with the significant matter of increase in credit facilities from Baht 5,750 million to Baht 6,550 million. The credit facilities are as follows:

Credit facility	Purpose	(In Million Baht)	
		Amount	Interest rate
A	Hard construction and development costs	5,370	MLR minus 0.25% p.a.
	Letter of guarantee, letter of credit, trust receipt, aval and hedging (if credit facility A is fully utilized, credit facility B will be zero)		
B		1,000	Indicated in each
C	Bank overdrafts	30	MOR p.a.
D	Letter of guarantee	350	Indicated in each agreement
E	Aval facilities for land cost	468	Indicated in each agreement
	Term loan facilities for land cost		
	(the aggregate of credit facility E and F shall not exceed Baht 800 million)		
F		800	MLR minus 0.25% p.a.

On May 15, 2013, the Company’s audit committee and Board of Directors agreed and approved the Company to enter into an agreement to provide financial support to such subsidiaries for any purposes. This includes in case of that the subsidiaries need additional financial support for their real estate development projects. The Company will irrevocably agree to allow Siam Commercial Bank Public Company Limited to deduct the Company’s deposit at Siam Commercial Bank Public Company Limited and transfer to the subsidiaries’ deposit accounts.

On February 6, 2014, Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. have entered into an another credit facilities agreement with a local financial institution to obtain aval and term loan facilities for purchase of land amounting to Baht 532 million.

Such long-term loans will be repayable on the final maturity date which is the earlier of the date falling 6 months after the project completion date and June 30, 2016 or the Pace Group has the proceeds from the issuance and/or offering of a Real Estate Investment Trust.

Subsidiaries are committed to comply with certain conditions as indicated in the facility agreement such as maintaining of financial ratio and others.

Credit facilities are collateralized by the following:

- mortgage of land for real estate project for sales under development, land and offsite parking land of the Pace Group and land as discussed in Notes 11, 13 and 14,
- the building located or will be constructed on land of the Pace Group as discussed in Notes 11, 15 and 16,
- mortgage of certain land and land for developing the real estate projects of the Company as discussed in Notes 11 and 13,
- mortgage of certain residential condominium units of the Company and a subsidiary including the restriction use of sale proceeds from such residential condominium units as discussed in Note 8,
- conditional assignment on managed services agreement, construction contracts, management agreement and other agreements with Marriott International Group, Unit Lease Purchase Agreement, Agreement to Sell and Purchase of Condominium Unit, and Retail Shop Lease Agreement with the customers of subsidiaries,
- all of the Pace Group’s shares held by the shareholders as discussed in Note 9,
- the Company’s shares held by a director of 750 million shares,

- deposits at bank of Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. without any restriction use,
- assignment of rights and interests under the guarantee bond of contractors,
- assignment of rights and obligations under the insurances of the project,
- guarantee by a related party for credit facility lines of Baht 532 million.

Dean & DeLuca Group

On December 2, 2014, the Company and Dean & DeLuca Inc. (after merging with Olive Acquisition Corporation) entered into the credit facilities agreement to obtain credit facilities totalling USD 125 million from a local financial institution for acquiring a multi-channel retailer of premium gourmet and delicatessen business under “Dean & DeLuca” brand as discussed in Note 9. The credit facilities are as follows:

Credit facility	Purpose	(In Million U.S. Dollars)		
		Amount	Interest rate	Repayment term
A	Term loan facility for share acquisition (Thai Baht)	35	MLR minus 0.25% p.a.	6 months after the utilization of loan
B	Term loan facility for share acquisition (U.S Dollars)	80	3 month LIBOR plus 4% p.a.	18 months after the utilization of loan
C	Standby letter of credit facility for Dean & DeLuca Inc. and its subsidiaries	10	Indicated in each agreement	Indicated in each agreement

The Company and subsidiaries are committed to comply with certain conditions as indicated in the facility agreements.

Credit facilities are collateralized by the following:

- all of the Dean & DeLuca Inc.'s shares held by the shareholders,
- all of the Pace Food Retail Co., Ltd.'s shares held by the shareholders as discussed in Note 9,
- the remaining of Company's shares held by certain directors and a shareholder of 350 million shares,
- pledge of Interest Reserve Account of Pace Food Retail Co., Ltd.,
- conditional assignment of all Pace Food Retail Co., Ltd.,
- jointly guarantee by the Company, Pace Food Retail Co., Ltd. and Dean & DeLuca Inc., Dean & DeLuca Atlanta, LLC, Dean & DeLuca Markets, LLC, Dean & DeLuca Brands, Inc., Dean & DeLuca International, LLC,
- pledge of the Company's bank accounts to receive proceed in relation to capital increase transaction.

25. RETENTION PAYABLES TO CONTRACTORS

Retention payables to contractors represent cash deducted from contractors at various percentages of total construction prices for guarantee of work performed by such contractors. The Pace Development Corporation Group will return such retention to contractors after the expired of guarantee period as agreed in the agreements.

26. PROVISION FOR LOSS ON LITIGATION CASE

Details of changes in provision for loss on litigation case are as follows:

	Consolidated/Separate Financial Statements	
	(In Thousand Baht)	
	2014	2013
Balance as at January 1	9,650	9,525
Additions	-	125
Payments	(8,999)	-
Reversal	(651)	-
Balance as at December 31	-	9,650

On September 13, 2005, the Company was sued from a local company to claim for the damage resulted from the Company's construction project. Subsequently on July 31, 2006, the Court of First Instance determined the Company to pay the compensation of claimed to such company as follows:

- to pay the amount of Baht 1,660,048 plus interest at the rate 7.5% per annum starting from the sued date.
- to pay for the damage of Baht 252,353 per month starting from the sued date until December 31, 2007.

On June 28, 2010, the Court of Appeals has sentenced the same as the Court of First Instance.

The Company has recorded a provision for loss including interest as determined by courts in the financial statements as at December 31, 2013. As at December 31, 2013, land held for sale is pledged as collateral for such litigation case as discussed in Note 8.

On May 15, 2014, the Company agreed and paid for the claim amount of Baht 9.0 million to such local company at the Supreme Court.

27. DEBENTURES - NET

	Consolidated/Separate Financial Statements	
	(In Thousand Baht)	
	2014	2013
Debentures	2,999,500	-
Less: Deferred debenture underwriting fee	(27,660)	-
Net	2,971,840	-

During the year ended December 31, 2014, the Company issued unsubordinated and unsecured debentures in registered name form to institutional investors and/or high net worth investors totalling Baht 2,999.5 million. The details are as follows:

Issuance and offering date	Amount (In Thousand Baht)	Term of debenture	Maturity date	Fixed interest rate (% per annum)
May 16, 2014	793,500	1 year 9 months	February 16, 2016	6.5
June 4, 2014	470,000	1 year 9 months	March 4, 2016	7.0
June 20, 2014	236,000	1 year 9 months	March 20, 2016	6.5
September 25, 2014	1,500,000	1 year 9 months	June 25, 2016	6.5
Total	2,999,500			

The Company is committed to comply with certain conditions as indicated in the prospectus such as maintaining of financial ratio and others.

28. PROVISION FOR EMPLOYEE RETIREMENT BENEFITS

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Employee retirement benefit as at January 1	2,576	1,901	2,576	1,901
Current service costs	2,539	567	2,140	567
Interest expense	371	108	349	108
Employee retirement benefit as at December 31	5,486	2,576	5,065	2,576

Expenses recognized in the statement of comprehensive income for each of the years ended December 31, 2014 and 2013 are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Current service costs	2,539	567	2,140	567
Interest expense	371	108	349	108
Total	2,910	675	2,489	675

Actuarial assumptions:

	The Company	Subsidiary
Discount rate	4.03% per annum	4.02% per annum
Future salary increase rate	6.00% per annum	3.78% per annum
Employee turnover rate	0% - 22% per annum	23% per annum
Mortality rate	100% of Thai Mortality Table Year 2008	100% of Thai Mortality Table Year 2008
Disability rate	10% of Thai Mortality Table Year 2008	10% of Thai Mortality Table Year 2008

29. SHARE CAPITAL

During July 29 to 31, 2013, the Company offered 600 million shares of Baht 3.50 each to the public for subscription shares. As a result, the Company registered the increase of its issued and paid-up share capital of Baht 1,454.3 million (1,454.3 million common shares at Baht 1 par value) to Baht 2,054.3 million (2,054.3 million common shares at Baht 1 par value) with the Ministry of Commerce on August 2, 2013. The Stock Exchange of Thailand approved the Company's 2,054.3 million common shares as listed securities to be traded on August 7, 2013. The Company incurred expenses relating to the share offering totalling Baht 68.9 million which were presented as a deduction from the premium on common shares.

Basic earnings (loss) per share attributable to owners of the parent are determined by dividing the profit (loss) for the year attributable to owners of the parent by the weighted average number of shares outstanding during the year.

Weighted average number of shares (basic) for each of years ended December 31, 2014 and 2013 are as follows:

	In Million Shares			
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Number of shares outstanding as at January 1	2,054.3	1,454.3	2,054.3	1,454.3
Effect of shares issued during the year	-	251.5	-	251.5
Weighted average number of shares (basic)	2,054.3	1,705.8	2,054.3	1,705.8

30. LEGAL RESERVE

Under the provisions of the Public Company Limited Act B.E. 2535, the Company is required to appropriate at least 5% of its annual net profit (after deduction of the deficit brought forward, if any) as reserve fund until the reserve fund reaches 10% of the authorized share capital. The legal reserve is not available for dividend distribution.

31. EXPENSES BY NATURE

Significant expenses by nature for each of the years ended December 31, 2014 and 2013 are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Costs of sales of residential condominium units and furnitures	23,604	188,119	23,604	25,205
Change in inventories	87,958	-	-	-
Purchase of inventories	155,735	-	-	-
Employee benefit expenses	212,973	59,246	141,778	53,145
Management benefit expenses	44,263	28,172	41,043	25,162
Special business tax	904	9,216	613	1,122
Marketing fees and advertising expenses	110,921	47,440	56,011	20,682
Commission expenses	60,846	48,552	2,776	5,494
Selling expenses	28,077	63,564	14,633	59,336
Depreciation and amortization	75,075	35,225	6,680	5,308
Professional fees	15,173	4,980	5,453	2,887
Rental, service and utilities expenses	80,175	8,848	8,891	5,588
Bank charges and credit card fee	12,917	2,029	107	261
Other expenses	77,535	27,401	46,598	18,667
Total expenses	986,156	522,792	348,187	222,857

32. MANAGEMENT BENEFIT EXPENSES

The monetary management benefit expense for each of the years ended December 31, 2014 and 2013 are as follows:

Description	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Salaries and other benefits	43,141	27,320	39,921	24,310
Meeting allowances	1,122	852	1,122	852
Total	44,263	28,172	41,043	25,162

33. REGISTERED PROVIDENT FUND

The Company has established a contributory registered provident fund in accordance with the Provident Fund Act B.E. 2530 based on the approval from the Securities and Exchange Commission Thailand on October 1, 2011. Under the plan, members contribute to the fund at 2% and 3% of the employees' basic salaries. The Company contributes to the fund at 2% and 4% of the employees' monthly salaries, depending on the length of employment. The Company appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Ministerial Regulation No. 2 (B.E. 2532) issued under the Provident Fund Act B.E. 2530.

The Company's contribution for the years 2014 and 2013, which were charged to the statement of comprehensive income, amounted to Baht 2.0 million and Baht 1.5 million, respectively.

34. OPERATING SEGMENTS

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

For management purposes, the Pace Development Corporation Group is organized into business units based on their businesses and has 6 reportable segments as follows:

- 1) The property development segment, which develops and sells condominium units.
- 2) The investment segment, which invests in shares of the Pace Group
- 3) The hotel segment, which operates hotel business.
- 4) The luxury condominium segment, which develops and sells luxury condominium units.
- 5) The shopping centre segment, which develops and leases out shopping centre.
- 6) The food and beverage segment

In presenting information on the basis of geographic segments, segment revenue is based on the geographic location of customers. The Pace Development Corporation Group comprises the following main geographic segments as follows:

- 1) Thailand
- 2) United States of America

The Board of Director monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

Inter-segment revenues and expenses are eliminated on consolidation.

Business segment

The following table presents revenue and profit information regarding the Pace Development Corporation Group's operating segments for each of the years ended December 31, 2014 and 2013:

	In Million Baht															
	Property development		Investment in equity shares		Hotel		Luxury condominium		Shopping centre		Food and beverage		Elimination of inter-segment		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013		
Revenues	34	287	-	-	-	-	-	-	38	3	468	-	-	-	540	290
Cost of sales	(24)	(188)	-	-	-	-	-	-	(65)	-	(243)	-	-	-	(332)	(188)
Gross profit	10	99	-	-	-	-	-	-	(27)	3	225	-	-	-	208	102
Other income	375	361	-	-	1	-	3	3	-	-	17	-	(329)	(309)	67	55
Other expenses	(338)	(223)	(1)	-	(18)	(17)	(189)	(134)	(24)	(10)	(157)	-	73	49	(654)	(335)
Segment profit (loss)	47	237	(1)	-	(17)	(17)	(186)	(131)	(51)	(7)	85	-	(256)	(260)	(379)	(178)
Finance costs	(139)	(49)	(20)	(15)	(79)	(42)	(20)	(63)	(82)	(22)	(29)	-	161	93	(208)	(98)
Loss on derecognition of discount on business combinations under common control - net	-	-	-	-	-	-	-	-	-	-	-	-	-	(584)	-	(584)
Income tax income (expense)	11	(15)	-	-	-	-	47	29	27	5	-	-	-	-	85	19
Total comprehensive income (loss) for the year	(81)	173	(21)	(15)	(96)	(59)	(159)	(165)	(106)	(24)	56	-	(95)	(751)	(502)	(841)
Non-controlling interests															123	46
Loss attributable to owners of the parent															(379)	(795)
Other information																
Segment assets	9,696	4,874	250	250	2,629	2,257	6,093	4,241	2,039	1,641	7,956	-	(9,426)	(4,686)	19,237	8,577
Segment liabilities	5,814	912	446	425	3,006	2,539	7,302	5,291	2,259	1,755	6,266	-	(7,512)	(4,493)	17,581	6,429
Capital expenditure	561	381	-	-	444	231	1,193	588	354	360	151	-	(99)	(47)	2,604	1,513
Depreciation	8	6	-	-	-	-	26	24	26	1	3	-	-	-	63	31

Geographical segment

The Pace Development Corporation Group has expanded its investment and operating in foreign countries. All significant revenue from sales and non-current assets on the basis of geography is presented in this information. Segment revenue is based on the geographical location of customers and segment non-current assets are based on the geographical location of the assets.

In Million Baht							
	Thailand		United States of America		Elimination of inter-segment		Total
	2014	2013	2014	2013	2014	2013	2014 2013
Revenues and other income	125	345	483	-	-	-	608 345
Non-current assets	6,171	7,039	5,483	-	-	-	11,654 7,039

35. DISCLOSURE OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash and cash equivalents, trade account receivables, other receivables from subsidiaries and related companies, refundable value added tax, restricted savings deposit and current account, short-term and long-term loans to subsidiaries, interest receivables from subsidiaries, bank overdraft and short-term loans from financial institutions, short-term loans, trade account payables, payable for purchase of land, other payables to related companies, other account payables, retention payables to contractors, short-term loans and accrued interest from shareholder, and long-term loans from financial institutions, liabilities under finance lease contracts, debentures and long-term loans and accrued interest from shareholders. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies in Note 3.

Liquidity Risk

Liquidity risk arises from the problem in raising funds adequately and in time to meet commitments as indicated in the consolidated financial statements. Based on the assessment of the Pace Development Corporation Group's current financial position and results of operations, the Pace Development Corporation Group does not face liquidity risk.

Foreign Currency Risk

The Pace Development Corporation Group has certain transactions in foreign currency, giving rise to exposure risk from changes in foreign exchange rates. However, the Pace Development Corporation Group did not have hedging agreement to protect against such risk.

Credit Risk

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

Interest Rate Risk

Interest rate risk arises from the fluctuation of market interest rates, which may have an impact to current and future operations of the Pace Development Corporation Group. The Pace Development Corporation Group's exposure to interest rate risk relates primarily to their deposits at financial institutions, long-term loans to subsidiaries and interest receivable, bank overdraft and short-term loans from financial institutions, short-term loans, short-term loans and accrued interest from shareholder, long-term loans and accrued interest from shareholders, long-term loans from financial institutions and debentures, which bear interest. However, since most of the Pace Development Corporation Group's financial assets and liabilities bear floating interest rates which are close to the market rates. The management considers that the interest rate risk is minimal, hence, the Pace Development Corporation Group has no hedging agreement to protect against such risk.

Significant financial assets and liabilities as at December 31, 2014 and 2013, classified by type of interest rates are summarized in the table below:

In Thousand Baht							
2014 (Consolidated Financial Statements)							
	Fixed interest rates					Effective interest rates (% p.a.)	
	Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non-interest bearing		Total
Financial assets							
Cash and cash equivalents	-	-	-	344,247	174,787	519,034	0.37 - 0.625
Short-term investments	-	-	-	-	518,901	518,901	-
Restricted savings deposit	-	-	-	67,109	-	67,109	0.375
Trade account receivables – net	-	-	-	-	54,476	54,476	-
Other receivables from related companies	-	-	-	-	567	567	-
Refundable value added tax	-	-	-	-	87,295	87,295	-
Restricted bank – current account	-	-	-	-	7,565	7,565	-
Total	-	-	-	411,356	843,591	1,254,947	
Financial liabilities							
Short-term loans from financial institutions	-	-	-	1,362,927	-	1,362,927	6.50
Short-term loans	1,165,300	-	-	-	-	1,165,300	6.50 – 7.75
Trade account payables	-	-	-	-	714,218	714,218	-
Payable for purchase of land	110,000	-	-	-	410	110,410	-
Other payables to related companies	-	-	-	-	1,543	1,543	-
Other account payables	-	-	-	-	3,510	3,510	-
Deposit received from customers	-	-	-	-	8,128	8,128	-
Retention payables to contractors	-	-	-	-	61,088	61,088	-
Long-term loans from financial institutions – net	-	-	-	5,531,541	-	5,531,541	6.60, 6.6395
Liabilities under finance lease contracts	3,574	8,732	-	-	-	12,306	5.75 – 14.996
Long-term loans from shareholders and accrued interest	-	404,511	824,289	-	1,184,201	2,413,001	7.50
Debentures – net	-	2,971,840	-	-	-	2,971,840	6.50, 7.00
Total	1,278,874	3,385,083	824,289	6,894,468	1,973,098	14,355,812	

In Thousand Baht

2013 (Consolidated Financial Statements)

Fixed interest rates

	Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rates (% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	1,039,210	74	1,039,284	0.5
Trade account receivables - net	-	-	-	-	13,346	13,346	-
Other receivables from related companies	-	-	-	-	706	706	-
Refundable value added tax	-	-	-	-	38,731	38,731	-
Total	-	-	-	1,039,210	52,857	1,092,067	
Financial liabilities							
Short-term loans from financial institutions	-	-	-	244,855	-	244,855	6.5, 7.525
Short-term loans	323,497	-	-	-	-	323,497	6.5
Trade account payables	-	-	-	-	201,708	201,708	-
Other payables to related companies	-	-	-	-	587	587	-
Other account payables	-	-	-	-	2,636	2,636	-
Retention payables to contractors	-	-	-	-	39,933	39,933	-
Long-term loans from financial institutions - net	-	-	-	1,685,517	-	1,685,517	6.8897
Liabilities under finance lease contracts	1,836	7,577	-	-	-	9,413	6.5 - 11.6
Long-term loans from shareholders and accrued interest	-	404,511	824,289	-	1,092,041	2,320,841	7.5
Total	325,333	412,088	824,289	1,930,372	1,336,905	4,828,987	

In Thousand Baht							
2014 (Separate Financial Statements)							
Fixed interest rates							
	Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rates (% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	97,966	401	98,367	0.375 - 0.50
Short-term investments	-	-	-	-	458,410	458,410	-
Other receivables from subsidiaries	-	-	-	-	101,645	101,645	-
Short-term loans to subsidiary and interest receivable	91,983	-	-	-	-	91,983	7.50
Accrued management fee income	-	-	-	-	120,000	120,000	-
Refundable value added tax	-	-	-	-	461	461	-
Interest receivable from subsidiaries	-	-	-	-	685,976	685,976	-
Long-term loans to subsidiaries	-	2,532,977	2,405,948	-	-	4,938,925	7.50
Total	91,983	2,532,977	2,405,948	97,966	1,366,893	6,495,767	
Financial liabilities							
Short-term loans from financial institutions	-	-	-	1,362,927	-	1,362,927	6.50
Short-term loans	1,165,300	-	-	-	-	1,165,300	6.50 - 7.75
Trade account payables	-	-	-	-	13,786	13,786	-
Other payables to related company	-	-	-	-	840	840	-
Retention payables to contractors	-	-	-	-	286	286	-
Liabilities under finance lease contracts	2,945	5,729	-	-	-	8,674	5.75 - 14.996
Debentures – net	-	2,971,840	-	-	-	2,971,840	6.50, 7.00
Total	1,168,245	2,977,569	-	1,362,927	14,912	5,523,653	

	In Thousand Baht						
	2013 (Separate Financial Statements)						
	Fixed interest rates						
	Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rates (% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	4,412	29	4,441	0.5
Other receivables from subsidiaries	-	-	-	-	60,873	60,873	-
Interest receivable from subsidiaries	-	-	-	-	440,662	440,662	-
Long-term loans to subsidiaries	-	986,977	1,957,223	-	-	2,944,200	7.5
Total	-	986,977	1,957,223	4,412	501,564	3,450,176	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	244,855	-	244,855	6.5, 7.525
Short-term loans	139,110	-	-	-	-	139,110	6.5
Trade account payables	-	-	-	-	11,744	11,744	-
Other payables to related company	-	-	-	-	15	15	-
Short-term loans from subsidiary	204,342	-	-	-	-	204,342	5.00 - 6.75
Retention payables to contractors	-	-	-	-	13	13	-
Liabilities under finance lease contracts	1,314	4,012	-	-	-	5,326	6.5 - 11.6
Total	344,766	4,012	-	244,855	11,772	605,405	

Fair Value of Financial Instruments

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

The fair value of cash and cash equivalents, restricted savings deposit and long-term loans to subsidiaries - the aggregate carrying values are insignificantly different from their aggregate fair value because these financial assets have floating interest rates, which approximate market rates.

Trade account receivables, short-term loans to subsidiary and interest receivable, other receivables from subsidiaries and related companies and refundable value added tax - the carrying value approximate their fair values due to the relatively short-term maturity of these financial assets.

Bank overdraft and short-term loans from financial institutions - the carrying values approximate their fair values because these financial liabilities have floating interest rate, which approximate market rates.

Short-term loans, trade account payables, payable for purchase of land, other payables to related companies, other account payables, retention payables to contractors and short-term loan and accrued interest from subsidiary - the carrying value approximate their fair values due to the relatively short-term maturity of these financial liabilities.

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

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

Long-term loans and accrued interest from shareholders - fair value cannot be reliably estimated since the specific repayment term is not known.

36. AGREEMENTS

- a) On March 16, 2009, a subsidiary entered into an International Services Agreement with Global Hospitality Licensing S.A.R.L. ("GHL"), whereby the latter will provide certain services in support of the hotel outside Thailand. On December 21, 2009, the subsidiary entered into an amendment agreement with the termination term of 35 years commencing from the effective date and shall automatically be renewed for additional two periods of 5 years each unless either party gives the other party at least 300 days written termination notice prior to the expiration of the initial or renewal term. In consideration thereof, the subsidiary is committed to pay the service fee as specified in the agreement.
- b) On March 16, 2009, a subsidiary entered into a License and Royalty Agreement with Global Hospitality Licensing S.A.R.L. ("GHL"), whereby the latter will grant the jointly controlled entity the right and license to use the EDITION trademark in Thailand. On December 21, 2009, the subsidiary entered into an amendment agreement with the termination term of 35 years commencing from the effective date and shall automatically be renewed for additional two periods of 5 years each unless either party gives the other party at least 300 days written termination notice prior to the expiration of the initial or renewal term. In consideration thereof, the subsidiary is committed to pay the license and royalty fees at the rates specified in the agreement.
- c) On March 16, 2009, a subsidiary entered into a Management Agreement with Luxury Hotels & Resorts (Thailand) Limited, whereby the latter will manage and operate the hotel. On December 21, 2009, the subsidiary entered into an amendment agreement with the termination term of 35 years commencing from the effective date and shall automatically be renewed for additional two periods of 5 years each unless either party gives the other party at least 300 days written termination notice prior to the expiration of the initial or renewal term. In consideration thereof, the subsidiary is committed to pay the fees at the rates specified in the agreement.
- d) On March 16, 2009, a subsidiary entered into a Residential Marketing License Agreement with Global Hospitality Licensing S.A.R.L. ("GHL"), whereby the latter will grant the subsidiary the license to use The Ritz-Carlton Residences, Bangkok as license marks. The term is commencing from the effective date until the earlier of December 31, 2015 or the closing of all residential units. In consideration thereof, the subsidiary is committed to pay the license fee at the rate specified in the agreement.
- e) On March 16, 2009, a subsidiary entered into a Management Agreement with Luxury Hotels & Resorts (Thailand) Limited, whereby the latter will manage, operate and maintain the residential project. On December 21, 2009, the subsidiary entered into an amendment agreement with the termination term of 35 years commencing from the effective date and shall automatically be renewed for additional two periods of 5 years each unless either party gives the other party at least 300 days written termination notice prior to the expiration of the initial or renewal term. In consideration thereof, the subsidiary is committed to pay the fees at the rates as specified in the agreement.

37. OTHERS

- 1) As at December 31, 2014 and 2013,

	In Thousand Baht	
	2014	2013
a) Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. had letters of credit opened but not utilized.	34,913	-
b) Pace Project Two Co., Ltd. had letters of guarantee issued by a local financial institution in favour of customers which were as discussed in Note 24.	90,240	92,026
c) Pace Project Three Co., Ltd. had letters of guarantee issued by a local financial institution in favor of a state enterprise which were guaranteed as discussed in Note 24.	3,950	1,000
d) Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. had commitments under the agreements for the cost of construction As at December 31, 2014 : a portion of Baht 34.9 million were covered by letters of credit and a portion of Baht 137.1 million were aval by a local financial institution As at December 31, 2013 : a portion of Baht 44.2 million were aval by a local financial institution which were guarantee as discussed in Note 24.	1,677,264	1,782,400
e) Pace Country Club Co., Ltd. had commitments under the agreements for the cost of construction (Note 14).	37,177	-
f) the Company had commitments under the agreements for the cost of construction (Notes 11 and 14).	309,669	228,254
g) the Company had commitments under the memorandum to purchase and to sell land for new development project with a related company as discussed in Note 4 and a third party.	315,400	-

- 2) As at December 31, 2014, Dean & DeLuca Inc. had commitments under non cancellation operating lease agreements covering the retail rental agreements, warehouse and office premises for the period from 34 months to 180 months. The totals of future minimum lease payments under non-cancellable operating leases for each period are as follows:

	In Thousand Baht	
	2014	2013
Not later than 1 year	254,051	-
Later than 1 year and not later than 5 years	659,244	-
Later than 5 years	742,477	-
Total	1,655,772	-

- 3) As at December 31, 2014 and 2013, the Pace Development Corporation Group had obligation and commitment to complete project on hand.

	2014	2013
Value of sales already contracted (in Thousand Baht)	7,235,744	5,666,246
As percentage of total sales of project on hand (%)	49.53	46.68

- 4) On January 25, 2012, the Company entered into 3 memorandums of transfer of accrued interest whereby Khun Sorapoj Techakraisri and Fourteen Points Holdings (Assignors) will transfer accrued interest from loans which have not been transferred as indicated in novation agreements to the Company (Assignee) after 60 days when Pace Group (Debtors) are granted construction certificate to build, modify and relocate building (Form Or. 6) issued by a government agency relating to the construction Mahanakhon Project. In this regard, the Company will recognize income according to these 3 memorandums which is after 60 days when the debtors are granted such Form Or. 6.
- 5) The sponsors which consist of the Company, Pace Real Estate Co., Ltd. and shareholders of Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. entered into the Sponsor Support Agreement dated May 10, 2013 and February 6, 2014 with the financial institutions under a Credit Facilities Agreement as discussed in Note 24. In this regard, the sponsors are committed to provide the necessary financial supports to Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. in any events of cost overrun and cash deficiency.
- 6) As at December 31, 2014, current account amounting to USD 0.23 million (equivalent to Baht 7.6 million) was pledged as collateral on letters of credit per a requirement of leases on the 3 cafes in New York.

38. EVENTS AFTER THE REPORTING PERIOD

- 1) At the extraordinary shareholders' meeting held on January 8, 2015, the shareholders approved:
- the sale and purchase transaction and novation of repayment of loans and accrued interest in the Pace Group according to the Option Agreement with IBC Thailand Ltd. and IDJ Holding Ltd. as discussed in Note 4,
 - the increase in authorized share capital from Baht 2,054,265,670 (divided into 2,054,265,670 common shares at Baht 1 par value) to Baht 3,196,988,170 (divided into 3,196,988,170 common shares at Baht 1 par value),
 - the allocation of newly issued ordinary shares to IBC Thailand Ltd. and IDJ Holding Ltd. under Private Placement Scheme for the purchase of additional investments in Pace Group and capital increase not exceeding 542,722,500 shares at the price of Baht 3.39 per share,
 - the allocation of newly issued 600,000,000 ordinary shares with the par value of Baht 1 to offer to the existing shareholders in proportion to their shareholding (Rights Offering) by General Mandate.
- 2) At the Board of Directors' meeting of the Company held on December 23, 2014, the Board of Directors approved the Company to establish the new subsidiary, Pace Interior Services Co., Ltd. with the registered capital of Baht 1,000,000 (common share 10,000 shares at Baht 100 par value). Such subsidiary registered the incorporation with the Ministry of Commerce on January 6, 2015.
- 3) At the extraordinary shareholders' meeting of Pace Interior Services Co. Ltd., a subsidiary, held on January 21, 2015, the subsidiary's shareholders passed the resolution to increase the subsidiary's authorized share capital from Baht 1 million (divided into 10,000 common shares at Baht 100 par value) to Baht 20 million (divided into 200,000 common shares at Baht 100 par value). The subsidiary registered the increase in authorized share capital with the Ministry of Commerce on January 23, 2015.

39. CAPITAL MANAGEMENT

The primary objective of the Pace Development Corporation Group's capital management is to ensure that it has sustained good cash flows management and preserves the ability to continue its business as a going concern by the projection of cash flows for the projects.

The Company manages its capital position with reference to their debt-to-equity ratio in order to comply with a covenant of the debenture of bondholders. However, the Bondholders' meetings on February 12, 2015 and February 25, 2015 approved to amend the covenant calculation period from December 31, 2014 to June 30, 2015.

Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. (the Pace Group) manage their capital position with reference to their debt-to-equity ratio in order to comply with a condition in a facility agreement with local financial institutions. Debt means, solely for the purpose of calculating the debt-to-equity ratio, the interest bearing debts excluding shareholder loans of the Pace Group. Equity means the aggregate of share capital, legal reserve and shareholder loans of the Pace Group. As at December 31, 2014, debt-to-equity ratio in their financial statements was 0.61 to 1 (As at December 31, 2013: 0.40 to 1).

No changes were made in the Pace Development Corporation Group's objectives, policies or processes during the years ended December 31, 2014 and 2013.

40. NEW/REVISED THAI FINANCIAL REPORTING STANDARDS NOT YET ADOPTED

The Pace Development Corporation Group has not adopted new/revised Thai Financial Reporting Standards (TFRS) that have been issued but are not yet effective at the reporting date as follows:

TFRS	Topic	Effective date
TFRS 2 (revised 2014)	Share-based Payment	2015
TFRS 3 (revised 2014)	Business Combinations	2015
TFRS 4 (revised 2014)	Insurance Contracts	2016
TFRS 5 (revised 2014)	Non-current Assets held for Sale and Discontinued Operations	2015
TFRS 6 (revised 2014)	Exploration for and Evaluation of Mineral Resources	2015
TFRS 8 (revised 2014)	Operating Segments	2015
TFRS 10	Consolidated Financial Statements	2015
TFRS 11	Joint Arrangements	2015
TFRS 12	Disclosure of Interests in Other Entities	2015
TFRS 13	Fair Value Measurement	2015
TAS 1 (revised 2014)	Presentation of financial statements	2015
TAS 2 (revised 2014)	Inventories	2015
TAS 7 (revised 2014)	Statement of Cash Flows	2015
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	2015
TAS 10 (revised 2014)	Events after the Reporting Period	2015
TAS 11 (revised 2014)	Construction Contracts	2015
TAS 12 (revised 2014)	Income Taxes	2015
TAS 16 (revised 2014)	Property, Plant and Equipment	2015
TAS 17 (revised 2014)	Leases	2015
TAS 18 (revised 2014)	Revenue	2015
TAS 19 (revised 2014)	Employee Benefits	2015
TAS 20 (revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance	2015
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates	2015
TAS 23 (revised 2014)	Borrowing Costs	2015
TAS 24 (revised 2014)	Related Party Disclosures	2015
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans	2015
TAS 27 (revised 2014)	Separate Financial Statements	2015
TAS 28 (revised 2014)	Investments in Associates and Joint Ventures	2015
TAS 29 (revised 2014)	Financial Reporting in Hyperinflationary Economies	2015
TAS 33 (revised 2014)	Earnings per share	2015
TAS 34 (revised 2014)	Interim Financial Reports	2015
TAS 36 (revised 2014)	Impairment of Assets	2015
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	2015
TAS 38 (revised 2014)	Intangible Assets	2015
TAS 40 (revised 2014)	Investment Property	2015

TFRS	Topic	Effective date
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2015
TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a Lease	2015
TFRIC 5 (revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2015
TFRIC 7 (revised 2014)	Applying the Restatement Approach under TAS 29 (revised 2014) Financial Reporting in Hyperinflationary Economies	2015
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment	2015
TFRIC 12 (revised 2014)	Service Concession Arrangements	2015
TFRIC 13 (revised 2014)	Customer Loyalty Programmes	2015
TFRIC 14	TAS 19 (revised 2014) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	2015
TFRIC 15 (revised 2014)	Agreements for the Construction of Real Estate	2015
TFRIC 17 (revised 2014)	Distributions of Non-cash Assets to Owners	2015
TFRIC 18 (revised 2014)	Transfers of Assets from Customers	2015
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	2015
TSIC 10 (revised 2014)	Government Assistance - No Specific Relation to Operating Activities	2015
TSIC 15 (revised 2014)	Operating Leases-Incentives	2015
TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	2015
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2015
TSIC 29 (revised 2014)	Service Concession Arrangements Disclosure	2015
TSIC 31 (revised 2014)	Revenue - Barter Transactions Involving Advertising Services	2015
TSIC 32 (revised 2014)	Intangible Assets - Web Site Costs	2015

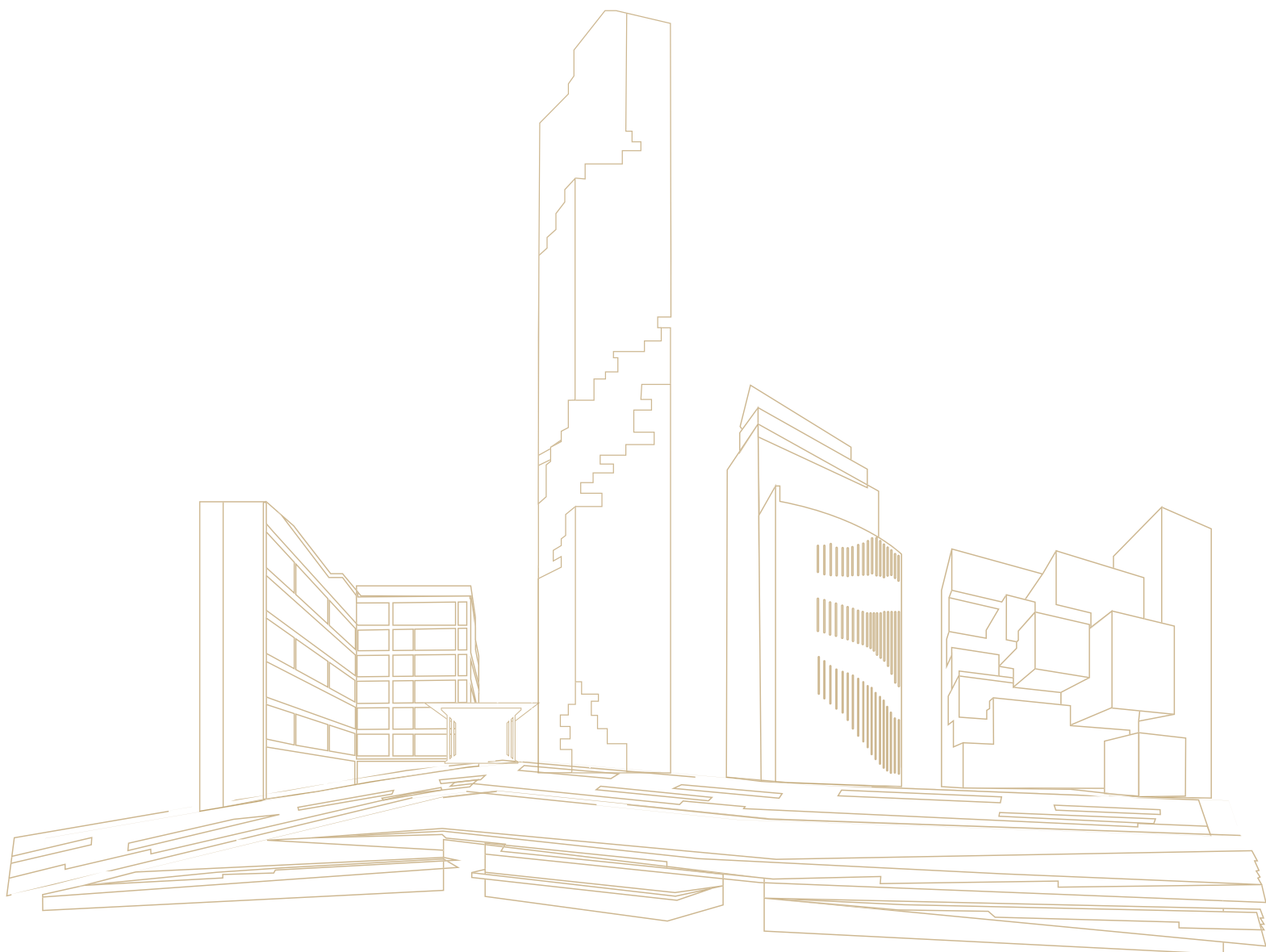
Management expects to adopt and apply these new and revised TFRSs in accordance with the FAP's announcement and is presently considering the potential impact on the Pace Development Corporation Group's financial statements of these new and revised TFRSs.

41. APPROVAL OF FINANCIAL STATEMENTS

The Company's directors have authorized these financial statements for issue on February 27, 2015.

GENERAL INFORMATION AND IMPORTANT INFORMATION

Thai Company Name	บริษัท เพช ดีเวลลอปเม้นท์ คอร์ปอเรชั่น จำกัด (มหาชน) (บริษัทฯ) (เดิมชื่อ บริษัท ชินคาร่า จำกัด)
Nature of Business	High-end sector of Thailand's real estate development business and gourmet food and beverage lifestyle retail
Head Office Location	87/2 CRC Tower, All Seasons Place, 45 th Floor Unit 3, Wireless Road, Lumpini, Pathumwan, Bangkok 10330 Thailand
Website	http://www.pacedev.com
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RESIDENCES

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