

A large graphic with a white arched border. Inside, the word "AESTHETIC" is written in large, white, sans-serif capital letters, stacked vertically. The background is a mix of teal and gold, with a stylized leaf and a branch. Below the graphic is a white rectangular box containing the text "of Living" in a dark blue, serif font.

**AESTHETIC**  
**of Living**

Areeya Annual Report 2017



# Aesthetic of Living

Areeya Property PLC. always has a belief that good quality of living or residences development are not the ultimate answer to life, but it has to elevate mind and soul of the residences as well. Living a lack of aesthetics is like losing the true meaning of life. Areeya is not just a residence, but we design social living including homes that aspire the beginning of an aesthetic life by using the 4 core concepts that are the structure and the heart of every product and services from all of our projects.

# 1. Aesthetic Design & Premium Quality

Areeya Property Public Company Limited integrates different design concepts and ideas to suit your unique lifestyles to create a home that truly answer the needs of living by emphasizing in every detail and quality. With new projects include Chalermnit Art de Maison that introduces the elegance of Japanese artistic style to the design detail, and The AVA Residence project that creates a beautiful architecture at the main entrance with the idea of overlapping corners of the Origami Sculpture Art in accordance with Privilege Clubhouse to provide the utmost relaxation from natural surroundings. Apart from designing to meet your style, it also has to be inspiring and stimulating new ideas for the residents to design and decorate their homes. Therefore, we improve home functions so that the residents can be well inspired, such as turning the multi-purpose room into a working space or an entertainment room. In addition,

Areeya focuses in structure and material quality in constructions of The Colors project by bringing in Aluminium Formwork System, a modern construction technology to reduce leakage problem in the homes. Areeya has taken the lead to introduce intelligent parking system (Mechanical Parking) by bringing in the parking system from IHI Asia Pacific (Thailand) a renowned Japanese company. Ensuring excellent after-sales services in accordance with Japan's international standards.



## 2. Sustainable Happiness

### Sustainable Happiness and Environment

Areeya initiates 6 concepts of sustainable happiness and environments as below;

#### 1. Happy Builders

Areeya believes that if our builders have good lives, healthy and stable incomes, they will be motivated and encouraged to produce quality works, so we create the caring framework for our 'home builders' to be happy and ensuring to provide a comprehensive coverage for their happiness. Besides the fair and timely pay, there is also a systematic management system for foreign workers. Areeya is as well taking the responsibility for the welfare of the workers with accommodations that meet the standard, trainings for skill developments to all types of workers. In addition, Areeya is cooperating with Labour Right Promotion Network Foundation to open "Child Friendly Space", a learning centre for children at construction site. In 2017, we had 6 learning centres with 149 children enrolled to participate in enhance learning, communication, disciplinary and hygiene activities. In the upcoming step, Areeya will further develop the learning centre at Sainoi and Rangsit, improving the distribution of space to reduce costs and create revenues by promoting own grown organic vegetables, etc.

#### 2. Happy Hosts

Areeya takes good care of all its employees, the host of our project, to have welfare with quality of at work to create loyalty, corporate consciousness and commitments to the organization.

#### 3. Happy Residents

We take care of our residents at our best from your very first step as one of Areeya's family. In order to keep every resident happily living in all of our projects, the residences are designed to answer all functions of living and enhance clean environment of living space in all project areas, relax and secured, ensuring elevated happiness for all residents.

#### 4. Happy Neighbours

Areeya conveys happiness to all of our contractors, as well as construction material suppliers, whom are just like our neighbours. Areeya is making sure of providing fair compensations to ensure highest quality results.

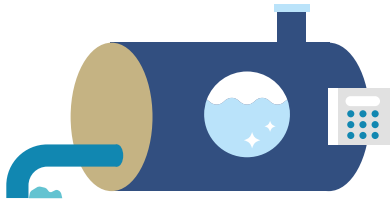
#### 5. Happy Environment

Areeya has always been in good care of our environment, from selecting alternative energy, making the most of water resources and energy reduction both internally and externally.

#### 6. Happy Community

Areeya takes good care of its society and nearby communities by being fair to all parties which results in zero complaints from external side because Areeya always believes that social coexistence in the society is the beginning of a truly sustainable happiness.

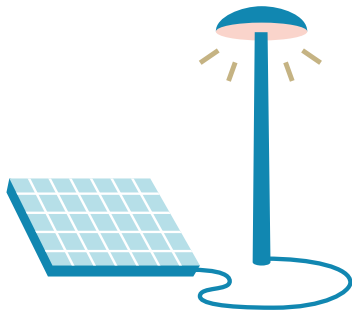
In 2017, Areeya aimed to create 2 sustainable happiness, “Happy Builders” and “Happy Residents” by working to develop a learning centre for children at construction site called “Child Friendly Space”. To ensure that “Happy Builders” has the same sustainable happiness as well as “Happy Residents”. Areeya focuses in making every project’s environment the best they can be. We believe that if the residents are living in a good environment, we will be creating “Happy Residents” concurrently with “Happy Environment” truly and sustainably. Therefore, Areeya is the first property developer to bring in 5 innovations to create tangible happiness to improve and develop in every project.



#### **Water Treatment System:**

##### **Developing water treatment system**

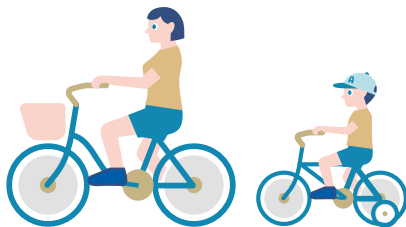
A proper care wastewater control system to create a new drainage system for the whole project, ensuring wastewater treatment from every home and re-using in common areas such as watering trees among the projects.



#### **Solar Cell:**

##### **Solar cell development or Electricity substitution**

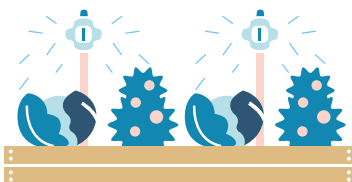
Solar cell panel is an electrical device that converts light energy or photons into electrical energy to use as lighting system in the project and public areas to reduce electricity costs.



#### **Bicycle Lane:**

##### **Developing standard jogging tracks**

Areeya designs to maximize the utilisation of common areas to promote better health of the residents, such as jogging tracks and bicycle lanes.



#### **Growing Vegetables, Growing Love:**

##### **Developing a diverse ecosystem**

Areeya allocates a common area for a homegrown vegetables and fruits promoting good health and environment around the residences. The goal is for the residents to have access to organic fruits and vegetables and being a part of a social participation to create a friendly community.



#### **Waste Project:**

##### **Developing refuses system**

Areeya arranges the separation of waste disposal to facilitate recycling waste. By systematically separating recycled and wet waste in aiming to reduce waste which enhances the overall appearance of the project and helps keeping cleaner environment.

### 3. Innovative Living

Innovations that Promote All Forms of Living



Areeya brings technologies to the projects to enhance comfortableness and security such as using VDO Call system. Real Time connecting with the Homeowners in The AVA Residence project to ensure your safety and security, including other innovative services such as AREEYA Family Application for all residents for the convenience of after sales services. Areeya has planned out a 2 years road map for this application and to develop AREEYA Family Application Version 2 in the year 2018. This new application will allow the residents to snapshot the troubled area, upload to notify for repairing, select available time and date of repair and wait to receive a confirmation from our technician. You will receive the name and a picture of the technician immediately. A true privilege for Areeya's residents and we will never stop to improve and develop to fulfill all new lifestyle needs.

### 4. Best in Class After-Sales Service

Taking Care of our residents from the start to after sales at our full capacity.



Areeya unveils every division to look after every residence from every project, starting from the visit to view the project, moving in, to the competent after sales services with a dedicated team with the right knowledge to solve all problems for the residents' ultimate satisfaction. Furthermore, Areeya also takes into consideration of using technology to control quality services of inspection such as installing cameras on foreman's hats, Real Time monitoring GPS systems, standard security management system in the project such as basic security monitoring system with CCTV in security ward and around the residences and keeping track of the results step by step. Checking and monitoring every step to ensure that Areeya is delivering the most effective services to all the residents.

# Customer Relationship Management

Happiness  
of living does not  
complete just at home.

Areeya continues to forward the happiness to Areeya members by giving Areeya&You card to every household for special privileges from Areeya's finely selected lifestyle businesses. Ensuring that happiness starts at home but will not end just in the home, and also being forwarded endlessly in your daily living. Furthermore, Areeya has special activities for every family to participate for new experiences so everyone can meet and share these special and happy moments together.



Crystal Cookie Workshop  
@ Dandelion Cafe



Areeya Blooming in Feb  
@ Patom Organic Living



Areeya Kids On Ice  
@ Subzero Ice Skate Mega Bangna



Areeya Dinosaur Adventure  
@ Dinosaur Planet



In Our Eternal Memory  
@ Daydream Believer





# Content

P. 14 – P. 15  
Message from Chairman

P. 16 – P. 17  
Audit Committee Report

P. 18 – P. 19  
Organization Chart

P. 20 – P. 27  
Board of Directors

P. 28 – P. 32  
Consultants Profile

P. 33 – P. 41  
Highlight Project

P. 42 – P. 45  
Overall Business

P. 46 – P. 51  
Industrial Outlook

P. 52 – P. 57  
Risk factors and Risk Management

P. 58 – P. 60  
General Information

P. 61 – P. 72  
Shareholders Structure and Management

P. 73 – P. 74  
Monitoring the Usage of Insider Information

P. 75 – P. 90  
Corporate Governance Policies

P. 91 – P. 92  
Related Transaction

P. 93 – P. 119  
Management Decision and Analysis

P. 120  
Board of Directors' Responsibility  
for Financial Reporting

P. 121 – P. 122  
Audit Committee Report

P. 123 – P. 127  
Independent Auditor's Report

P. 128 – P. 203  
Financial Statement

# Message From Chairman

The year 2017 marked another significant milestone in the company's journey towards sustainable growth with the application of a long-term plan on how to improve internal efficiency and enhance business capacity. In 2018, the company has set the key approach to sustainable business through defining clear characteristics of Areeya's home that can respond to the sustainable growth policy in four main aspects, which include 1) Aesthetic Design & Premium Quality that focuses on a unique design, high quality, the company's identity, and customer inspiration, 2) Sustainable Happiness to which the company has given priority for more than 5 years, 3) Innovative Living that emphasizes adaptation to changing innovations, and 4) Best in Class After-Sales Services that places importance on providing excellent sale and after sale services in order to promote customers' better living conditions in the long run.

Due to the company's development in four key areas, in 2017 the company's sales increased more than 20% and the revenue recognition increased by 7%. There were also condominium projects that were almost sold out after launching. The company reported net profit of 98 million baht, a decrease of 165 million baht from the previous year, which resulted from the change in core business practices and the number of condominium sales that will be translated into revenue in the future. Currently, the company's condominium backlog of about 2,305 million baht will be ready to transfer at the end of 2018. Meanwhile, the company's low-rise projects continue to report the increase in revenue recognition and business expansion.

Similar to a 2014 situation where the company had to develop its readiness to increase the revenue from 2,000 million baht to 4,000 million baht, in 2017 the company needed to carry out a change in order to build a solid foundation in a continuous and timely manner, which will consequently contribute to the growth of the company. At the end of 2017, the company had a total of 62 projects, which were composed of 50 low-rise projects worth

a total of 25,859 million baht and 10 high-rise or condominium projects worth a total of 16,986 million baht. Moreover, the company prepared to launch 14 new projects worth approximately 20,260 million baht in 2018.

The company's current and future achievements, which are all aimed at the continuous and steady growth of all stakeholders, cannot be possibly obtained without firm support from every party involved. On behalf of Areeya Property Public Company Limited, we would like to thank all of our shareholders, customers, financial supporters, business partners, and staff members for their steadfast support throughout the year, which tremendously contributes to the company's business growth. The company is committed to taking into account the maximum benefit of all stakeholders, continuously complying with the principles of good corporate governance, and adhering to the four main business approaches in order to meet the diverse needs and changing demands of our customers. We hope to receive generous support from all of you in the coming years and beyond.



Mr. Wisit Laohapoonrungsee  
Chairman and Chief Executive Officer

# Audit Committee Report

The Audit Committee of Areeya Property Public Company Limited consists of 3 independent members; Mr.Wanchai Tantikul as the Chairman and Mr.Preecha Bunyakida as a member of the Audit Committee and Mr.Sompol Thiensuvan as a member of the Audit Committee All members of the Audit Committee are selected from those specialized in finance, law and organization management. They have performed their duties and provided their opinion independently within the scope of duties and responsibilities assigned to them by the Board which are in compliance with the Notification of the Stock Exchange of Thailand regarding Qualifications and Scope of the Operation of the Audit Committee B.E.2008.

In the year 2017, the Audit Committee held 13 meetings which were also attended by the management, chief of internal audit office and representatives from accounting department according to the agenda. Including one meeting was held among the Audit Committee, the External Auditor and the Internal Auditor without management present. The Audit Committee's audits and recommendations given on different occasions can be summarized as follows:

Audit quarterly and annual financial statements of the year 2017 with the cooperation from the management and the CPA, it is of the view that financial reports and transactions with related persons are correctly and adequately prepared with transparency and reliability and they are in accordance with generally accepted accounting standards. Accounting system and financial statements can be relied upon with adequate disclosure of information in such financial statements in a timely manner. They also give observations and acknowledge solutions for the optimal benefit of the company.

- Audit and assess adequacy of internal control system The Audit Committee has reviewed internal control system with the internal control office every quarter and is of the view that the company has adequately implemented internal control system. There is none of material concern or defect. Therefore, confidence is reasonably established that the company has achieved the objectives in respect of efficient and effective operation including assets management, reliability of financial reports and compliance with rules and regulations and policy of the company.
- Supervision of internal control operation The Audit Committee reviewed auditing report for the year 2017 according to the approved work plan in order to enhance efficiency and effectiveness of the operation with well-established internal control system, compliance with laws relating to securities and stock exchange market and other provisions of laws relating to the company's businesses as well as following up the issues needed to be addressed according to internal audit report. In addition, the Audit Committee has also considered auditing plan for 2018 which was prepared



on the basis of the assessment of internal controls according to The Committee of Sponsoring Organizations of the Treadway Commission (COSO-2013.)

- Appropriateness of the CPA The Audit Committee is of the view that Dharmniti Auditing Company Limited., the company's auditor in 2017, has no relationship to the company whether through shareholding nor providing other services for the company other than auditing works. They have performed their function appropriately in accordance with auditing professional standards and have good understanding toward the company's businesses.
- Related transactions The Audit Committee has audited related transactions which may cause conflict of interest and is of the view that they were all actual transactions in normal course of business. Their related transactions were disclosed in accordance with the principle of good corporate governance while conflict of interest was prudently avoided in a reasonable and independent manner and all shareholders were treated impartially.

In conclusion, the Audit Committee views that the company bases its operation on good corporate governance and as a result, it has adequately established internal control system without any material shortcoming. Appropriate risk management system is also implemented while statutory requirements are properly met. For the financial statements for the year ended 31 December 2017, there is no such event indicating problem or such item affecting financial status. Preparation of financial statement is properly done with adequate information disclosure and in accordance with accounting standards.

On behalf of the Audit Committee



Mr. Wanchai Tantikul  
Chairman of the Audit Committee

# Organization Chart

Board of Directors

Audit Committee

Chairman & CEO

Mr.Wisit Laohapoonrungee

Internal Audit

Office of CEO and

Company Secretary

Marketing & Sales

Mr.Wisit Laohapoonrungee (Acting)

Chairman & CEO

Construction

Mr.Archawan Eiampaiboonphan

Senior First Executive Vice President (SFEVP)

Marketing & Sales

International Business

Community Management (High Rise)

Reserch & Marketing Development

Customer Service

Construction Management

Purchasing

QC & Site Standard

Construction Appraisal

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Office of The CEO  
Secretary

Brand Coporate

Living Design

Business Development

---

Finance &Accounting

Mr.Anat Pinrat

First Executive Vice President (FEVP)

---

Finance

Accounting

Investor Relation

Information Technology

Company Assets

---

General Affair

Mr.Viwat Lauhapoonrunsi (Acting)

Executive Director

---

Legal

Human Resources

Business Efficiency Development  
for Sustainable

Goverment Liasion

Call Center

Community Management (Low Rise)

# Board of Directors

1

Mr. Wisit Laohapoonrunsee  
Chairman and Chief Executive Officer

2

Mrs. Niphapat Romerattanaphun  
Director

3

Mr. Thun Thiansuwan  
Director

4

Mr. Viwat Lauhapoonrungsi  
Director

5

Mr. Wanchai Tantikul  
Independent Director and  
Chairman of the Audit Committee

6

Mr. Preecha Boonyakida  
Independent Director and Audit Committee

7

Mr. Sompol Thiensuvan  
Independent Director and Audit Committee





## Mr. Wisit Laohapoonrungsee

Chairman and Chief Executive Officer

### Education

- Bachelor Degree in Accounting, Thammasart University
- Master of Business Administration (Accounting), Thammasart University
- Directors Accreditation Program (DAP) 2004, Thai Institute of Directors Association

### Present

- Chairman, Chief Executive Officer of Areeya Property PLC.
- Managing Director, Areeya Service Co., Ltd.
- Managing Director, Areeya Management Co., Ltd.
- Managing Director, Cool Space Co., Ltd.
- Managing Director, One up Co., Ltd.
- Managing Director, White Living Co., Ltd.
- Managing Director, Chill Space Co., Ltd.
- Managing Director, Areeya Hospitality Co., Ltd. (Former "Areeya Convenience Store Co., Ltd.")
- Advisor, Thai Real Estate Association
- Director, Daily by Areeya Co., Ltd.
- Director, A Attitude Co., Ltd.
- Director, At Home Development Co., Ltd.
- Director, The Colors Co., Ltd.

### Experience

- Senior Vice President, Accounting and Financial Department, Noble Development Public Co., Ltd.
- Accounting Manager, NKG Co., Ltd.

### Percentage of shareholding as of December 31, 2017

- 32.7 %

### Meeting attendance

- 3 attendances of 5 Board of Directors meetings



## Mrs. Niphapat Romerattanaphun

Director

### Education

- Bachelor Degree in Political Science, Ramkhamhaeng University
- Master Degree in Political Science, Ramkhamhaeng University
- Directors Accreditation Program (DAP) 2005, Thai Institute of Directors Association

### Present

- Executive Director, Areeya Property PLC.
- Director, Areeya Service Co., Ltd.
- Director, Areeya Management Co., Ltd.
- Director, Cool Space Co., Ltd.
- Director, White Living Co., Ltd.
- Director, Chill Space Co., Ltd.
- Director, One Up Co., Ltd.
- Director, Areeya Hospitality Co., Ltd. (Former "Areeya Convenience Store Co., Ltd.")
- Director, SAPP888 Co., Ltd.
- Director, Daily by Areeya Co., Ltd.

### Experience

- Executive Director, Riverside Garden, Co., Ltd.
- Human Resources Manager, Mitraprap Karnkaa, Co., Ltd.

### Percentage of shareholding as of December 31, 2017

- 2.0 %

### Meeting attendance

- 5 attendances of 5 Board of Directors meetings



## Mr. Thun Thiansuwan

Director

### Education

- LL.B (Bachelor of Laws) Ramkhamhaeng University
- Thai Barrister at Law Bar Association
- Directors Accreditation Program (DAP) 2004, Thai Institute of Directors Association

### Present

- Executive Director, Areeya Property PLC.
- Director, Areeya Service Co., Ltd.
- Director, Areeya Management Co., Ltd.
- Director, Cool Space Co., Ltd.
- Director, White Living Co., Ltd.
- Director, Chill Space Co., Ltd.
- Advisor, Lake Garden Co., Ltd.

### Experience

- Director, STC Corporation Co., Ltd.
- Specialist, Dhana Siam Finance and Securities PCL.
- Chief, Juristic Act Credit, Siam Commercial Bank PCL.
- Chief Land Officer, Department of Land, Ministry of Interior

### Percentage of shareholding as of December 31, 2017

- None

### Meeting attendance

- 5 attendances of 5 Board of Directors meetings



## Mr. Viwat Lauhapoonrungsi

Director

### Education

- BA. Economics major econometrics and treasury, Thammasart University
- National Defence College Certificate, 2005
- Capital Market Academy Certificate no.11
- Executives Certificate “Thammasart for society” no.1, Thammasart University
- Certification Program executives of trade and commerce (TEPCoT) no.8
- Certificate in Tourism Management for Executives no.1

### Present

- Executive Director, Areeya Property PLC.
- Director, Areeya Service Co., Ltd.
- Director, Areeya Management Co., Ltd.
- Director, Cool Space Co., Ltd.
- Director, White Living Co., Ltd.
- Director, Chill Space Co., Ltd.
- Director, One Up Co., Ltd.
- Director, Areeya Hospitality Co., Ltd. (Former “Areeya Convenience Store Co., Ltd.”)
- Director, W Solar & Power Co., Ltd.
- Director, W Power Co., Ltd.
- Director, Tavalamai Co., Ltd.

### Experience

- Advisor to the Minister of Interior
- Advisor to the Minister of Transport
- Chairman, the Warehouse Organization Committee Ministry of Commerce
- Board of The Port Authority of Thailand
- Board of Directors of Radio Thailand
- Chief executive officer, Lake Garden Development Co., Ltd.
- Credit officer, Bank of Asia

### Percentage of shareholding as of December 31, 2017

- 12.4 %

### Meeting attendance

- 5 attendances of 5 Board of Directors meetings





## Mr. Wanchai Tantikul

Independent Director and Chairman of the Audit Committee

### Education

- LL.B (Bachelor of Laws), Thammasart University
- Directors Accreditation Program (DAP) 2004, Thai Institute of Directors Association

### Present

- Independent Director and Audit Committee, Areeya Property Public Co, Ltd.
- Audit Committee , DCON Products Public Company Limited.
- Director, Daisho (Thailand) Co., Ltd.
- Director, Kanit Anchan Co., Ltd.

### Experience

- Director, Thep Co., Ltd.

### Percentage of shareholding as of December 31, 2017

- None

### Meeting attendance

- 5 attendances of 5 Board of Directors meetings
- 13 attendances out of 13 Audit Committee meetings



## Mr. Preecha Boonyakida

Independent Director and Audit Committee

### Education

- BA. Accounting, Thammasart University
- BA. Law, Thammasart University
- BA. Economics, Ramkhamhaeng University
- MS. Accounting, Thammasart University
- Certificate of Public Law, Thammasart University
- Directors Accreditation Program (DAP) 2004, Thai Institute of Directors Association

### Present

- Independent Director and Audit Committee Areeya Property PLC.
- Advisor of the Foreign Committee, Thai parliament
- Certified Public Accountant issued by Ministry of Commerce, Thailand
- Director, Yingthaworn Apartment Co., Ltd.
- Director, Yingthaworn Petroleum Co., Ltd.

### Experience

- Financial Manager, Dig It Up Export Co., Ltd.
- Director, Condotown Co., Ltd.

### Percentage of shareholding as of December 31, 2017

- None

### Meeting attendance

- 5 attendances of 5 Board of Directors meetings
- 13 attendances out of 13 Audit Committee meetings



## Mr. Sompol Thiensuvan

Independent Director and Audit Committee

### Education

- LL.B (Bachelor of Laws), Ramkhamhaeng University
- LL.M (Master of Laws), Ramkhamhaeng University
- Thai Bar Association

### Present

- Independent Director and Audit Committee, Areeya Property Public Company Limited
- Advisor, The relation Youth Foundation, Police Department
- Legal Advisor, Chase Enterprise Company Limited (Siam)
- Legal Advisor, Supsin na nakorn Company Limited
- Vice President, Khunnathum Law Office
- Appeals and Complaints Board, Mae Fah Luang University
- Legal Advisor, Amarin Printing and Publishing Public Company Limited

### Experience

- Advisory Board of secondary education Commissioner for industrial and coal power, The House of Representatives
- Advisory Board of secondary education Commissioner for electricity and ports, The House of Representatives
- Director, One Up Company Limited

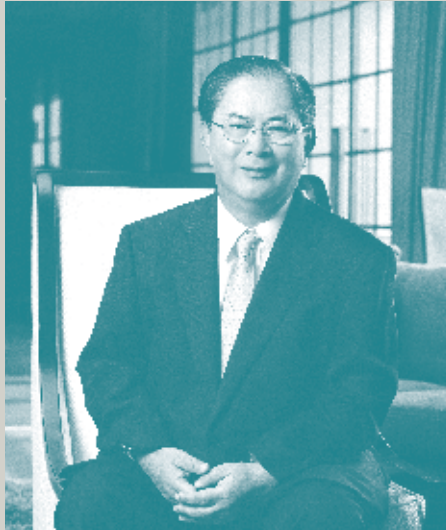
### Percentage of shareholding as of December 31, 2017

- None

### Meeting attendance

- 5 attendances of 5 Board of Directors meetings
- 12 attendances out of 13 Audit Committee meetings

# Consultants Profile



## Dr. Thanong Bidaya

Consultant

### Education

- Ph.D. of Management, Northwestern University, USA
- M.A. of Economics, Northwestern University, USA
- B.A. of Economics, YOKOHAMA National University, Japan

### Present

- Chairman of the board, TTW Public Company Limited
- Chairman of the board, CK Power Public Company Limited
- Chairman of the board, Xayaburi Power Company Limited
- Chairman of the board, Scan Inter Public Company Limited
- Consultant, Areeya Property Public Company Limited

### Experience

- Minister of Finance
- Minister of Commerce

### Percentage of shareholding as of December 31, 2017

- None



## Dr. Virapongsa Ramangkura

Consultant

### Education

- Bachelor Degree in Political Science, Chulaongkorn University
- M.A. (Economics), University of Pennsylvania, U.S.A.
- Ph.D. (Economics), University of Pennsylvania, U.S.A.
- Doctor of Law (Honorary), Webster University St.Louis, U.S.A.

### Present

- Board of Matichon PCL.
- Chairman of the board of Directors of Bangkok Expressway and Metro Plc.
- Board of South East Asia Energy Co.
- Board of Double A Plc.
- Board of Polyplex (Thailand) Plc.
- Board of Bangmod hospital
- Advisory board of King Power
- Advisory board of Areeya Property Public Company Limited
- Advisory board of Government Saving Bank.

### Experience

- Chairman of the board of Thai Airway International Public Limited Company
- Chairman of the board of Bank of Thailand.
- Chairman of the board of Export-Import Bank of Thailand.
- Chairman of the board of Bank for Agriculture and Agriculture Co-Operatives
- Member of the Tourist Authority of Thailand

### Percentage of shareholding as of December 31, 2017

- None



## Mr. Vichien Chavalit

Consultant

### Education

- Bachelor of Art in Political Sciences, Thammasat University
- Bachelor of Law, Ramkhamhaeng University
- Master of Art in Political Sciences, Thammasat University

### Present

- Member of the National Reform Steering Assembly
- Advisor to the Political of Commerce
- Consultant, Areeya Property Public Company Limited

### Experience

- Member of the National Reform Steering Assembly
- Permanent Secretary Ministry of Social Development and Human Security
- Advisor to Prime Ministry of Interior
- Permanent Secretary Ministry of Interior
- Director-General, Community Development Department
- Governor of Surin Province
- Governor of Amnat-Chareon Province
- Vice Governor Amnat-Chareon Province
- Vice Governor of Burirum Province
- Director of Investigation and Legal Bureau Department of Interior, Ministry of Interior
- Director of Local Government System Division Department of Interior, Ministry of Interior
- District-Chief Office, Banglamung, Chonburi Province
- District-Chief Office, Panatnikon, Chonburi Province
- District-Chief Office, Kamchaei, Chonburi Province

### Percentage of shareholding as of December 31, 2017

- None



## Mr. Chumpolpat Puldrapaya

Consultant

### Education

- Bachelor of Business Administrator Finance and Banking, Assumption University of Thailand
- Master of Management program, Mahidol University

### Present

- Consultant, Areeya Property Public Company Limited

### Experience

- Assistant Managing Director Finance and Accounting, Areeya Property Public Company Limited
- Senior Director of Strategy and Planning, Natural Park Public Limited Company
- Finance Manager, Toyota Motor Thailand Co.,Ltd.

### Percentage of shareholding as of December 31, 2017

- None



# Company's Project



# The AVA Residence

The Finest Reflection of Finest Living

Sukhumvit 77

Single - family home with spaces for an exclusive lifestyle.  
Starting at 34 - 80 m Baht.





## Areeya Metro

Live Positively, Live Modern

Kaset – Nawamin

Single - family home on a piece of  
182 - 269 sq.m. happiness.  
Starting at 12.9 m Baht.

AREEYA METRO



## Areeya Como

Blissfully Design

Wongwaen – Ratchaphruk  
Wongwaen – Ramintra  
Ladkrabang – Suvarnabhumi

Two - storey modern detached home,  
141 - 258 sq.m. of happiness.  
Starting at 3.39 m Baht.

AREEYA  
**COMO**



# Areeya Brigg

Accent of Life

Rangsit - Wongwaen

Rangsit - Klong 4

Bangna - Wongwaen

Modern home - office. 3 - storey on 172 - 174 sq.m. of happiness.  
Starting at 3.79 m Baht.

AREEYA  
**BRIGG**



# The Village / The Village Cottage

Happy Colonial Living

Rangsit - Wongwaen  
Hathairat - Wongwaen  
Exclusive Bangna - KM. 10  
Kanjanapisek - Ratchaphruk  
Chaengwattana - Tiwanon  
Bangna - Wongwaen

American Cottage style 2 - storey  
single - family home in The Village,  
on 132 - 161 sq.m. of happiness.  
Starting at 2.79 m Baht.



# The Colors

New Shade of Life

Rangsit - Wongwaen  
Rangsit - Klong 4  
Bangna - Wongwaen  
Bangna - Wongwaen2  
Kanjanapisek - Ratchaphruk  
Wongwaen - Ratchaphruk  
Wongwaen - Ramintra2

Modern Tropical style townhome with  
intelligent control on a happy property of  
92 - 120 sq.m.  
Starting at 1.75 m Baht.



THE COLORS



# A Space I.D.

Be “More” You

Asoke - Ratchada

30 - storey condominium, equipped with automatic car park innovation. On a happy property of 33 - 72.10 sq.m. Starting at 3.89 m Baht.

a space | I/D | by Areeya



## A Space Mega

The Complete Lifestyle Hub

Mega Bangna

The first condominium in Mega City.

On a happy property of

28.52 – 62.55 sq.m.

Starting at 1.59 m Baht.

**a** space mega | by Areeya



## A Space ME

The Complete Living Space with  
Lifestyle Neighborhood

Sukhumvit 77

Bangna

Rattanathibet

Condominium in a joyful serenity.

25 – 35.24 sq.m.

Starting at 1.49 m Baht.

**a** space | IMI | by Areeya



# Chalermnit Art De Maison

The novel perspectives of luxurious  
Japanese-inspired residence

Sukhumvit 53

8 - storey luxurious Japanese-inspired condominium  
on a happy property of 36.4 – 103.75 sq.m.  
Starting at 10 m Baht.





# Pickadaily Bangkok

41

Sukhumvit 77

An English Old Town style community mall is located in an area of 10,000 sqm. The heritage buildings in Chester, a city in Cheshire, North West England were reproduced here.



# Areeya Lifestyle Club

Kaset - Nawamin

Modern style community mall that answers the urban lifestyle.



# Business Profile

## Overall Business

Areeya Property Public Company Limited (the “Company” or “Areeya”), registration number 0107546000431, with the security symbol “A” on the Stock Exchange of Thailand. The principal business of the Company is the development of real estate projects and all projects are operated under the name of “Areeya”. In year 2003, the Company registered as a public company and its security was listed in the Stock Exchange of Thailand in year 2004. At present, the Company has developed a full range of residential projects for supporting the growth of its business, to serve the need of customers and increasing competitiveness of the Company. The Company has initiated the community mall development, wholesale building and retail building in order to build component of residential and for responding to the need of customers who want comprehensive project.

## Type of Business

Areeya Property Public Company Limited operates its business with three product lines, namely:

- 1. Single Detached House Project :** The Company sells company-owned vacant plots of land and undertakes to the house construction contract on plots of land in the said Project or sells plots of land on which a complete house is built. At the present, the Company owns 12 projects
  - Busaba
  - Sawana 3
  - Areeya Metro Kaset-Nawamin
  - Areeya Como Bangna
  - The Village Tiwanon
  - The Village Cottage Kanjanaphisak-Ratchaphruk
  - Areeya Como Wongwaen Ramintra
  - Areeya Como Bangna Wongwaen
  - Areeya Donmuang Songprapa
  - Areeya Como Ladkrabang-Suvarnabhumi
  - Areeya Como Wongwaen-Ratchaphruk
  - The AVA Residence

**2. Town House Project:** At present, the Company has developed the townhouse project with three distinctive designs as follows:

Type	Project	Description
Two-Storey Design	<ul style="list-style-type: none"> <li>• Areeya At Home</li> <li>• The Colors Chaeng Watthana -Tiwanon</li> <li>• The Colors Premium Bangna</li> <li>• The Colors Bangna KM. 10</li> <li>• The Village Bangna</li> <li>• The Colors Leisure Bangna KM. 8</li> <li>• The Colors Leisure Bangna KM. 10</li> <li>• The Colors Premium Rangsit-Lamlukka</li> <li>• The Colors Dongmuang-Songprapa Phase 1</li> <li>• The Village Kanjanaphisak-Ratchaphruk</li> <li>• The Colors Premium Kanjanaphisak-Ratchaphruk</li> <li>• The Colors Kanjanaphisak-Ratchaphruk</li> <li>• The Colors Premium Wongwaen Ramintra</li> <li>• The Colors Wongwaen Ramintra</li> <li>• The Colors Bangna Wongwaen</li> <li>• The Colors Premium Bangna Wongwaen</li> <li>• The Village Bangna Wongwaen</li> <li>• The Colors Wongwaen- Ratchaphruk</li> <li>• The Colors Premium Kanjanaphisak-Ratchaphruk2</li> <li>• The Colors Rangsit-Klong4</li> <li>• The Village Bangna Wongwaen2</li> <li>• The Village Kanjanaphisak-Ratchaphruk2</li> <li>• The Place Kanjanaphisak-Ratchaphruk2</li> <li>• The Colors Kanjanaphisak-Ratchaphruk2</li> <li>• The Colors Premium Kanjanaphisak-Ratchaphruk3</li> <li>• The Colors Wongwaen Ramintra2</li> <li>• The Colors Mix Rangsit-Wongwaen</li> <li>• The Village Rangsit-Wongwaen</li> <li>• The Colors Bangna Wongwaen2</li> <li>• The Village Exclusive Bangna</li> <li>• The Village Exclusive Bangna 2</li> </ul>	<p>2-storey townhouse with 5.7 meters wide compartment to accommodate groups of customers who need residence for small-sized family and those would be new families. Currently, the Company has the projects in 8 locations which are Kaset-Nawamin, Tiwanon, Bangna, Rangsit, Songprapa, Ratchaphruk, Sainoi and Wongwaen Ramintra. Moreover, the Company is planning to spread projects into Bangkok area and its vicinities to meet the demand of customer on this product type. In addition, the Company has new two-storey townhouse product name as “The Village” which has key feature is a distinctive atmosphere that is similar to the single detached house because there is garden around house and front of house is wide for parking 2 cars.</p>

Type	Project	Description
Three-storey Design	<ul style="list-style-type: none"> <li>• Areeya To Be</li> <li>• Daily by Areeya</li> <li>• Areeya Brigg Donmuang Songprapa</li> <li>• Areeya Brigg Rangsit-Lamlukka</li> <li>• Areeya Brigg Bangna KM.10</li> <li>• Areeya Brigg Bangna Wongwaen</li> <li>• Areeya Brigg Rangsit-Klong4</li> </ul>	Townhouse project with 5 meters wide compartment and 5.5 meters wide compartment, 3-storey high, This product is developed to meet the demand of small and medium family customers who need the alternative options. Currently, this project is located in 4 locations in Kaset-Nawamin, Donmuang Songprapa, Rangsit-Lamlukka and Bangna.
Four-storey Design	<ul style="list-style-type: none"> <li>• Areeya Mandarina Sukhumvit 77</li> </ul>	Townhouse project with 5 meters wide compartment and 5.5 meters wide compartment, 4-storey high, This product is developed to meet the demand of premium-grade townhouse from customers who require larger utility areas with distinctive design and to respond a variety needs of this group of customers. At present, this project has one locations in Sukhumvit 77.

**3. Condominium Project.** The Company's salient product line that is centrally located in vicinity of urban area. Its projects must meet the demands of customers in each segment in terms of commuting convenience, easily access to public utilities and amenities. The condominium projects focus on 3 distinctive designs as follows:

Type	Project	Description
The 8 storey condominium	<ul style="list-style-type: none"> <li>• A Space Asoke Ratchada</li> <li>• A Space Kaset-Nawamin</li> <li>• A Space Sukhumvit 77</li> <li>• A Space Play</li> <li>• A Space Me Sukhumvit 77</li> <li>• A Space Me Kaset-Nawamin</li> <li>• Chelermait Art de Maison</li> </ul>	The 7-8 storey condominium and each building had area of 10,000 sq.m. and is small and medium condominium projects. At the present, the Company's condominium projects are located in 5 locations in Kaset-Nawamin, Asoke-Ratchada, Sutthisan, Sukhumvit 53 and Sukhumvit 77. Moreover, the Company is planning to spread projects into Bangkok metropolis area and its vicinities to meet the demand of customer on this product type.
The 8 storey condominium but less than 30,000 sq.m.	<ul style="list-style-type: none"> <li>• A Space I.D. Asoke-Ratchada</li> <li>• A Space Me Bangna</li> <li>• A Space Me Rattanathibet</li> <li>• A Space Mega</li> </ul>	A medium condominium which has the privacy and increased other infrastructure projects. At present, the Company has three condominium projects which located in Asoke-Ratchada, Bangna, and Rattanathibet.

Type	Project	Description
Over the 8 storey condominium and over 30,000 sq.m.	• Soontreeya	The large-sized condominium project emphasizing on the premium customers in central business district. The project highlight is the private club to serve the needs of customers who require premium-grade services. At present, the Company has one project located in Rajdamri road. Moreover, the Company is planning to increase its project locations to meet the demand of customer on this product.

For the community mall two projects, the project is named “Pickadaily Bangkok”, which was built as a group of ancient buildings in the classical architecture by simulating the atmosphere of the English old town and another project named “Life Style Club” is located in Kaset-Nawamin district.

In the year 2018, the company will launch 14 new projects worth approximately 20,260 million baht in order to meet the diverse needs and changing demands of our customers.

## The Revenue Structure

Our major income is sales of real estate such as condominium, townhouse and single detached house which is shown below:

Source of revenue	2017		2016		2015	
	Consolidated		Consolidated		Consolidated	
	MB	%	MB	%	MB	%
Sales of real estate						
1.1 Low-rise project	3,387	67	3,313	70	3,426	63
1.2 High-rise project	1,569	31	1,330	28	762	14
1.3 Land	2	-	-	-	1,210	22
<b>Total sales of real estate</b>	<b>4,958</b>	<b>98</b>	<b>4,643</b>	<b>98</b>	<b>5,398</b>	<b>99</b>
Service income from house construction and sales of construction material <sup>1</sup>	-	-	4	-	3	-
Reversal of provision for litigation	12	-	5	-	-	-
Other income <sup>2</sup>	87	2	73	2	53	1
<b>Total revenues</b>	<b>5,057</b>	<b>100</b>	<b>4,725</b>	<b>100</b>	<b>5,454</b>	<b>100</b>

Notice :

<sup>1</sup> Sales of construction material are less proportion when compared to the total revenues.

<sup>2</sup> The other income consists of the real estate management service income and interest income.

# Industrial Situations and Real Estate Market Directions of 2017

## Summary of Real Estate Market in 2017

### Quarter 1/2017

- Most entrepreneurs focus on sales promotion for the ready-to-move in order to release inventory.
- The launch of new projects fell in the first quarter.
- To reject the Bank's credit to home buyers was as high as 40% , especially among the self-employed entrepreneur and SME because of uncertainties in income and discontinuous bank account. There are problems selling and transferring from the beginning of the year until the middle of the year.

### Quarter 2/2017

- Overall launch of the project decreased, but the number of units sold in the market has increased due to the fact that the entrepreneurs launched larger projects and opened for sale at the price level higher than in the same period of the previous year.
- There is a slowdown in the number of units both demand-supply. As a result of last year's Government stimulus measures has been taking advantage of the demand for homes in the future.
- Low-income buyers have the potential to buy low-end housing. Due to severe economic and credit conditions, credit defaults remain high at around 30% despite the high demand for housing.

### Quarter 3/2017

- Overview of launched the new projects upward from the First and second quarter.
- The overall market has not recovered markedly and earnings growth this quarter came from a particular company.
- The Low-rise upper level also grow well because of high demand and low rate loan denied.
- More housing loans, which are in line with the direction of the country's economic condition, are likely to improve.
- Entrepreneurs accelerated the promotion of sales at the end of the quarter to stimulate consumer buying power before entering the royal ceremony in the fourth quarter.

### Quarter 4/2017

- The public and private investment has increased which economic factors led to improved consumer confidence. The financial institutions began to soften and approve housing loans in the high price of more than 3 million baht because of the economic conditions improved and downward trend of NPL.
- Entrepreneurs reduced the use of media marketing to boost sales during the fourth quarter.

## Summary of Real Estate Market in 2018

### Kasikorn Research Center

Kasikorn Research Center, Overview of launched the new 100,000 units, not exceeding 2% although economic growth in the year 2018 likely to recover continuously as a result real estate developers are confident and open new housing projects. The direction of competition in the residential market remains severe, including an expansion of the number of outstanding housing to depress the operator expects to launch new residential projects carefully. Kasikorn Research Center expected the number of residences to open in Bangkok Metropolitan Region in the year 2018 is 100,000-108,000 units, up by 0-2% from the year 2017.

### To accelerate housing sales over 170,000 units

In the last few months of 2017, there is no support for housing demand. As a result, real estate developers are likely to delay opening of new residential projects as compared to the first nine months of the year and turned their focus on residential sales outstanding by offering promotions to stimulate decide buy housing such as discounted cash, promotions ,gift vouchers or Sales of residential housing in one price, etc. However, the promotions can not stimulate demand for housing. As a result, housing is outstanding at the end of 2017. Kasikorn Research Center expected that the number

of residences in Bangkok Metropolitan Region at the end of 2017 is 170,000-177,000 units, growing by 4-8% from the end of 2016.

### To Expect to launch more than 100,000 units in 2018

In the year 2018, Although the economy is recovering, it is a good sign for the housing market. The demand for housing in the year 2018 is still limited to residential real estate buyers who, despite their buying power, are gradually recovering, but are facing high limits on housing prices. Investors are also expected to slow down their investment in housing due to intense competition in the housing market, especially in the condominium market. The expansion of the number of residences by the end of 2017 is also a factor in the pressure on real estate developers to set a target for expansion of new residential projects in 2018.

Kasikorn Research Center expected that the number of residences to open in Bangkok Metropolitan Region at the end of 2018 should remain at least 100,000 units, between 100,000-108,000 units, expanding 0-2% from the year 2017, close to the past 2 years. The expansion of new residential sales is mainly due to the expansion of residential condominiums. From the limitation of space for investment in Low-rise project development with the progress of the BTS extension project would likely attract entrepreneurs to continue selling their condominium in the year 2018.

In the year 2018, for strategy of entrepreneurs should also invest housing development by area mass transit routes as the sky train extensions. The Entrepreneurs located in potential locations like the city center and the business center, they can choose to invest in higher-end condominium projects in a mixed-use project to generate revenue in the form of additional rental space. Although the upper-end condominium market, the buyers will have the buying power, but also limited market size with demand for upper-level condominiums were already absorbing one part. As a result, the developer of upper-level condominiums in 2018 is very cautious.

Meanwhile, the middle-class housing market is likely to continue to be an important market for entrepreneurs due to there are large residential buyers. The middle-class buyers will pay more attention to location and value-based. Even though the housing is not adjacent to the transit area, it has to travel in several ways or reach the mass transit system including full functional living room design to meet the value proposition.

The low-end housing market is expected to slow down in 2017 due to a decline in residential mortgage lending. It is highly sensitive to economic conditions. As a result, real estate developers are likely to slow down their investment in residential projects. In the meantime, it is still necessary to accelerate the market to drain existing housing concurrently. Housing prices in the suburbs have risen from the progress of the expansion of the mass transit route. It may affect the purchasing power of lower-priced housing, where the home buyer still values the price.

## The competitiveness of businesses

Although the real estate market, there are several risk factors are waiting ahead, however, many entrepreneurs still see business opportunities. The launch of the new projects is still ongoing both from experienced entrepreneurs and the new entrants to the real estate business.

The development projects of the entrepreneur would relies on several factors to bring about success this year. New investment projects are also more cautious. The entrepreneurs risk reduction turned to accelerate marketing boost sales of residual projects sold. While marketing strategy may need to be more complicated due to the limited business environment and the effect on the entrepreneurs at different levels. Sales of new launches in many the projects were slowed down and took longer to close. The real estate developers are mobilizing marketing campaigns to stimulate the market and motivate consumers to make a living purchasing decision. In addition, marketing strategies to differentiate themselves from competitors and tailor products to niche customers or to market at the upper level are key goals amidst the economic downturn. While some of the other projects are also targeting local customers, there are also foreign customers who are important to the market.



#### The number of competitors, Low-rise by zone

Zone	Detached House / Twin House	Town home
Bangna	5	8
Ladkrabang	5	-
Kaset-Nawamin	6	-
Songprapa	4	-
Rangsit	14	14
Wongwaen Ramintra	10	9
Kanjanaphisak-Ratchaphruk	8	10
Wongwaen-Ratchaphruk	6	6

#### The number of competitors, High-rise by zone

Zone	Condominium
Bangna	4
Sukhumvit 77	30
Asoke Ratchada	9
Rattanathibet	14

## SWOT ANALYSIS

### STRENGTHS

- Strong brands such as The Colors, a company's core product that will drive sales and transfer, and each product has a function above or equivalent to the market and when combined with other factors. In each project, each location makes it easy to connect with competitors.

- Each project is located in an easily accessible location, Close to convenient transportation, Close to shopping malls. And it is a positive factor which further enhance the robust location based and easy decisions.
- Construction technology is used to improve the quality of the home such as the aluminium construction system with seamless joints of structural work to reduce leakage and more durable than any other construction.

### OPPORTUNITIES

- Politically-influenced politics has impacted the confidence of entrepreneurs and consumers.
- A clear map to invest Infrastructure of the government, such as the Metro, will increase demand for residential housing along the Metro line.
- Interest rate policy still low to stimulate investment .
- Public and private investment in mass transit systems such as the approval of commencement of the construction of mass transit lines.

### THREATS

- High cost of business (Wages + Land)
- High household debt, Beware of financial institution loans, The trend to higher household debt. Make tight liquidity in the financial system. As a result, financial institutions are wary of lending for housing.

As result of the decline in lending at the end of 2017, the rate is 20-30%, which is still the main factor that will directly affect the real estate business. For Areeya Property PLC. , the plans for the year 2018 are:

## Low-rise

Every project we have to make ourselves ready, analyze 6P including Product, Price, Place (Location), Promotion, Person (Sales) and Physical Evidence (Sales Office). And compared to competitors in the market, have to fight or over to ensure confidence in the project because it will affect direct sales. If the company is confident then the sales and the transfer. With strict screening customers by financial institutions. What companies need to do is.

- Pre Approve before booking to ensure the quality of the customer and not cancel.
- The market is harder to achieve balance Walk up to double, which would make a lot more sales. And if it was canceled, it still hit the target, as in the first half.
- Event sales incentives such as the 36th House and Condo Expo in March and October 2018, at the Queen Sirikit National Convention Center.

## High-rise

For the first quarter of the year, there are no plans to open new projects. The company will focus on the completed projects and transfer to increase the overall higher revenue recognition. By focusing on marketing stimulate sales in the country, such as the department store booths, Grand opening of the pool A Space I.D. Asoke – Ratchada. Sales stimulus abroad is outsourcing companies with expertise in that country.

All the projects's condominium has the potential to generate higher sales, due to it is in a potential location whether to buy yourself or invest or rent , you can add value in the future.

## Marketing strategy

1. The existing product development and has been well received to make it even better by suggestions from customers to improve them in preparation for opening in new locations as follow;
  - The Colors ,The 2-storey Townhome , that we made this brand for more than 8 years which the company has sold and transferred almost 4,000 units. This shows that we have received a good response from the market because we have the function and a good construction system. Make people remember our brand and have long been. In the year 2018, the house will be developed to diversify and respond to the living of customers, such as the development of the house, the width of 5.3 meters, etc.
  - The Village, New Town Colonial concept and Modern Colonial style house with unique style. Meet people who want to have a single house but the budget may not be reached. The Village has the same function as a detached house, with 4 bedroom bedrooms and no wall attached to anyone, Feel like staying home alone. In fact, some projects are only townhome. We are the first to release this product to penetrate another market segment and received the same good response. Because we have made this brand for 4 years.
2. Launch new products to the market by breaking into new segments to make the product cover every segment.
  - Areeya Busaba Ladprao-Serithai is located in one of the best locations in the East Bangkok area, close to the BTS and East ring road.

3. Launch new projects in the same location. Simultaneously create 3 to 4 open projects, bringing the product into 3 - 4 product to cover all target groups. The price range is from 1.5 to 6 million baht. When customers visit the project, there are products in every price range, such as townhome, village townhouses, twin houses and single houses.
4. Condominium projects; Focus on boosting sales of completed projects such as A Space Me Sukhumvit 77, A Space Me Rattanathibet, and A Space I.D. Asoke-Ratchada. All three projects are now completed and customers are already residing.
5. Create Brand Awareness to remind "Areeya Brand" is the first choice for customer's mind. All of Areeya's products will have a unique style that is unique to those who are proud. Focus on reaching out to customers with online media that reach the target audience quickly and in line with current customer behavior. In half a year ago, we have a database of 13,000 new online customers, which the sales department will follow up to invite all customers to visit the project. At the same time, the company has not abandoned local media, including Billboard & Cutout, which is the main media for the success of the project in both continuous off-line and on-line media.
6. Service and Customer Care; The Company has continuously maintained its customer service and customer care system since the day the customer visited the company's projects until they decided to buy houses and residential customers. The company has developed an efficient customer base and dedicated personnel to provide the service in a thorough manner. Moreover, we have organized activities to strengthen the good relationship for residential customers in the project continuously. The company foresees this importance and will be a key marketing strategy.
7. Create good relationships with your customer continuously with new workshops every month, unique or unique in the market. In order to impress and inform the FGF, this is a matter of priority because of these bases is a powerful marketing tool for many projects.

# Risk Factors & Risk Management

The Company understands and realizes how important it is to manage the business risks. Therefore, the risks are identified appropriately and managed efficiently suitable for nature of business. Followings are the potential risks and factors, which possibly occur and affect to the business operations in the future.

## 1. Property Construction Risks

### 1.1 Fluctuations in the prices of construction materials

Fluctuations in the prices of materials used in construction. The demand for the company. The Company has no control over the management of this risk, such as fluctuations of crude oil price in the world market affecting to the main construction materials. The construction material price volatility risk may affect to cost management and profitability of the company. The Company is aware of construction material price volatility risk and planned to mitigate such risk by studying and analyzing construction cost trend resulting from the changing price of fuel and also following closely the news and situation of crude oil price in the world market. In this regards, it stands for the main construction material is subject to all the major commercial construction projects. The contractor can buy materials from material suppliers that the Company has already negotiated prices to reduce the volatility of prices of construction materials in a while. It can be used to control the cost of construction and to prevent the prices increase from existing materials trader. The Company has established a working group to track prices of building materials and renewable

supply of new products to be able to set up a construction contract and at competitive prices in the market. The company has established R & D team to learn more about technology and innovations in the purpose of reduction in the cost of construction and more efficient construction work, such as Aluminium Formwork System, Precast Element, Bathroom Pods, Solar Cell System, Design Improvement and so on. This could affect the period of construction of 2-3 storey townhome project to be completed within 8-12 months to control the risk of fluctuations in material prices as well. Regarding condominium projects which must be at least 1-2 years of construction, the Company has already included fluctuations in prices and inflation rate in cost of construction according to the economic situation. And after the construction work has been completed, the company has taken to improve its past experience in the section that affects the cost of the construction.

### 1.2 Sub-contractor qualification and profile

The Company has used the services of medium to high level subcontractors for several years which provide good quality of work and also have good finance. The Company then has reduced these risks by building their owned construction company with experienced management team creating more confident and trust for construction projects. In each projects, the Company controls the sub-contractors and identifies specifically the project costs for wages and construction materials including of standard work quality and construction period to meet the project requirements and budgets.

### 1.3 Quality and standard of construction work

The Company monitors extremely on the quality and standard of its construction work as it is another key success of the Company. In order to minimize work redundancy and use of resources as well as increasing the competitive ability and potentiality of business, the Company uses ISO program as a tool to develop their business operations. Additionally, the Company set up a QC team to have a main duty of examination for quality and quantity of construction works to meet the project requirements and the standard of work. This team helps to create and deliver the efficient and effective work operations. However, there are still many external factors having an impact on the construction and project developments such as labor shortage, increase of rate of minimum wages and construction material costs, etc. The company has to adjust its business strategies all the times to solve the problems e.g. sales of prebuilt housing for sustained sales.

### 1.4 Human resources and people management

The Company Management and Committee encourage the concept of self-esteem and self-worth recognition by giving opportunities to all employees to show their work capabilities and potentials as well as sharing knowledge for growth and sustainability of the organization. The concept also helps to leverage the corporate responsibility for stakeholders and entrepreneur spirit.

The Company has a recruitment plan as approach strategy to find qualitative candidates from reputable universities. The roadshow is part of a campaign to

seek and attract high-performing graduates to work at the Company. In this regard, the educational program, on the job training, food and accommodation welfares are also provided to all staff of the Company.

Moreover, the Company currently uses the Microsoft Dynamics AX (ERP) which is the tools to connect and manage the entire business, with the insight to make smart decisions, to search data quickly, to reduce paper use and reduce the risk of lost or stolen documents.

### 1.5 Labor shortage in the construction industry

As the company has operated its business for a long period of time, we have successfully stockpiled our labors and contractors at the highly appropriate amount. Despite the fact of rising and falling economic aspects, we still remain very cautious of dealing with unfavorable situations that may occur to our business, particularly to protect the company's long-standing reputation. We have formulated tactical strategies to focus on the allocation of appropriate wages with reference to the rates of the labor market and the classification of contractors to compensate their greatly outstanding and reliable performances with competitive employment rates. Obviously, the current construction industry is required to rely on semi-finished construction systems and materials, varying in structuring, flooring, roofing, and plastering. This can ensure an effective solution for labor shortage. However, we have also determined to increase the number of our labor forces, suppliers, and contractors aiming to hinder all possible impacts that may wreck the company's business operations.

## 1.6 Life and Property Protection

We have always recognized the importance of occupational health and safety as well as life quality development of our workforces as they are considered one of the most significant factors in achieving the quality construction business and renowned reputation. To reduce all possible risks, the company has set its sight to turn its weakness to strength by pursuing the following requirements.

Allocate appropriate welfares for construction workers while offering greater out-of-school educational opportunity for their children.

Encourage all workers to take care of their residential shelters, especially in creating greater awareness in tidy and hygienic living, with the offers of suitable benefits.

Provide knowledge on occupational health and safety for construction workers, requiring the entrepreneur to prepare supportive equipment and tools promptly and appropriately.

Educate all workers with public health knowledge, with the requirement of health check-up, provided by a team of professional physicians certified with medical or occupational medicine licenses approved by the Labour Ministry, to reduce occupational risks and ensure workers' operational abilities prior to the actual construction operations.

Introduce a health check-up program to all construction workers at least once a year to minimize risks on occupational health and safety.

## 2. The risk of purchasing land for development projects in the downtown area

The majority of the Company. It is located near the city center. To make it easier for customers to access housing in the project can get out easily. The land is a community center for the company. The developer wants to build the project. And lands in the areas are limited. As for how to hedge the Company has long-term planning is already the company has purchased land in the downtown area in the capacity to plan construction projects that will be held in future also. The company also has a team of market research and analysis that are likely to increase as the growth of business and community facilities such as Chaengwatana, Kaset-Nawamin, Bangna-Trad, Songprapa, Rangsit and Kanjanapisak-Ratchaphruk etc.

## 3. To a specialized market for condominiums

The offer to sell condominiums prior to commencement of construction, there is still a risk in construction cost control. Because of the sale price is settled before you start construction, it could occur a risk margin decrease if the cost of the construction is volatile. Therefore, The company has reduced that risk by the turnkey contract with the contractor and has negotiated the purchase order material in advance of significant sales to prevent the change in the price of materials and reduce the risk that margin will be affected from fluctuations in the price of building materials. Pre-sales prior to commencement

of construction will also help reduce marketing risk and increase flexibility to adapt and develop products to suit the changing circumstances. It also allows the company to take money from customers as working capital as well. And with more than 10 years of project development, the launch of new projects. The product has been developed from the original design, which gives the company high accuracy in cost. However, the company has launched a condominium project since 2006 to date, under the name “A Space”, with 8 projects totaling over 10,000 units, which confirms its professionalism in the condominium market.

#### **4. The risk of a shareholder of the company**

The Company’s major shareholders were the Laohapoonrungeesee family and Porncharoenchaisilp family will hold shares 54.0 percent and 10.8 percent, respectively, if the group’s major shareholder. Both groups have banded together to control the tone of the meeting was half over. Whether the appointment of directors. Or to seek a resolution in which the majority of the shareholders, unless a special resolution requiring the voice of the shareholders’ meeting for more than three in four, so the other shareholders may not be able to collect votes for. And the balance of the shares offered to the Company’s Audit Committee to examine and consider the list to avoid potential conflicts. And to bring transparency in the operations of the Company. However, the Company has complied with the code of conduct for directors of listed companies by striving to conduct business according to principles of good governance (Good Corporate Governance) ethical

practice. A transparent information disclosure With the approval of the transaction The person who may have a conflict of interest can not approve the transaction with its own. The Committee will consider the comments before making such a report for submission to the Board of Directors and / or shareholders for consideration and approval.

#### **5. Financial risk.**

As at December 31,2017, the Company had bank overdrafts and short-term loans of Baht 347.0 Million, which it is consist of bank overdrafts of Baht 2.1 Million and Promissory notes of Baht 275.0 Million and bills of exchange of Baht 69.9 Million. Also, the Company had long-term loans of Baht 1,643.3 Million from financial institutions to invest in condominium, townhouse and single detached house and debentures of Baht 6,976.1 Million. The company has net bank debt to equity ratio equal to 2.79 times in 2016, decreasing from 2.68 times in the year 2017. For debt to equity, it equals to 3.08 times and 3.04 times in the year 2016 & 2017. Since the company has realized revenue from the sale of condominium properties in 2015 to the present. In addition, the Company will reduce the risk of using long-term loans from financial institutions by accessing other sources of funds by issuing unsecured and unsecured debentures in 2015 to the present which the financial costs are lower than loans secured by other sources and it is a fixed rate. The issuance of such debentures has been well received by the market. This gives the company an opportunity to raise funds appropriately and effectively for future project development.

## 6. Risk of interest rate fluctuation

Due to the fact that the company has to borrow money from domestic financial institutions. To finance the project development and operation. Therefore, the interest rate in the money market has a significant impact on the financial cost of the company. Although the company's loans are charged at floating rates. But it is the interest rate of the loan at the minimum loan rate (MLR) or lower. For this reason, the company has taken measures to reduce the risk of fluctuating interest rates. By issuing long-term bonds with fixed interest rates. To repay some existing loans that are floating interest rates and have higher interest costs. Including the issuance of short-term bills with low interest rates. To be able to control the company's interest rate to a reasonable level. For this reason, the company measures to reduce the risk of interest rate that fluctuates by issuing long-term bonds at a fixed interest rate for repayment of the original loan, some of which amounted to a floating interest rate and higher interest costs. Including the issuance of short-term bills of exchange with low interest rates in order to control the interest rate of the company to the appropriate level.

As of December 31, 2017, the Company had overdraft and short-term loans amounting to Baht 347.0 million and long-term loans amounting to Baht 1,643.2 million, totaling Baht 1,990.2 million, which were liabilities that may be affected by fluctuations in interest rates. If the interest rate increases by 1% per annum, the Company may incur an additional interest of approximately Baht 23 million per year.

For the risk that may affect the purchase of housing, the impact of the home loan is a long-term. The interest rate fluctuations affect the monthly installments. And consumers have already paid down. In addition, the company is able to offer special deals on interest rates to commercial banks, as well as multi-level pricing, which focuses on the true purchasing power of real estate residents. It is also a part that reduces the impact of interest rate fluctuations on buyers.

## 7. Risks of Maintaining Net Debt for Shareholders Complying with Terms and Conditions of Authorization

The company has reiterated its intention to fully comply with terms and conditions of maintaining net debt for shareholders not exceeding the proportion of 3:1 in accordance with the rules stated in the terms and conditions clause 6.2. financial The following debentures include:



- Debentures of Areeya Property Public Company Limited No.1 / 2014, shall be due for redemption in 2017
- Debentures of Areeya Property Public Company Limited No.2 / 2014 , shall be due for redemption in 2017 with redemption before the maturity date.
- Debentures of Areeya Property Public Company Limited No. 2/2014, shall be due for redemption in 2018, which the issuer can redeem before maturity.

The Company is obliged to comply with the terms and conditions of the net debt to equity ratio no more than 3:1, in accordance with the rules specified in Clause 6.2.11 Financial terms Specify net liabilities to be deducted by cash and cash equivalents. Temporary investment And secured bank deposits For debentures:

- Debentures of Areeya Property Public Company Limited No. 1/2016, shall be due for redemption in 2019
- 5) Debentures of Areeya Property Public Company Limited No. 2/2016, shall be due for redemption in 2020, with the Issuer able to redeem before maturity.
- 6) Debentures of Areeya Property Public Company Limited No. 3/2016 , shall be due for redemption in 2019

- 7) Debentures of Areeya Property Public Company Limited No. 1/2017, shall be due for redemption in 2020
- 8) Debentures of Areeya Property Public Company Limited No. 2/2017, shall be due for redemption in 2020
- 9) Debentures of Areeya Property Public Company Limited No. 3/2017, shall be due for redemption in 2021

As at 31 December 2017, the Company maintained a net debt-to-equity ratio of 2.68 times (as described in clause 6.2.11 for debentures No. 1) - 3). Shareholders' equity is 2.53 times for debentures 4) - 6) According to the terms and conditions in clause 6.2.11)

Part 7) - 9) Debentures issued after December 31, 2016 are required to comply with clause 6.2.11. By specifying the net liabilities to be calculated is deducted by cash and cash equivalents. Temporary investment And secured bank deposits Same as the debentures in 4) - 6)

However, the company has prepared the following financial measures: 1) capital increase plan, 2) partial debt repayment plan, and 3) short term debt repayment plan. To maintain such ratio. The Company also has a policy to maintain its debt to equity ratio and capital structure at an appropriate level.

# General Information

58

<b>Company Name</b>	:	Areeya Property Public Company Limited
<b>Type of Business</b>	:	Development of real estate
<b>Head Office Address</b>	:	999 Praditmanutham Road, Saphansong, Wangthonglang, Bangkok 10310
<b>Company Registration No.</b>	:	0107546000431  1,200,000,000 common shares, Baht 1 per share,  As at December 31, 2017, Total authorized share capital Baht 1,200,000,000
<b>Issued and paid-up share Capital</b>	:	Baht 980,000,000 (As at December 31, 2017)
<b>Home Page</b>	:	<a href="http://www.areeya.co.th">www.areeya.co.th</a>  For more details about condominium project, please visit <a href="http://www.areeya.co.th/condominium">www.areeya.co.th/condominium</a>  For more details about town home project, please visit <a href="http://www.areeya.co.th/townhome">www.areeya.co.th/townhome</a>  For more details about Village Town, please visit <a href="http://www.areeya.co.th/villagetown">www.areeya.co.th/villagetown</a>  For more details about Village Town, please visit <a href="http://www.areeya.co.th/singlehome">www.areeya.co.th/singlehome</a>  For more details about the community mall project, please visit <a href="http://www.pickadailybkk.com">www.pickadailybkk.com</a>  For more details about Re-sales & Leasing services, please visit <a href="http://www.areeyaagent.com">www.areeyaagent.com</a>

<b>Telephone</b>	:	0-2798-9999, 1797
<b>Facsimile</b>	:	0-2798-9990
<b>Auditor</b>	:	<b>Dharmniti Auditing Co.,Ltd.</b> 178 Dharmniti Building 6-7th Floor, Soi Permsap (Pracha Chuen 20), Pracha Chuen Road,Bangsue, Bangkok, 10800 Thailand Tel 66(02)-596-0500 , Fax 66(02)-596-0539
<b>Security Registrar</b>	:	<b>Thailand Securities Depository Co., Ltd.</b> 93 The Stock Exchange of Thailand Building, Ratchadapisek Road, Dindeang, Dindeang Bangkok 10400 Tel 66(02) 009-9000 Facsimile 66(02) 009-9991 SET Contact center: 0 2009-9999 Website: <a href="http://www.set.or.th/tsd">http://www.set.or.th/tsd</a>
<b>Legal Advisor</b>	:	<b>Kunnatham Law Office</b> 72/2-3 Sutthisanwinitchai Road, Samsen-Nok, Huay-Kwang, Bangkok 10310 Tel 66(02) 274-7529-30 Fax 66(02) 274-7638
<b>Main Bank</b>	:	Saim commercial bank Public Company Limited Bangkok Bank Public Company Limited Bank of Ayudhya Public Company Limited Krung Thai Bank Public Company Limited Kiatnakin Bank Public Company Limited Tanachart Bank Public Company Limited

## Subsidiary

Company Name	Type of Business	Authorized Share Capital	Shareholding Percentage (%)
<b>Areeya Service Co., Ltd.</b> 999 Praditmanutham Rd., Saphansong, Wangthonglang, Bangkok 10310 Telephone 0-2798-9999 Facsimile 0-2798-9990	After sale service for property	1,000,000 common shares, Baht 10 per share Total share capital Baht 10,000,000	99.99
<b>One Up Co., Ltd.</b> 999 Praditmanutham Rd., Saphansong, Wangthonglang, Bangkok 10310 Telephone 0-2798-9999 Facsimile 0-2798-9990	Construction Service	10,000,000 common shares, Baht 10 per share Total share capital Baht 100,000,000	99.99
<b>Areeya Management Co., Ltd.</b> 999 Praditmanutham Rd., Saphansong, Wangthonglang, Bangkok 10310 Telephone 0-2798-9999 Facsimile 0-2798-9990	Development of real estate projects and property management	6,500,000 common shares, Baht 10 per share Total share capital Baht 65,000,000	99.99
<b>Cool Space Co., Ltd.</b> 999 Praditmanutham Rd., Saphansong, Wangthonglang, Bangkok 10310 Telephone 0-2798-9999 Facsimile 0-2798-9990	Development of real estate projects	6,000,000 common shares, Baht 10 per share Total share capital Baht 60,000,000	99.99
<b>White Living Co., Ltd.</b> 999 Praditmanutham Rd., Saphansong, Wangthonglang, Bangkok 10310 Telephone 0-2798-9999 Facsimile 0-2798-9990	Development of real estate projects	6,500,000 common shares, Baht 10 per share Total share capital Baht 65,000,000	99.99
<b>Chill Space Co., Ltd.</b> 999 Praditmanutham Rd., Saphansong, Wangthonglang, Bangkok 10310 Telephone 0-2798-9999 Facsimile 0-2798-9990	Development of real estate projects	100,000 common shares, Baht 10 per share Total share capital Baht 1,000,000	99.99
<b>Areeya Hospitality Co., Ltd.</b> (Former "Areeya Convenience Store Co., Ltd.") 999 Praditmanutham Rd., Saphansong, Wangthonglang, Bangkok 10310 Telephone 0-2798-9999 Facsimile 0-2798-9990	Retail Business	10,000 common shares, Baht 100 per share Total share capital Baht 1,000,000	99.97

# Shareholders Structure and Management

## Shareholders Structure

### • Ordinary Shares

The Company's registered capital, as of December 31, 2017, is Baht 1,200,000 , with issued and paid-up capital of Baht 980,000,000 , consisting of 980,000,000 ordinary shares at the par value of Baht 1 per share.

### • Shareholders

As at 31 December 2017, the names and the proportion of the first ten major shareholders appearing in the Company's shareholders register book (Number of shares as of 31 December 2017 still hold 980,000,000 shares) are as follows:

No.	Name	No. of shares	%
1	Laohapoonrungsee Family*	529,134,696	54.0
2	Mrs. Patcharee Porncharoenchaisilp	105,522,500	10.8
3	PROGRESSIVE OPULENT HOLDING (SINGAPORE) PTE. LTD.	60,000,000	6.1
4	Mrs. Patcharanun Pinyochaianun	46,207,600	4.7
5	Ms. Kanlaya Srisamer	46,000,000	4.7
6	Mr. Thawat Tantivorasit	34,164,700	3.5
7	Mr. Thakorn Nitipanyawut	33,500,000	3.4
8	Mr. Amnard Chantanupong	27,450,000	2.8
9	Mr. Veerasak Kunpin	21,179,000	2.2
10	Mrs. Niphapat Romerattanaphun	20,000,000	2.0
	<b>Total</b>	<b>923,158,496</b>	<b>94.2</b>

\* Laohapoonrungsee Family consists of (1) Mr. Wisit Laohapoonrungsee hold 320,897,000 shares, 32.7% of the paid-up capital , (2) Mr. Viwat Lauhapoonrungsi hold 121,901,096 shares, 12.4% of the paid-up capital and (3) Mrs.Pathamol Lauhapoonrungsi hold 86,336,600 shares, 8.8% of the paid-up capital.

The management structure of the Company consists of three committees: the Board of Directors , Audit Committee and executive board. The management structure of the Company as at 31 December 2017 is as follows:

## Management

### Management Structure

#### 1. Board of Directors

As at 31 December 2017, the Board of Directors comprised of seven members as follow:

No.	Name	Position	Number of attended meetings/all meetings of year 2017
1	Mr. Wisit Laohapoonrungeesee	Chairman and Chief Executive Officer	3/5
2	Mr. Viwat Lauhapoonrungsi	Director	5/5
3	Mrs. Niphapat Romerattanaphun	Director	5/5
4	Mr. Thun Thiansuwan	Director	5/5
5	Mr. Wanchai Tantikul	Independent Director and Chairman of the Audit Committee	5/5
6	Mr. Preecha Boonyakida	Independent Director and Audit Committee	5/5
7	Mr. Sompol Thiensuvan	Independent Director and Audit Committee	5/5
<b>Total number of meetings</b>			<b>5</b>

Authorized signatories are Mr. Wisit Laohapoonrungeesee or Mrs. Niphapat Romerattanaphun or Mr. Thun Thiansuwan or Mr. Viwat Lauhapoonrungsi, two directors in four directors signing together with affixing the Company's seal.

#### Scope of duty and responsibility of the Board

1. To comply with the law, objectives, regulations of the company as well as the resolution in the shareholders' meeting with the following exception
2. To determine or change the company's authorized signatories.

that need approval from shareholders' meeting before execution such as the activities that the law assign to have the resolution from the shareholders' meeting, relating transactions and purchasing and selling any securities according to the regulation of the Stock Exchange of Thailand or as assigned by other Government section.

3. To set policy, strategy and direction of company management as well as to supervise the executive to carry on the work effectively in accordance with the business policy, strategy and direction, in order to supremely increase economic value for the shareholders and for sustainable growth.
4. To consider and decide in important activities such as business plan, budget, mass investment projects, power of management, or any legal regulation.
5. To assess the results of the performance and determine the payment for the executives.
6. To be responsible for the results of execution and duty performance of executives with intention and carefulness.
7. To conduct accounting system, financial report and accounting report, to set the process in assessing the proper internal control, as well as to have an efficient and effective of internal audit; risk management; financial reporting and monitoring.
8. To prevent conflict of interest among the company's stakeholders.
9. To supervise duty performance to be in ethical behavior.
10. To set internal regulation and company code.
11. To report their job responsibility, in conducting financial report, together with the audited financial report revealed in the annual report; and include important activities in accordance with the Stock Exchange of Thailand policy of desirable performance for the company's board.
12. To appoint someone to administer the company business activities under their supervision or give the person authority and/or within the agreed time period; and the board can cancel, discharge or change this authority at any time.

## 2. Audit committees

As of December 31, 2017, there are three Audit Committee directors which are appointed from the Board of Directors as follow:

No.	Name	Position	Number of attended meetings/all meetings of year 2017
1	Mr. Wanchai Tantikul	Independent Director and Chairman of the Audit Committee	13/13
2	Mr. Preecha Boonyakida	Independent Director and Audit Committee	13/13
3	Mr. Sompol Thiensuvan	Independent Director and Audit Committee	12/13
<b>Total number of meetings</b>			<b>13</b>

Audit Committee is an independent organization to support, review the financial information, and report to the shareholders and other related persons.

### **Scope of duty and responsibility of the audit committee**

1. To review the Company's financial report is accuracy and adequacy.
2. To ensure that the Company has a suitable and efficient internal control system and internal audit, the audit committee shall consider the following issue:
  - To strengthen the independence of the internal audit department, the audit committee shall approve any selection, promotion, rotation or termination of the department head.
  - To ensure the independence of the internal audit department, the audit committee shall consider other factors that might impact its independent performance, including reporting and supervision processes.
3. To ensure that Company compliance with the securities and stock exchange laws, the Stock Exchange of Thailand's regulations and other business laws.
4. To consider, select, nominate and recommend remuneration of the Company's external auditor. The audit committee shall consider the following issues:
  - To ensure the independence of the external auditor. The audit committee shall consider any factors that may conflict with the auditor's efficient and professional operations.
  - To freely discuss significant matters, the audit committee shall meet privately with the external auditor once a year, without the management team being present.
5. To ensure that the firm complies all related rules when is a connected transaction or transaction that may lead to conflict of interests
6. To make Audit's Committee's performance report which is signed by the chairman of Audit Committee and disclosed in the Company's annual report, its report should include the following information:
  - (a) accurateness, completeness and credibility of the company's financial report
  - (b) adequacy of the firm's internal control system
  - (c) compliance with SEC's and SET's laws and regulation and other laws relevant to the company's business
  - (d) suitability of the external auditor
  - (e) transactions that may cause conflicts of interest
  - (f) the number of committee meetings and attendance of each member
  - (g) other concerns that have arisen as the audit committee performed its duties as defined in the committee's charter.
  - (h) anything else which should be made available to shareholders and general investors within the scope of duties and responsibilities assigned by the Board.
7. To perform any other activities assigned by the Board of Directors and agreed by Audit Committee.



### 3. Executive Committees

As at As of December 31, 2017, the Executive Committees of the Company consists of four persons as follow:

No.	Name	Position	Number of attended meetings/all meetings of year 2017
1	Mr. Wisit Laohapoonrungee	Chairman and Chief Executive Officer	10/13
2	Mr. Viwat Lauhapoonrungsi	Director	12/13
3	Mrs. Niphapat Romerattanaphun	Director	13/13
4	Mr. Thun Thiansuwan	Director	13/13
<b>Total number of meetings</b>			<b>13</b>

The member shall be appointed by the board to have duty and responsibility. Their power are unable to authorize items or persons that can gain and loss, or may have a conflict of interest (according to the designation of The Securities and Exchange Commission, Thailand) except in approve some activities that agree with policies, methods or regulations that Board approved.

#### Scope of duty and responsibility of Executive Committee

- To determine policies, directions strategies and structures of the Company's business to support an economic conditions and competition that has announced to the shareholders to ask for and agreement of the Board.
- To determine business plan, budget and managing authority of the Company to ask for an agreement of the Board.
- To examine and monitor the determined policy and managing method to be efficiently and benefit to the company.
- To monitor the company's progress to follow the approved business plan.
- To consider an investment project of the company in order to offer to the Board.
- To make the legal act with the financial institution of opening an account, borrowing, mortgaging, pawning, guaranteeing, bargaining and register a proprietary right in order to run company's business.
- To supervise and approve company's normal business activities, and may hand over power to the Directors or other people to run tine work.
- To run other business activities as the Board assigned.

## 4. Management Team

As of December 31, 2017, the management team of the Company consists of 12 members as follow:

No	Name	Position
1.	Mr. Wisit Laohapoonrungsee	Chairman and Chief Executive Officer ,Acting Assistant Director Marketing & Sale Department
2.	Mr. Viwat Lauhapoonrungsi	Director, Acting Government Coordination Department
3.	Mr. Archawan Eiampaiboonphan	Executive Director and Senior First Executive Vice President - Construction Department
4.	Mr. Anat Pinrat	FEVP – Finance & Accounting Department
5.	Mr. Jiraroj Wonglerttanakij	EVP – Legal Department
6.	Ms.Thitiporn Niwatsaiwong	FSVP-Marketing communication
7.	Ms.Kanokporn Apichitanon	SVP- Human Resource
8.	Ms. Usarapon Jaroensawamipak	VP – Marketing Department
9.	Mr. Kunlapan Saenpipat	VP – Construction Department
10.	Mr. Veerayooth Bodharamik	VP – Government Coordination
11.	Dr. Thaweerak Kinsukont	VP – Business Efficiency Development for Sustainable
12.	Mr. Sumet Chansomsalit	VP – Business Development Department
13.	Mr. Sayapong Voranatipro	VP – Living Design Department

Remark: Management team is according to the definition of SEC.

## 5. Board of Directors in subsidiary companies

### Areeya Service Co., Ltd.

No	Name	Position
1.	Mr. Wisit Laohapoonrungsee	Managing Director
2.	Mr. Viwat Lauhapoonrungsi	Director
3.	Mrs. Niphapat Romerattanaphun	Director
4.	Mr. Thun Thiansuwan	Director

**One-up Co., Ltd.**

No	Name	Position
1	Mr. Wisit Laohapoonrungsee	Managing Director
2	Mr. Viwat Lauhapoonrungsi	Director
3	Mr. Archawan Eiampaiboonphan	Director
4	Mrs. Niphapat Romerattanaphun	Director

**Areeya Management Co., Ltd.**

No	Name	Position
1	Mr. Wisit Laohapoonrungsee	Managing Director
2	Mr. Viwat Lauhapoonrungsi	Director
3	Mrs. Niphapat Romerattanaphun	Director
4	Mr. Thun Thiansuwan	Director

**Cool Space Co., Ltd.**

No	Name	Position
1	Mr. Wisit Laohapoonrungsee	Managing Director
2	Mr. Viwat Lauhapoonrungsi	Director
3	Mrs. Niphapat Romerattanaphun	Director
4	Mr. Thun Thiansuwan	Director

**White Living Co., Ltd.**

No	Name	Position
1	Mr. Wisit Laohapoonrungsee	Managing Director
2	Mr. Viwat Lauhapoonrungsi	Director
3	Mrs. Niphapat Romerattanaphun	Director
4	Mr. Thun Thiansuwan	Director

**Chill Space Co., Ltd.**

No	Name	Position
1	Mr. Wisit Laohapoonrungsee	Managing Director
2	Mr. Viwat Lauhapoonrungsi	Director
3	Mrs. Niphapat Romerattanaphun	Director
4	Mr. Thun Thiansuwan	Director

**Areeya Hospitality Co., Ltd.**

No	Name	Position
1	Mr. Wisit Laohapoonrungee	Managing Director
2	Mr. Viwat Lauhapoonrungsi e	Director
3	Mrs. Niphapat Romerattanaphun	Director

**6. Chief Executive Officer**

Chief Executive Officer of the company is Mr. Wisit Laohapoonrungee.

The Board of Directors has assigned Chief Executive Officer (CEO) to have duties and responsibilities in operation. The detail of assigned authority conforms to the scope of duty and responsibility of Chief Executive Officer which the authority assignment of CEO and other persons as the approval by CEO have not included the power and/or authority to approve any transactions that CEO or the authorized person may have any conflict of interests or any advantage from the company or subsidiary company (compliance with the Regulation of the Securities and Exchange Commission). Such transactions have to be proposed in the Board of Directors' meeting and/or Shareholders' meeting for consideration and approval as indicated in the company's Articles of Association or related law except the approval of transactions following the company's Policies, Methods, Rules approved by the Board of Directors or Executive Committee.

**Scope of duty and responsibility of Chief Executive Officer**

1. To operate and manage the Company's business complying with plan and budget approved by the Board of Directors
2. To operate and manage the company's business entirely complying with the company's Objectives, Policies, Rules, Articles of Association, Orders, Resolutions of Board of Directors' Meetings or Executive Committee's Meetings
3. To have an authority to operate and act as the company's representative for the related business beneficial to the company
4. To have an authority to issue the Announcement, Orders or Memorandum in order to control the operation complying with the company's Policies and benefit and to maintain the disciplines in the organization work
5. To approve the appointment of Staffs and Consultants in any fields necessary for the company's operation
6. To operate as assigned by the Board of Directors or Executive Committee under the company's Rules and Articles of Association

The approval of transactions under the scope of duty and responsibility has to comply with the payment approval authority approved by the Board of Directors.

#### Authorization of credit limit

As of September 30, 2015, The Board of Directors has determined the payment approval authority for the company's normal course of business, financing, credit facility requesting, including mortgaging with the details as follows:

	Payment Approval Authority	
	Normal course of business transactions	Financial transactions
Chief Executive Officer	Not over Baht 500 Million	Not over Baht 500 Million
Executive Board	Not over Baht 1,500 Million	Not over Baht 1,500 Million
Board of Directors	No Limit	No Limit

## 7. Secretary of the Company

The Secretary of the Company is Mr. Anat Pinrat. By scope of duty and responsibility are as follows:

#### Scope of duty and responsibility of the Secretary of the Company

1. Monitor the activities of the board to perform their job legally and follow the rule and regulation.
2. Establish the Board of Directors' Meeting and the Shareholders' Meeting, including Invitation of Shareholders' Meeting.
3. Maintain information and document of the Company.
4. Prepare Annual Report.
5. Follow the Regulation of The Security and Exchange Commission, Thailand.

#### Nomination of the Board of Director

At present, the Company has no the nominating committee for selecting directors and independent directors. However, the Board has to consider the person who has good qualifications, knowledge, capabilities and related experiences. In addition, he (or she) shall not have prohibited characteristics according to the law. The independent directors are not the company's employee, advisor or stakeholder, not have any family related with major shareholder and not a management of subsidiary. The company's director selection is as follow regulation:

1. Committee election by the shareholders shall follow the majority of votes by the following the rules and method below:

- a) Each shareholder will have a number of votes equal to one share per one vote.
  - b) In case that the number of nominees is less than the number of the member required, the shareholders shall vote according to their belonging shares as the subject (1). The votes can not be divided to any other person.
  - c) Casting a vote one by one shall be used, in case that the number of nominees is more than the number of member required. Each nominee shall get the vote from the shareholders according to their belonging shares as the subject (1). The votes can not be divided to any other person. Nominee who gets the highest votes shall carry an election. The number of nominees who carry an election depends on the member required. The chairman of the meeting shall decide if voted are tie.
2. In case that member of the Board vacates until unable to be a quorum, remaining directors have to work on behalf of the Board only to run an election for replacing directors.
  3. Subject 2 above, in case that a vacant position comes from other factors except retiring by rotation, the Board will, at the next scheduled meeting, to select a replacing director who has proper qualification and shall not have prohibited characteristics according to the law. The said director shall be on duty as long as the term of office of the retiring director remains. Unless the term of office is less than 2 months, there will be no replacing director.

The Board's resolution according to the first clause comprises more than 3/4 of votes.

Furthermore, The Company specifies the qualifications of its independent director in accordance with the requirements of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand, as follows:

1. Holds shares not exceeding 1% of the total voting shares of the Company, its parent company, subsidiaries, associates, major shareholders, and controlling parties of the Company, provided that the shares held by the related parties of such independent director shall be included.
2. Is not or has never been an executive director, employee, staff, advisor who receives salary, nor controlling parties of the Company, its parent company, subsidiaries, associates, same-level subsidiaries, major shareholders, or controlling parties of the Company.
3. Is not the person who has relationship by means of descent or legal registration under the status of father, mother, spouse, brothers and sisters, and children. The prohibitive persons also include spouses of daughters and sons of management, major shareholders, controlling party or the person who is in the process of nomination to be the management or controlling party of the Company or its subsidiary.

4. Have no or never had business relationship with the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the Company in respect of controlling which may harm the independent decision-making, including not being or never been the significant shareholder, or controlling parties of any person having business relationship with the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the Company
5. Is not or has never been the auditor of the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties of Company, and is not the significant shareholder, controlling parties, or partner of the auditing firm which employs such auditor of the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the Company.
6. Is not or has never been the professional service provider, including but not limited to legal service or financial advisor with received the service fee more than 2 Million Baht per year from the Company, its parent company, subsidiaries, associates, major shareholders, or controlling parties, and is not the significant shareholder, controlling parties, or partner of the above mentioned service firms.
7. Is not the director who is nominated to be the representative of directors of the Company, major shareholders, or any other shareholders related to the major shareholders.
8. Do not operate the same and competitive business with the business of the Company, or its subsidiaries, or is not a significant partner of the partnership, or is not an executive director, employee, staff, advisor who receives salary, nor holds share of more than 1% of the total voting shares of any other company which operates same and competitive business with the business of the Company, or its subsidiaries.
9. Is not any otherwise which is unable to have the independent opinion regarding the business operation of the Company.

After being appointed as the independent director in accordance with the conditions under the article (1) - (9), such independent director may be assigned by the board of directors to make decision in respect of collective decision on business operation of the Company, its parent company, subsidiaries, associates, same-level subsidiaries, major shareholders, or controlling parties of Company.

The definition of independent director of the Company is equal to the minimum requirement of the Securities and Exchange Commission and the Stock Exchange of Thailand.

## Remuneration of Directors

### 1. Monetary Remuneration

#### 1.1 Director Remuneration

In the year 2017, the Company paid remuneration in the following:

(Unit : Baht)

No.	Name	Position	Amount
1	Mr. Wisit Laohapoonrungrsee	Chairman and Chief Executive Officer	-
2	Mr. Viwat Lauhapoonrungrsi	Director and Executive Director	-
3	Mrs. Niphapat Romerattanaphun	Director and Executive Director	-
4	Mr. Thun Thiansuwan	Director and Executive Director	-
5	Mr. Wanchai Tantikul	Independent Director and Chairman of Audit Committee	585,000
6	Mr. Preecha Boonyakida	Independent Director and Audit Committee	585,000
7	Mr. Sompol Thiensuvan	Independent Director and Audit Committee	570,000

The remuneration was given in term of a meeting allowance and annual premium. The directors who act as The Executive Committee will not be paid.

#### 1.2 Remuneration of the Executive committee and Management

In the year 2017, the Executive Committee and the management of the Company paid the total salary , bonus and provident fund totaling Baht 68.0 million.

## 2. Other Remuneration

– None –



# Monitoring the Usage of Insider Information

Board of Directors has realized about defense to be misused by someone with self-exploitation. They are stipulated information confidentiality policy to limit access to information within company for authorized staffs solely.

The company informs executives, including executive's spouses and minor children to report their holding or changing the company's securities to the Securities and Exchange Commission (the office) under the rule and procedures of the Securities and Exchange Act B.E. 2535 section 59 and its punishment of section 275.

Also, such mentioned persons as directors, management and employees including their spouse and minor children, are prohibited to make any security transaction; either purchasing, or selling, or transferred by taken advantage of the internal confidential

information, which has not yet been disclose to the public. However, in case of the transactions occur in normal business, directors and management including their spouse and minor children, he/she had to report to the office within three working days since the event takes place, and copy to documents will be handled to company as evidence.

In addition, the company provides ethical policy that director, management and employees are always expected to observe honestly and virtuously, and should not participate to any immoral behaviors deteriorating company recognition. If any evidence has shown that company information confidentiality are disclosed by self exploitation insiders, it's doomed that such a person is accused of severe disciplinary violation and may be deserved condemnation according to employee regulation.

## Internal Control

In the Audit Committee Meeting No. 2/2018 held on February 28, 2018, Audit Committee had evaluated the sufficient and appropriated internal control system. This annual evaluation based on summary data of 5 main categories as follows:

1. Organization and Environment
2. Risk Management
3. Management Control
4. Information Technology System
6. Monitoring System

The Audit Committee give an opinion that the company's Internal Control System is sufficient and all of functions work effectively. The 2017 Annual Evaluation Questionnaire of Sufficient of an Internal Control System is submitted to Board of Directors for consideration in the Board of Directors' Meeting No. 1/2018 held on February 28, 2018.

The Company provides effective management and internal control system where executives have contributed to be aware of the importance on internal control by providing effective organizational supervision, definitely assign roles and responsibilities, including regulations, rules, policies, management level, and authorization level in written form.

The Company also provides Internal control department, whose independently follow-up and evaluate internal

control system and report directly to Audit Committee, to review operating systems to meet overall corporate objectives and goals. In previous audit, there are no mistake found that affect internal control substantially.

In addition, the company's auditor is Dharmniti Auditing Co.,Ltd., the auditors for fiscal year 2017 to review the efficiency of company's internal control, and found no significantly deficiencies in the company's internal control system.

## Dividend Policy

The company has the policy to pay dividend in the amount of approximately 40% of the Company's net profit after corporate income tax and all kinds of reserve fund, provided that such dividend payment must not materially affect the Company's normal operation and shall depend on the Company's results of operations and financial condition, liquidity, business growth, the necessity and other appropriate matters in the future, as well as other factors related to the management of the Company as the Board of Directors considers appropriate or advisable for the maximize benefits of the shareholders.

Board of Directors Meeting No. 1/2018 passed a resolution to pay a dividend of Baht 0.04 per share from the result of its 2017 operation to the Company's shareholders, totaling Baht 39,200,000 million.

# Corporate Good Governance

With our determination in developing to sustainable growth, transparency, and really governance, the Board of Directors has adhered to the policy on compliance with management principles and good corporate governance.

They are the key factors supporting to operating systematically and efficiency and leading the Company to conduct its business achieved. By determining the business efficiency and effectiveness, and fairness to all parties related to the Company, whether being shareholders, stakeholders, the committees, the executives and its employees.

## Anti-Corruption Policy

Corruption means a form of dishonest, unethical or illegal conduct performed by a person entrusted with a position of government authority, often to acquire personal benefit directly or indirectly. Corruption may also include other immoral practices occurred when a business entrepreneur, corporate partner, or related person acts in a wrongful manner considered as personal exploitation.

### · Internal Organizational Anti-Corruption Policy

The company is strictly committed to operating its business in an honest and transparent manner towards its customers, partners, employees, and other people in the society without being involved in any corrupted

action, where the board of directors, executives, and employees at all levels are permanently prohibited to use their authority in performing duties to seek personal gain or benefit for their families or other people.

### · External Organizational Anti-Corruption Policy

As the company has successfully complied with its anti-corruption policies developed for internal enforcement, it is also required to make progress of external organizational anti-corruption policy as well. Anti-corruption practices are strategically developed to hinder a government official's dishonest or illegal conduct and prevent possible impacts on Thailand's economic growth and national image. The company has never supported any form of bribery, whether it is considered unethical business supports offered to partners or immoral financial incentives given to government officials. In addition, the company has determined to operate its business based on the legal enforcement of laws and the correct procedure of business practices to ensure that the risk of corruption is minimized. Similarly, the company is always ready and willing to comply with all rules and regulations issued by government organizations to fight against corruption. The company has also reiterated its intention to create greater awareness on anti-bribery and corruption for executives and employees at all levels.

## Non-Violation Intellectual Property Policy

The Company has efficiently developed a set of internal policies and regulations to prevent the violation of intellectual properties, where all executives and employees are compulsorily required to understand and comply with the policies and regulations since their very first working day. There will be a computer utilization inspection conducted on a yearly basis to avoid unexpected errors related to intellectual property infringement while determining legal punishment for all offenders in this regard.

Additionally, the company has pursued rules and regulations based on good corporate governance guidelines issued by the Stock Exchange of Thailand (SET). In 2017, the good corporate governance guidelines could be categorized in 5 major scopes detailed below.

### Scope 1: Rights of Shareholders

The company has determined to treat all shareholders equally and fairly, with regard to their rights. Considered the most significant factor, the shareholder meeting is basically held to foster unbiased treatments of shareholders and facilitate them with the most appropriate date, time, and venue of the meeting. Meanwhile, it is required to keep all shareholders informed about meeting agendas in a sufficient

and timely manner prior to the actual meeting date, regardless of the notification letter of the shareholder meeting describing main objectives and reasons of each particular agenda. The Committee of the shareholder meeting has announced opinions and comments of the agendas to all shareholders within 14 days prior to the actual meeting date in accordance with the company's regulations No. 29, citing the announcement of shareholder meeting. The company also introduces official documents related to the shareholder meeting on the website [www.areeya.co.th](http://www.areeya.co.th) within the minimum period of 30 days prior to the actual meeting date.

The Chairman of the meeting has prompted the meeting time sufficiently and appropriately while proceeding with important items of the agendas. During the meeting, the Chairman will encourage all shareholders to openly express their opinions and ask questions on the company's business operations and other related matters in the meeting.

The Chairman and other committee members (if necessary) have all participated in the meeting to answer all questions raised by shareholders.

The company also remains firm in operating its business based on efficiency, transparency, and accountability to ensure the highest benefits for shareholders and the appropriate disclosure of information to other related parties.

## Scope 2: Unbiased Treatments of Shareholders

The company is set to provide a great opportunity for shareholders to propose advanced inquiries via the company's website and to the investor relations department and nominate general and audit committee members prior to the shareholder meeting, which is required to be announced within 30 days prior to the actual meeting date or as required by law.

In addition, the company also allows minor shareholders to nominate a person to be qualified for the position of the committee member or add meeting agendas prior to the actual shareholder meeting date. All general and audit committee members and other related executives are required to attend every shareholder meeting. The Chairman will consider each meeting agenda and casted a vote for mutually approved resolutions. The company announces the expected results required for each meeting agenda prior to the vote to ensure voting transparency and accuracy. Also, the company has invited a team of independent counsel officials to carry out the ballot counting while welcoming voluntary representatives of the shareholders to facilitate the counting by using a bar-code reading technology.

The company's committee has promptly prepared meeting minutes with important details, including explanatory statements, inquiries, comments, and targeted voting results, to be featured in each meeting agenda. Meanwhile, the company also completes a shareholder meeting report within a specified period

of time required by law, with the application of effective report storage system developed to reaffirm transparency and accountability. To provide greater accuracy for all reports, the company has determined to formulate its new vote casting and ballot counting systems.

In case that any shareholder is unable to attend the meeting, the company will provide an additional alternative for the shareholder to selectively appoint one independent member of the committee from the entire group of members of the committee to legally act on behalf of the shareholder, which is previously preferred by many shareholders. If the shareholder is still not available, the company will apply the use of voting ballots for a special important agenda.

## Scope 3 : Roles and Responsibilities of Stakeholders

The company has always recognized the importance of respecting the rights of all stakeholders, varying in employees, creditors, customers, vendors, shareholders, auditors, independent appraisers, government officials, and other people living in the surrounding communities. The company has strategically maintained its long-standing reputation under the concept "Areeya Admires You" to ensure that all stakeholders could obtain the highest satisfaction and impression of services on a regular basis. Apart from the aforementioned ideas, the company also emphasizes on further development of environmental and energy conservation policies.

**Shareholders :**

Obviously, the company has offered the most attractive and appropriate returns to all shareholders by generating outstanding performances and business development efficiently and consistently. Backed by the effective internal audit system, the company can also ensure the protection of organizational benefits, especially for its shareholders as a whole.

**Customers :**

In 2017, the company has remained firm to focus on its corporate customers and treat them like “members of the Areeya family”, thanks to all productive performances of the after-sale service team consisting of Call Center, After-Sale Service (AS), Customer Management (CM), and Customer Relations Management (CmRM). With mutual corporate goals, the company has set its sight to keep promoting its fast and reliable after-sale services guaranteed by high-quality standards, as part of the intention to offer the best home-living experience and the highest satisfaction to all Areeya members.

**Creditors and Partners :**

With a clear focus on fairness and transparency, the company has developed its strategic policies in selecting business contractors or partners who can strictly comply with commercial terms and conditions while seeking the most effective solutions for all problems, varying in providing knowledge-sharing programs, seeking reliable sources of finance by cooperating with local banks as the contractors can

use their task delivery and completion reports as collaterals for making loan requests, and allocating sufficient equipment and tools for the contractors in case of supply or liquidity shortage.

**Competitors :**

The company has given its concrete support to the free trade agreement policy emphasizing mainly on fair and acceptable rules to avoid dishonest practices that may lead to unfair trade advantages.

**Employees :**

The company also remains firm in recruiting and retaining skillful and experienced employees while consistently focusing on the development and maximization of skills required for each particular task. In addition, the employees will be encouraged to acquire occupational progress and stability to keep pace with the advancement of the organization, with the allocation of lucrative welfares and benefits such as provident fund, health insurance, annual health check-up program, and more.

**Community, Society, and Environment :**

The company has basically recognized the significance of developing corporate strategies for social and communal responsibilities, as part of the goal to express serious concerns over environmental impacts which may be resulted from the company’s business practices. The company has also reiterated its intention to operate the business with full responsibilities towards

the community, society, and environment while strictly complying with all related rules and regulations.

## **Scope 4: Transparency and Disclosure of Information**

The company emphasizes on providing its business information in a sufficient and timely manner. The information included the delivery of corporate news via new electronic systems known as SET Community Portal (SCP) and ELCID, developed by the Stock Exchange of Thailand (SET) and the publication of news in local newspapers in accordance with the Public Limited Company Act. The company has also unveiled its business information in the form of annual registration statement (56-1 form) and financial statement in both Thai and English languages in the company's website [www.areeya.co.th](http://www.areeya.co.th).

Significant information technology systems include financial reports, non-financial data, and other related information approved by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The information stated in the financial statements to be disclosed to the SET is fully reviewed and verified by the company's auditing team and approved by its Board of Directors. Obviously, the Board of Directors is responsible for financial statements of the company and its subsidiaries. It is clearly understood that the financial information specified in the annual report will be prepared in accordance with the accounting standards generally used and accepted in Thailand. It is also required to select the most appropriate accounting

policies, pursue the policies' requirements, determine accurate judgment in a cautious manner, generate the most effective estimation for the preparation of information, and sufficiently disclose important information in the financial statements' remarks. The Board of Directors has also maintained progressive internal audit to ensure that the accounting records are accurate, complete, and sufficient, particularly to sustain the value of properties and identify weaknesses to prevent fraud and other corrupted actions. The Board has appointed members of the Internal Audit Committee, who are not considered the company's executives, to be responsible for the quality of financial reporting and internal controls. The Internal Audit Committee's approval can be seen in the internal audit reports already listed in the annual report and annual registration statement (56-1 form).

## **Scope 5: Responsibilities of the Board of Directors**

The Board of Directors is responsible for determining policies and guidelines for the consideration and approval of business strategies, goals, plans, and budgets while supervising the management team to get all tasks carried out in accordance with the requirements efficiently and productively. In the meantime, the Board of Directors is authorized to grant its financial approval for the company's normal business and financial transactions, such as requesting for loans from commercial and investment banks as well as being qualified to be a guarantor.

Additionally, the Board of Directors has delegated its authority to the Executive Committee and Managing Director to be responsible for various required tasks in accordance with their scopes of authority, duty, and responsibility. The mandate of authority is not considered the power delegated to the Executive Committee, Managing Director, or attorney-in-fact to grant an approval for any business transaction related to any stakeholder or person with conflicts of interest (approved by the SEC) unless it is considered an approval for a certain business transaction in compliance with the company's business policies, directions, and guidelines previously approved by the Board of Directors. The mandate of certain business transaction is required to be in accordance with normal trade or business practice policies to prevent conflicts of interest and unfair business practices that may cause difficulties to the company. As a result, the company has issued new guidelines for the standards of business ethics, particularly for executives and employees, emphasizing mainly on honesty and integrity in dealing with customers, suppliers, partners, and other third parties. It is compulsory to protect the company's assets and intellectual properties appropriately. Nobody will be allowed to disclose any confidential information to any third party without authorized permission or trade the company's securities with the use of internal information not already disclosed to the public.

In addition, if there will be a case of interconnected transactions, the company will primarily consider the appropriateness prior to the actual implementation of each transaction in a cautious manner on a regular basis and will strictly abide by the SET's rules and regulations while preparing to disclose such transactions in the annual report and annual registration statement (56-1 form).

The company has appointed a similar person to be the Chairman of the Board of Directors, Executive Committee, and Managing Director. However, for any transaction not considered the company's normal business implementation, the final consideration will be made and reviewed by the Board of Directors consisting of 3 independent authorities. The decision in various investment projects, including the purchase of land for development, will be reviewed and approved by the Board of Directors to ensure no direct or indirect unfair benefits and illegal stakes related to the company's financial and management practices.

Similarly, the Board of Directors is required to hold a meeting on a regular basis, in which each meeting should be equipped with adequate meeting information and details prepared by the management team to support further discussions and insights of the Board of Directors. In the meeting, the Chairman will generally allow the Board of Directors to spend an



appropriate period of time in considering each agenda carefully and provide productive comments openly. It is also necessary to record all meeting minutes in a written form and keep each report in a safe place ready for inspection or review at any time. In 2017, there are totally 5 Board of Directors' meetings, with significant attendance details specified in the topic on compensations for the Board of Directors and Executives.

The Internal Audit Committee also holds a meeting regularly too. The Committee has considered the selection and nomination of auditors and remuneration for auditors commenting in the interim financial reports and annual financial statements, where the auditors are required to proceed with the review and audit in accordance with acceptable accounting standards. It is truly necessary to disclose the information of financial statements before proposing them to the Board of Directors for consideration. According to the company's apparent requirements, it is required to make a complete revision on the interconnected transactions and consider the appropriateness of regulatory plans, internal audits, and internal monitoring systems developed by the internal audit department while providing productive advices for the improvement of internal controls to be presented to the management. Additionally, the Internal Audit

Committee has presented the adequacy assessment of the internal control system to the Board of Directors for consideration. In 2017, there are totally 13 Internal Audit Committee's meetings, with significant attendance details stated in the topic on compensations for the Board of Directors and Executives.

Actually, the Board of Directors hasn't prepared to announce the Nominating Committee and Remuneration Consideration Committee during this period of time as there is only a small number of the Board of Directors and a meeting can simply be called in an ordinary manner. Meanwhile, the company's Board of Directors is required to strictly pursue the Code of Best Practices of Listed Companies, including the compliance with relevant laws and regulations, organizational regulatory requirements, honesty and responsibility towards the company and its shareholders, knowledge and skills in generating desirable business operations, accountability towards financial reporting, and so on.

# Corporate Social Responsibilities Policy

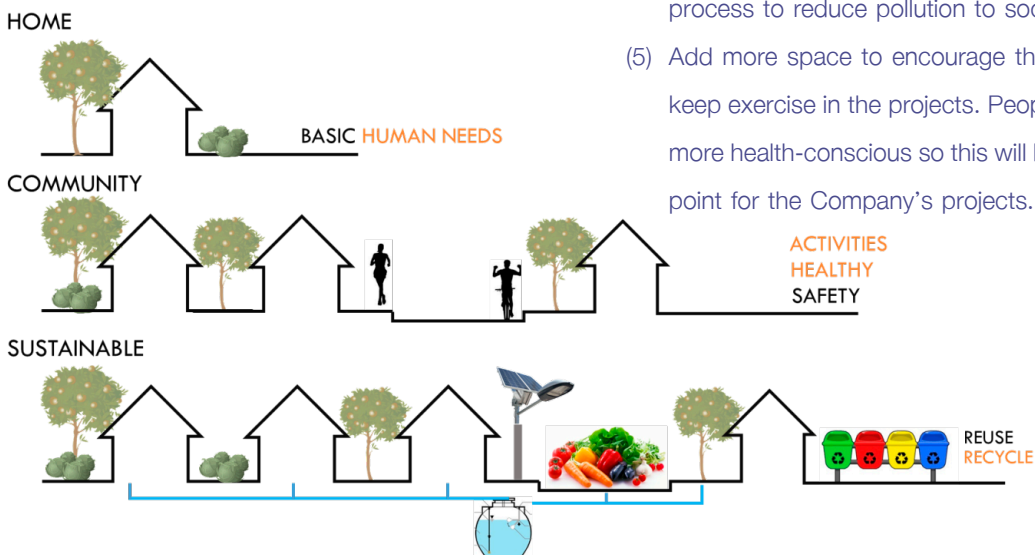
“Sustainable Happiness”

Throughout the years, Areeya Property Public Company Limited has been operating on a corporate social responsibility basis for sustainable development. By 2017, the company continues to strive to develop in every work process to create accountability for goods and services, enhancing added value and meeting the needs of stakeholders. In the year 2017, the company has continued the process and added a focus to developing real estate projects under the “Sustainable Happiness” policy as follow;

## 1. Development of concepts for business development.

The “Sustainable Happiness” policy developed from brainstorming being used as the guidance for the development of the company’s real estate projects. There are five components of development as follow:

- (1) Gardening in the public area from a beautiful garden to a non-toxic garden, Grow vegetables, kitchens and perennials that can be eaten.
- (2) The use of natural solar energy to replace electricity in the central area of the project to reduce long-term costs to the customer.
- (3) Water treatment system is designed for the process of converting used water into water that meet the water quality standard and safely returned to use in the common areas of the housing projects. This policy can help reduce the consumption of tap water and also reduce the costs.
- (4) Designing a common area for waste sorting and campaigning ways for the customer in the project to work together to reduce the amount of waste and bring the waste into the Recycle or Reuse process to reduce pollution to society.
- (5) Add more space to encourage the customers to keep exercise in the projects. People nowadays is more health-conscious so this will be one strength point for the Company’s projects.

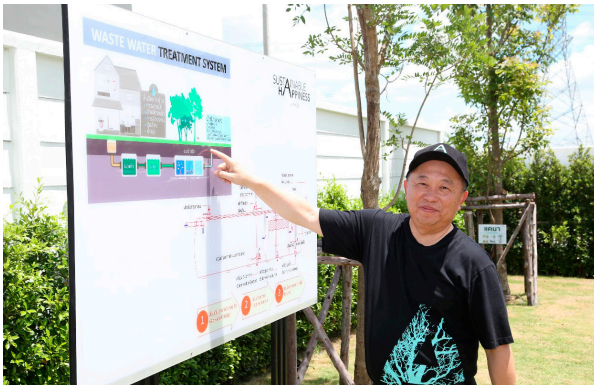


## 2. Study and develop prototype

From the five elements of the development under the “Sustainable Happiness” policy which the company has held a press release and policy statement in the year 2016. In the year 2017, we have been studied and developed as a prototype and has been expanded to some extent as follow;

### 1. Waste water treatment system for recycling

Provide a waste water treatment system that can bring water to a special treatment process developed to achieve a standard value that can be reused. Reducing the burden of the costs of water supply for the future of sustainable homes. The system was installed to bring water to treated water to the public garden and other uses such as road cleanup, cleaning public areas to reduce the rate of water is to protect the environment and reduce the global costs of the project By pilot at Kanjanapisek - Ratchaphruk.



## 2. Organic vegetable garden “Planting vegetables grown to love”

To provide organic vegetables at the park in order to make home consumption of fresh and non-toxic vegetables. It emphasizes that the people in the village participate in the planting together, resulting in a good relationship between the family and the members of the village and the strength of the sustainable home network. Since 2016, a standard vegetable plot has been developed for all projects. In the third quarter of 2017, the Company has begun activities for the farmers to participate in the planting and care of 8 vegetable gardens in three zones, namely, Bangna Zone, Kanjanapisek-Ratchaphruk zone And Wongwaen - Ramintra. And there are plans to carry out eight more projects by the year 2018.



## 3. Garbage separation

By studying the amount of garbage and behavior of the residents in waste separation to study the feasibility of the waste incineration project, it is found that the amount of waste generated from the house can be recycled approximately 20 percent. Therefore, there is a campaign to raise awareness of the importance of waste separation to recycle through DIY activities, the waste is transformed into a home decoration. In the year 2018, the Recycle Center will be set up to recycle recyclable waste to be used as a raw material for the creation of such as Shirts made of plastic bottles, Student desk set made of milk carton to send happiness to society. The campaign has been implemented to raise awareness of the residents in 3 villages in 2 zones, namely Bang Na and Kanjanapisek-Ratchaphruk and plans to hold more 11 projects by 2018.



#### 4. Solar Cell lighting system

Provide lighting in the public garden and roads using solar cells ,reducing the cost of electricity for public lighting and beneficial for future homeowners. In addition, residents are involved in reducing energy use and increasing renewable energy use for energy sustainability By pilot at Kanjanapisek - Ratchaphruk and Bangna zones.



#### 5. Cycling Len and Exercise Area

Cycling Les of the public road is a campaign and encourages homeowners to use their bicycles to contribute to reducing global pollution and strengthening their health through simple exercises in the project. Furthermore, some projects also provide the exercise area, such as basketball court, etc., starting at Kanjanapisek - Ratchaphruk and Bangna.



### 3. Development after sales service in accordance with “Sustainable Happiness” Policy.

The “Sustainable Happiness” policy also extends to after-sales service and community building within the project. The Company’s goal is to serve our best and get the most satisfaction from client’s Areeya. In order to contribute to the project as Friends Get Friends and confidence consumers in the long run.

**Development of after-sales service** starts with this the following policy. From mission reviews, responsibilities, work procedures, service standards.

Including the restructuring of responsible departments. In the management of the village began to develop from the basic services that are safe, clean and livable such as Enhanced security with the security of the company and the safety staff, with the addition of advanced tools and equipment that can record and monitor security information on the project at anytime in real time via the cell phone. Furthermore, The company also has visited residents to inquire about the well-being. If we encounter a problem is ready to do fix it immediately and ready to listen to suggestions which is a proactive service and take care of anyone happy when living in the project of Areeya.



Apart from the management of the village, Service repair in insurance (After Sale Service) is another one that has been elevated to service and was closely monitored. Aside from Call Center services, Warranty repair service (After Sale Service) is another one that has been elevated service and monitor closely. In addition to the Service Call Center, we have also developed the Application comes as “Areeya Family”

as channels to repair since last year and planned to improve version no.2 in the year 2018. It also develops a 100% tracking system to ensure that the work is in line with the defined task. The company has provided the information and suggestions to improve and develop it so that in the year 2017, the evaluation scores of good and very good. The average annual figure was 90.17 percent, higher than the target set at 90 percent.



## 4. Living conditions of Worker

### Standard construction of the camp

The construction camp standard continues from 2012 until now, The Company is committed to the quality of life of its construction workers, whose goal is to provide health and well-being. Construction workers are ready to work in quality and skilled workers

who are ready to deliver standard homes to every household. The company also maintains the standard of accommodation for workers in the construction site. We provide residential zones, laundry areas, and utilities such as bathrooms, showers, drinking water, coin-operated washing machines and retail stores. Moreover, we provide camp staff with a focus on cleanliness and basic hygiene, waste management, residency control in accordance with regulations.



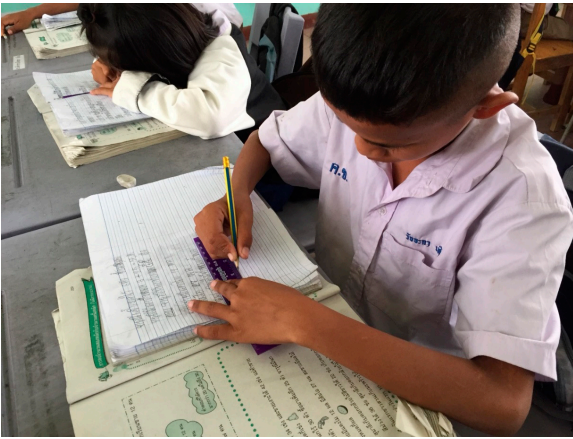


**Child Friendly Space : Children’s Learning Center in the construction area**

The concept of Areeya Child Friendly Space : Learning Centers for children in the area from construction, we believe that if the workers have a better quality of life and secure. The Parents are the workers were able to work more efficiently, increasing revenue and quality of life. Moreover, the company also reduced the rate of resignation of labor due to the center for children’s learning is a great welfare to directly affect the family labor such as Mothers need to take care of their children during their father’s work which the company have a learning center for children makes it possible for a mother to work as a labor force, increasing family income.

The Children’s Learning Center in the construction area has been operating since the year 2015. The concept of setting up a center from the Foundation for Child Development and a study visit to the management of the children’s center from the Raks Thai Foundation. In the year 2016, the company has cooperated with the Foundation for the Promotion of Quality of Work Life, which has opened six learning centers for children, namely Sai Noi Center, Bang Bua Thong Center, Bangna Center, Hathairat Center, Rangsit Klong 4 Center, and Rangsit Klong 5 Center. Total of 149 people from Burma, Cambodia and Thailand have been providing education to children in a wide range of contexts including Thai, English, Mathematics, Health, Hygiene and Safe Living. As well as push children to study in the education system of the government at all 21 people. In the year 2018, The company plans to expand to educate parents into the workforce and contribute to the education and safety of children.





In addition, the center for children's learning of the company also received attention from outside organizations such as the Children's Home Improvement Foundation Under the UNICEF operation, which is interested in operating as a developer of real estate projects that recognize childcare in the construction area. They have interviewed executives for research on concepts and performance to publish in the annual report. The press conference will be held on March 29, 2018.

The Corporate Social Responsibility of the company is continuously operated from the first year of start learning to the year that the Company can develop the CSR program and has the clear goal to achieve. Our objective is to help making a better change in our society. The change from a starting point to the change in family, community, society and environment and the company will continue to strive and develop the CSR program in the further future.

# Related Transactions

Related transactions in the year 2017 classified by categories are as follows:

## 1. An ordinary and usual course of business transaction

The Company has transactions with related parties are those linked to the group and the company as shareholders or by common shareholders or directors as disclosed in Note to Financial Statement No. 4 and 5.

Comments of independent directors on these related transactions are the ordinary and usual course of business transaction with normal commercial terms. The related transactions created the benefits to the Company.

## 2. An asset or service transaction

The Company has transactions with related parties are those linked to the group and the company as shareholders or by common shareholders or directors as disclosed in Note to Financial Statement No. 4 and 5.

Comments of independent directors on these related transactions are the ordinary and usual course of business transaction with normal commercial terms. The related transactions created the benefits to the Company.

## 3. A financial support transaction

The Company has transactions with related parties are those linked to the group and the company as shareholders or by common shareholders or directors as disclosed in Note to Financial Statement No. 4 and 5.

Comments of independent directors on these related transactions are the ordinary and usual course of business transaction with normal commercial terms. The related transactions created the benefits to the Company.

#### **4. Reasons for making related transactions**

Transactions with the subsidiaries were created for the company's benefit so that the company can successfully achieve its business strategies and objectives. In case of lending/borrowing between parent company and subsidiary, the interest rate is an agreed rate based on market rate at the time of lending/borrowing.

The transactions with the other related parties were the ordinary and usual course of business transaction with normal commercial terms.

#### **5. Policy and Trend of Related Transactions**

The related transaction with our subsidiary, at least own 51% by the company, are made as part of normal business operations. Therefore, it is likely that such transactions will occur in the future on the continual

basis. However, the company will obey the security law, rules & regulations of the Stock Exchange of Thailand and the Federation of Accounting Professions ("FAP") and with generally accepted accounting principles in Thailand. Moreover, the company will consider the reasonable reason of the transactions.

If the company makes related transaction with any person with possibility of creating any conflict of interest, the company will consult with the Audit Committee who will review and comment the necessity and suitability of that related transactions. In case that the Audit Committee does not have expertise in any specific area, the company will arrange to hire an expert or company's auditor to provide comments to the Audit Committee or shareholders for approving the transactions. The company also discloses the related transactions in the Notes to Financial Statement as part of the Audited Financial Statements.

# Related Transactions

## Management Decision and Analysis

As of December 31	Consolidated 2017	Consolidated 2016	Consolidated 2015
<b>Statement of Comprehensive Income (Million Baht)</b>			
Revenue from Sales of Real Estate	4,958	4,643	5,398
Service Income from House Construction and Sales of Construction Materials ***	-	4	3
Cost of Sales of Real Estate	3,302	3,056	4,017
Cost of Service from House Construction and Cost of Construction Materials ***	-	3	1
Profit before Finance Costs, Income Tax expenses and Marketing Expenses	1,656	1,097	974
Net Profit	98	263	217
<b>Statement of financial position (Million Baht)</b>			
Total Assets	13,510	13,516	12,861
Total Liabilities	10,169	10,201	9,771
Total Shareholders' Equity	3,341	3,315	3,090
<b>Financial Ratio</b>			
Bank-Debt-to-Equity Ratio (Time)	0.61	0.70	1.08
Debt-to-Equity Ratio (Time)	3.04	3.08	3.16
Gross Profit Margin on Revenue from sales of real estate	33.41%	34.17%	25.61%
Net Profit Margin	1.93%	5.57%	3.97%
Return on Asset	2.98%	4.38%	3.53%
Return on Equity	2.94%	8.22%	7.27%
Book Value per Share (Baht)	3.42	3.37	3.14
Basic Earnings per Share (Baht)	0.10	0.27	0.22
Issued and Paid-Up Share Capital (Million shares)	980.00	980.00	980.00

\*\*\* For the appropriate presentation in Statement of Comprehensive Income, From the year 2017 and Service Income & cost from House Construction and Sales of Construction Materials is presented together as “net gain/loss on House Construction and Sales of Construction Materials” which includes in “Other income”.

## 1) General Information

The Company was founded in 2000. Later in 2003, the Company has transformed into a public limited company and registered its stocks in the stock market in 2004. In addition, the company has formed subsidiaries to provide of each business as follows:

- In the year 2004, the subsidiary (Areeya Service Co., Ltd.) has been formed to provide after-sale services for property with 99.99% ownership interest.
- In the year 2007, the Company has established a subsidiary company (One Up Co., Ltd.) with 64.99% ownership interest to provide construction services to Areeya's projects and outside customers.
- In the year 2008 the Company purchased 35% of the share capital of One Up from other shareholder. As a result, the Company's ownership interest increased to 99.99%.
- In the year 2008 the Company had formed 2 companies with 99.99% ownership interest which consisted of:  
Areeya Management Co., Ltd. for development of real estate projects and to provide a management service for juristic person.
- Cool Space Co., Ltd. for development of real estate projects.
- In the year 2009 the Company had formed a company with 99.99% ownership interest which consisted of White Living Co., Ltd. for development of real estate projects.

In the year 2010 the Company had formed a company with 99.99% ownership interest which consisted of Chill Space Co., Ltd. for development of real estate projects.

In the year 2014, the Company has established Areeya Convenience Store Co., Ltd with 99.97% ownership for retail business.

On November 3, 2017, Areeya Convenience Store Co., Ltd. has changed its name to Areeya Hospitality Co., Ltd. and registered with Department of Business Development and Ministry of Commerce and change the business nature to restaurant business from retail business.

The Company business is real estate development business: land for sale and house construction, which all are single house projects. Since 2005, the Company has started to sell the pre-built house and 3, 4-storey townhouse and additionally in 2006-2011 the Company has introduced two new products to the market. They are fully-furnished modern condominium and fully-furnished 2-storey townhouse. In 2012, the Company launched 2 storey townhouse "village" and 3 storey townhouse "Daily" and, In year 2014, the Company launched new 2 storey single detached house "Areeya COMO" and launched new 3 storey townhouse "Brigg" in year 2015.

In addition, in the year 2013, the company started business on Community Mall in Sukhumvit 77 was named "Pickadaily Bangkok". In the year 2015, the company has opened the news project named "Life Style Club" in Kaset-nawamintr.

## 2) Overview Summary and Significant Change

On 27 February 2014, the Extraordinary General Meeting of the Company no.1/2014 has approved the issuance and offering for sale of all types of debentures, with and/or without a name registered, secured and/or unsecured debentures, with and/or without debenture holders representative, subordinated debentures and/or unsubordinated debentures, and perpetual and/or tenured depending on market conditions at the time of offering. The combined total amount not exceeding 3 Billion Baht by issuing either single or multiple offerings.

On 10 September 2014, According to Board of Director ("BOD") Meeting No. 9/2014, has resolutions to register Areeya Convenience Store Co., Ltd. with registered, a subsidiary with a registered capital of one million baht in Thailand. This subsidiary operate the retail business.

On 26 February 2015, the Extraordinary General Meeting of the Company no.1/2015 has approved the issuance and offering for sale of all types of debentures, with and/or without a name registered, secured and/or unsecured debentures, with and/or without debenture holders representative, subordinated debentures and/or unsubordinated debentures, and perpetual and/or tenured depending on market conditions at the time of offering. The combined total amount not exceeding 2 Billion Baht by issuing either single or multiple offerings.

On 23 April 2015, The Annual General Shareholders' Meeting 2015 has approved the increase in the Company's authorized share capital by Baht 220 million; from 980 Million Baht to 1,200 Million, par value Baht 1 per share.

On 23 February 2016, the Extraordinary General Meeting of the Company no.1/2016 has approved the issuance and offering for sale of all types of debentures, with and/or without a name registered, secured and/or unsecured debentures, with and/or without debenture holders representative, subordinated debentures and/or unsubordinated debentures, and perpetual and/or tenured depending on market conditions at the time of offering. The combined total amount not exceeding 3 Billion Baht by issuing either single or multiple offerings.

On 5 October 2016, the Company issued 1,000 million baht of debentures (1,000,000 units of Baht 1,000 each). The debentures were registered, unsubordinated, unsecured and without a debenture holders' representative and debentures mature in year 2020, but not the company can be early redemption.

On 20 October 2016, the Company issued 646.8 million baht of debentures (646,800 units of Baht 1,000 each). The debentures were registered, unsubordinated, unsecured and without a debenture holders' representative and debentures mature in year 2019.

On 20 December 2016, the Extraordinary General Meeting of the Company no.2/2016 has approved the issuance and offering for sale of all types of debentures, with and/or without a name registered, secured and/or unsecured debentures, with and/or without debenture holders representative, subordinated debentures and/or unsubordinated debentures, and perpetual and/or tenured depending on market conditions at the time of offering. The combined total amount not exceeding 5 Billion Baht by issuing either single or multiple offerings.

As of 31 December 2017, the Company has 62 current projects and 2 community malls, totally 64 projects as follows:

No.	Project	Location	Type of Product
1	• Areeya Busaba	Ladprao 130	Single Detached House
2	• Areeya Sawana 3	Kaset-nawamin	Single Detached House
3	• Areeya Metro	Kaset-nawamin	Single Detached House
4	• Areeya Como Bangna	Bangna	Single Detached House
5	• The Village Chaengwattana-Tiwanon	Chaengwattana-Tiwanon	Single Detached House Twinhome
6	• Areeya Como Bangna Wongwaen	Bangna	Single Detached House
7	• Areeya Como Wongwaen Ramintra	Hathairath	Single Detached House
8	• The Village Cottage Kanjanapisek-Ratchaphruk	Sai Noi	Single Detached House
9	• Areeya Donmuang-Songprapa	Donmuang Songprapa	Single Detached House
10	• Areeya Como Ladkrabang-Suvarnabhumi	Ladkrabang-Suvarnabhumi	Single Detached House
11	• Areeya Como Wongwaen-Ratchaphruk	Bangbuathong	Single Detached House
12	• At Home	Kaset-nawamin	Townhouse
13	• The Colors Chaengwattana-Tiwanon	Chaengwattana-Tiwanon	Townhouse
14	• Areeya To Be	Ladphrao	Townhouse
15	• Areeya Daily	Kaset-nawamintr	Townhouse



No.	Project	Location	Type of Product
16	• The Colors Premium Bangna	Bangna	Townhouse
17	• The Colors Bangna KM.10	Bangna	Townhouse
18	• The Village Bangna KM.10	Bangna	Townhouse
19	• The Colors Leisure Bangna KM.8	Bangna	Townhouse
20	• The Colors Leisure Bangna KM.10	Bangna	Townhouse
21	• The Colors Bangna Wongwaen	Bangna	Townhouse
22	• The Colors Premium Bangna Wongwaen	Bangna	Townhouse
23	• The Village Bangna Wongwaen	Bangna	Townhouse
24	• The Colors Premium Rangsit-Lumlukka	Rangsit	Townhouse
25	• Areeya Mandarin Sukhumvit 77	Sukhumvit 77	Townhouse
26	• The Colors Donmuang-Songprapa Phase 1	Donmuang-Songprapa	Townhouse
27	• Areeya Brigg Donmuang-Songprapa	Donmuang-Songprapa	Townhouse
28	• The Village Kanjanapisek-Ratchaphruk	Sai Noi	Townhouse
29	• The Colors Premium Kanjanapisek-Ratchaphruk	Sai Noi	Townhouse
30	• The Colors Kanjanapisek-Ratchaphruk	Sai Noi	Townhouse
31	• The Colors Premium Wongwaen Ramintra	Hathairath	Townhouse
32	• The Colors Wongwaen Ramintra	Hathairath	Townhouse
33	• The Colors Premium Wongwaen-Ratchaphruk	Bangbuathong	Townhouse
34	• The Colors Wongwaen-Ratchaphruk	Bangbuathong	Townhouse
35	• The Colors Premium Kanjanapisek-Ratchaphruk 2	Sai Noi	Townhouse
36	• A Space Asoke	Asoke-Ratchada	Condominium

No.	Project	Location	Type of Product
37	• A Space Kaset	Kaset-nawamin	Condominium
38	• A Space Play Ratchada-Suttisan	Ratchada-Suttisan	Condominium
39	• A Space Sukhumvit 77	Sukhumvit 77	Condominium
40	• A Space Me Sukhumvit 77	Sukhumvit 77	Condominium
41	• A Space Me Bangna	Bangna	Condominium
42	• A Space I.D. Asoke-Ratchada	Asoke-Ratchada	Condominium
43	• A Space Me Rattanathibet	Rattanathibet	Condominium
44	• Pickadaily Bangkok	Sukhumvit 77	Community Mall
45	• Life Style Club	Kaset-nawamintr	Community Mall
46	• Areeya Brigg Rangsit-Lumlukka	Rangsit	Townhouse
47	• The Colors Rangsit-Klong 4	Rangsit-Klong 4	Townhouse
48	• The Village Bangna Wongwaen 2	Bangna	Townhouse
49	• The Village Kanjanapisek-Ratchaphruk 2	Sai Noi	Townhouse
50	• The Place Kanjanapisek-Ratchaphruk 2	Sai Noi	Townhouse
51	• The Colors Kanjanapisek-Ratchaphruk 2	Sai Noi	Townhouse
52	• The AVA Residence	Sukhumvit 77	Single Detached House
53	• The Colors Premium Kanjanapisek-Ratchaphruk 3	Sai Noi	Townhouse
54	• Areeya Brigg Bangna KM.10	Bangna	Townhouse
55	• Areeya Brigg Bangna Wongwaen	Bangna	Townhouse
56	• The Colors Wongwaen Ramintra 2	Hathairath	Townhouse
57	• The Colors Mix Rangsit Wongwaen	Rangsit	Townhouse
58	• The Village Rangsit Wongwaen	Rangsit	Townhouse
59	• A Space Mega	Bangna	Condominium
60	• Chalermnit Art De Maison	Sukhumvit	Condominium
61	• The Village Exclusive Bangna	Bangna	Townhouse

No.	Project	Location	Type of Product
62	• The Village Exclusive Bangna 2	Bangna	Townhouse
63	• The Colors Bangna Wongwaen 2	Bangna	Townhouse
64	• Areeya Brigg Rangsit Klong 4	Rangsit	Townhouse

### 3) Previous Performance Results

#### Revenue and Cost

The company's revenues consist of revenue from sales of land and houses which are recognized upon full payment and the land title deeds and constructions had been transferred to the buyers. And service income on house constructions which are recognized in proportion to the stage of completion of the contract.

The revenue recognition schedule for the year 2017, 2016 and 2015 by the type of real estate.

Type	Sales					
	2017		2016		2015	
	Unit	MB	Unit	MB	Unit	MB
Condo	1,881	4,246	491	1,030	354	566
Single Detached house	159	845	161	780	134	616
Townhouse / twin house	2,255	6,035	1,205	3,075	1,267	3,262
Land	1	2	-	-	-	-
<b>Total</b>	<b>4,296</b>	<b>11,128</b>	<b>1,857</b>	<b>4,885</b>	<b>1,755</b>	<b>4,444</b>
% Increase from prior year	131%	128%	6%	10%	77%	63%

Type	Transferred					
	2017		2016		2015	
	Unit	MB	Unit	MB	Unit	MB
Condo	637	1,569	636	1,330	631	762
Single Detached house	155	783	139	686	56	372
Townhouse / twin house	1,034	2,604	1,032	2,627	1,189	3,054
Land	1	2	-	-	2	1,210
<b>Total</b>	<b>1,827</b>	<b>4,958</b>	<b>1,807</b>	<b>4,643</b>	<b>1,878</b>	<b>5,398</b>
% Increase from prior year	1%	6.8%	-4%	-14%	136%	122%

### **Condominium**

For the year 2017, sales of condominiums amounted to Baht 4,246 million which increased from prior year for Baht 3,216 million. The increasing of revenue increase is mainly from the new project launched during the year and the international market expansion including with revenue from the projects continued from last year.

Sales of the year 2017 significantly increased from A Space Mega and A Space I.D. Asoke-Ratchada which generate revenue for Baht 2,808 million. A Space Mega is the new project launched in the year 2017 and A Space I.D. Asoke-Ratchada is the ongoing project from last year.

The Company also launch another new project this year which is Chalermnit Art De Maison and generate revenue for this year for Baht 312 million. Other ongoing projects of the company could also generate more sales in this year as well. Especially in A Space Me Rattanathibet, A Space ME Bangna and A Space Sukhumvit 77, with total sales of Baht 1,121 million. Therefore, the total sales of this year are higher than the prior year.

For the year 2016, sales of condominiums increased from year 2015 due to the new Condominiums are completed and ready to deliver two projects, and combined with the price increase after the pre-sale.

In the year 2016, the company recognized revenue of A Space Me Sukhumvit 77 and A Space Me Bangna, which continues from 2015. The company has a new

project completed and ready for delivery this year namely A Space I.D. Asoke-Ratchada, which has commenced the transfer of ownership in the second quarter of 2016. This year, The revenue recognition of A Space Me Bangna, A Space Me Sukhumvit 77, A Space I.D. Asoke-Ratchada and A Space Me Sukhumvit 77 were worth 336 million baht, 346 million baht, 641 million baht and 7 million baht, respectively.

In the year 2015, sales and revenue recognition of condominiums increased from year 2014 due to condominiums are completed and ready to deliver two projects, total project value of 2,908 million Baht, revenue recognition of 720 million baht.

### **Single Detached House**

For the year 2017, single-detached house sales increased by Baht 65 million from 2016 as a result of the company launching a new project in 2017, “The AVA Residence”, a single detached house project on Sukhumvit 77 with the selling price starting at 30 million. This project generate sales for Baht 123 million. In addition, The Projects that have been in operation since the prior year, such as Areeya Como Bangna-Wongwaen and Areeya Wongwaen-Ramintra also increase sales this year. For this reason, the total sales are higher than the prior year.

For the revenue from transfer of the year 2017, it was increased by Baht 97 million from 2016. The increasing was from a new project in 2017, “The AVA Residence”, a single detached house project

on Sukhumvit 77 which had revenue recognition this year for Baht 74 million and revenue from the Projects that have been transferred since the prior year, such as Areeya Como Bangna - Wongwaen and Areeya Wongwaen – Ramintra also continue transferred this year and recognize revenue for Baht 480 million. For this reason, the revenue from transfers was higher than the prior year.

In year 2016, The Company has launched 3 project include Areeya Donmuang-Songprapa, Areeya Como Ladkrabang-Suvarnabhumi, and Areeya Como Wongwaen-Ratchaphruk with total project value of 916 Million Baht and total revenue recognition amounting to 77 Million Baht in the year 2016. There are two more projects that have been transferred in late 2015, and highly to be transferred in 2016, namely, Areeya Como Bangna KM. 10 and Areeya Como Wongwaen-Ramintra with an increase in transfers from year 2015 of 422 million baht, it is expected to see more revenue in year 2016 than in year 2015.

### **Townhouse**

Townhouse is the main product of the Company and the main target of townhouse project is people with low to medium income level. As of 31 December 2017. The Company has 25 townhouse projects with total project value of 11,828 Million Baht or 4,423 units, and recognize revenue this year for 23 projects, amounting to 2,604 Million Baht.

As of 31 December 2016, there were 30 townhouse projects with total project value of 15,059 Million Baht

or 5,579 units, which included 9 new projects opened in the year 2016, altogether contributed the total project value of 4,260 Million Baht and total revenue recognition amounting to 2,627 Million Baht.

### **• Cost of sales of real estate**

The cost of sales for the year 2017 increased from prior year from Baht 3,056 million to Baht 3,302 million, representing an increase of Baht 246 million or 8%, due to the increase in cost of sales of single detached houses and townhouses by Baht 102 million and increasing in cost of sales of condominiums for Baht 144 million.

The increase of cost of sales was higher in the same way as the sale revenue. Gross margins of 2017 and 2016 are 33% and 34%, respectively.

For the year ended December 31, 2016, the cost of sales of real estate decreased by 23.91% from prior year (cost of sales in 2016 and 2015 amounted to 3,056.22 million baht and 4,016.73 million baht, respectively) mainly due to decrease in cost of sales of real estate from the cost of land sales of Baht 862 million in previous year. However, there is no sale of land in 2016. Therefore, when considering the cost of sales of real estate, only the portion of the house and condo will decrease from last year to 99 million baht. The company has improved cost management makes the perceived cost of home sales fell 317 million baht. The cost of condominium projects increased of Baht 218 million from the previous year due to the transfer

of ownership of the project began in late 2015 and the second quarter of 2016 of two projects namely A Space Me Sukhumvit 77 and A Space ID Asoke – Ratchada.

For the year 2015, Cost of sale of real estate increased from that of the year 2014 as a leap because of revenue recognition for the company's rapid growth. In the second quarter, rise of construction cost around 1 percent of total project value. In this regards, the quality of construction materials is higher in accordance with the material prices in order to deliver high quality products to customers and to be competitive. The company spend much money for construction cost but still maintain the same selling price.

#### • **Gross Profit Margin**

The Company's gross profit for the year 2017 and 2016 is Baht 1,656 million and Baht 1,587 million, or 33.4% and 34.2%, respectively. There was no significant difference in the gross margin for these two years. The company will focus on the efficiency of cost management which will help gross margin to increase further in the future.

The Company has gross profit for the year 2016, 2015 and 2014 amounted to Baht 1,587 million, Baht 1,381 million and Baht 805 million, respectively, or 34%, 26% and 33%, respectively. The increase in gross margin in 2016 is due to the company's higher selling price. The gross margin has increased significantly. And the company has managed its cost of sales more efficiently. The gross margin can be increased over the year 2015. The future trend is to manage the cost of sales more

efficiently. As a result, the gross margin is expected to increase further in the future.

#### • **Unrealized Gain (loss) in Fair Value on Investment Properties**

At 31 December 2017, the Company had unrealized loss in fair value on investment properties of 32.55 Million Baht. The Company presented investment properties in fair value which were appraised by the independent property valuers in the basis of income approach and the principal assumptions used in the appraisal are as follows: Rental rates, increasing rate of rental, discount rates and yields including with revenues from rental and services related to investment property and other types of income of the company as addressed in the appraisal report dated 17 January 2018.

At 31 December 2016, the Company had unrealized loss in fair value on investment properties of 44.41 Million Baht. The Company presented investment properties in fair value which were appraised by the independent property valuers in the basis of income approach as addressed in the appraisal report dated 5 January 2017 and 3 February 2017.

In 2015, the Company had unrealized loss in fair value on investment properties of 25.85 Million Baht. The Company presented investment properties in fair value which were appraised by the independent property valuers in the basis of income approach as addressed in the appraisal report dated 30 December 2015.

### • Selling Expenses

Type	Transferred								
	2017			2016			2015		
	MB	Transferred	% Transferred	MB	Transferred	% Transferred	MB	Transferred	% Transferred
Selling Expenses	742.8	4,958.1	15.0%	519.3	4,643.3	11.2%	535.8	4,187.9**	12.8%
% Increase (Decrease)	223.5		3.8%	(16.5)		(1.6%)	215.6		(0.4%)

\*\* The total revenue for the year 2015 was 5,398.02 million baht, which included the revenue from the sale of land of 1,210.10 million baht to compare the revenue from the transfer of ownership of houses and condominium units. The above transfer figures for the year 2015 do not include revenues from land sales.

The major selling expenses of the Company and its subsidiaries consist of advertising and marketing costs, transfer fees, Special business tax and other sales related expenses. Transfer fees and Special business tax will vary according to the income from the transfer of ownership of real estate.

In 2017, compared with 2016, the company has increased in transfer amount which make the transfer fees and special business tax increase as well. In addition, the cost of advertising has increased especially online media and events, and in 2017, the company expand to international market so this also make the cost of marketing and events increased. As

a result of international market expansion, the company can generate sales over 1,049 million baht, representing 10% of total transfer revenue in 2017.

In the year 2016, Advertising expenses, public relations expense have increased, especially in the billboard, online media and events has increased this year's expenses.

However, in year 2016, the government issued a policy to reduce Transfer fees from 1 percent to just 0.01 percent in January-April 2016, thus resulting in a decrease in selling expense for 2016, even with increased transfers.

### • Administrative expenses

Type	Transferred								
	2017			2016			2015		
	MB	Transferred	% Transferred	MB	Transferred	% Transferred	MB	Transferred	% Transferred
Administrative expenses	577.7	4,958.1	11.7%	523.9	4,643.3	11.3%	436.0	4,187.9**	10.4%
% Increase (Decrease)	53.8		0.4%	87.9		0.9%	42.5		(5.6%)

\*\*\* The total revenue for the year 2015 was 5,398.02 million baht, which included the revenue from the sale of land of 1,210.10 million baht to compare the revenue from the transfer of ownership of houses and condominium units. The above transfer figures for the year 2015 do not include revenues from land sales.

For the year 2017, the Company has administrative expenses of Baht 53.8 million which higher than the year 2016, mainly due to the following expenses.

Maintenance cost for housing stock and cost of project management, these expenses increase by the number of completed stocks and the number of projects which rise from 39 projects in 2016 to 56 projects in 2017. In 2018, the company will focus on project construction and inventory management to reduce these costs.

Employee Costs and Management Fees, these expenses increase from prior year to support the business expansion.

However, the ratio of administrative expenses to transfer amount between 2017 and 2016 was not significantly different. The increase was 0.37% while the transfer amount increased over Baht 315 million.

### • Finance costs

For the year 2017 and 2016, the Company's financial cost was Baht 259 million and Baht 237 million, respectively. Increasing from prior year for Baht 23 million or 10% which resulting from the interest cost from debentures and debenture issuing costs.

During the year 2017, the Company issued debentures amounting to Baht 2,997 million and debenture redemptions of Baht 3,000 million.

For the year 2016, financial cost was in amount of 237 Million and 166 Million Baht in the year 2015 increased by 43 percent. Mainly due to the Company had financial cost from debentures increased. Which in October 2015, the Company issued 1,000 million baht of debentures and 1,353.20 million baht in April 2016, (Redeemed of 511 million baht in April 2016) and issued 647 million baht in October 2016



#### • Net Profit

For the year 2017, the Company's net profit was Baht 98 million, or 2%, while net profit was Baht 263 million or 6% in 2016.

Net profit decreased from prior year for Baht 165 million or 63% due to the increase in selling expenses, such as advertising costs, marketing costs, advertising on billboards and especially online media and events. In addition, in the year 2017, the company expanded its customer base to overseas market. However, the increase in advertising and marketing this year, the company has analyzed the customer thoroughly and use the advertising and marketing tools, both in offline and online to communicate to the potential customers directly including the expansion to overseas market which will be a long-term impact on sales and profits in the future.

In addition, The Company had the actuarial loss of Baht 23 million at the end of year 2017 due to the change in assumptions on employee benefit obligation. However, this item is included in the other comprehensive income statement and has no impact on the Company's earnings per share

For the year 2016, the Company reported net profit of 263 million Baht, increased 22 percent from 217 million Baht in the year 2015. The main factor was the increase in revenue of real estate and effective project cost management.

According to the Company's operation as mentioned above, considering profitability ratio in 2017, 2016 and

2015, the Company had gross profit margin at 33, 34 and 26 percent, respectively, net profit at 1.93, 5.57 and 3.97 percent respectively and return on equity at 2.94, 8.22 and 7.27 percent, respectively.

#### • Important factors which may result to the operation in the future

Real estate business in Bangkok and suburbs shows continuously positive trend, many businesses have plans to invest in land for potential new projects in 2018. Large real estate developer will more focus on middle to high market segments and will likely increase investing in Mixed use projects. Due to higher land cost, only developing in condominium may not meet the breakeven point.

The real estate sector in the province is expected to be stable. Purchases in the provinces are limited and lot of housing stocks are still available. The construction of expressway and expansion of new roads around Bangkok will help to create new locations which suitable for development of real estate projects and also help to diversify the economy.

Real estate developers consider that the investors are the key drivers for the property market recovery, but in the long run, long-term investors who buy property for long-term rent or hold are becoming saturated since the rental yield decrease (Less than 6% per year) which impact to the attraction of investors. Therefore, the demand from the investors in the next phase may not much accelerate because they will invest with more concern. However, Chinese investors are becoming an

increasingly important part of Thailand's Real estate. The price of real estate in some projects and some areas such as Pattaya increased significantly.

In addition, housing loan rejection rate continue to be high, especially in low-to-middle income customers, which is a major obstacle to the business. Commercial banks should have more flexibility in housing loan approval or commercial banks may consider pre-mortgage loans as well as banks in Singapore and

Malaysia to solve the problem of housing loan rejection.

Real estate developers also consider about the commercial rentals such as community mall and mixed use development which continue growing and cause the over supplies problem in some area in the future. The Growth of online business is also one significant threat to the space rental and leasing business and also affect directly to tenants in many businesses, such as clothing stores, schools, tutors, and entertainment.

## 4. Financial position

### 4.1 Assets

	2017	2016	2015
Total assets (Million Baht)	13,510	13,516	12,861
Increase from the previous year (Million Baht)	(6)	655	905
Percentage	(0.0)	5.1	7.6
Real estate projects under development (Million Baht)	11,474	11,396	10,931
Increase from the previous year (Million Baht)	78	465	1,089
Percentage	0.7	4.2	11.1

For the year 2017, compared to 2016, total assets decreased slightly. Due to the decrease in Fixed assets and investment properties with the net increase in real estate projects under development, deposit of land and trade and other receivables.

The decrease in fixed Assets and investment property are due to the depreciation recognized during the year and unrealized losses on fair value of investment properties of Baht 98 million and Baht 33 million, respectively. The increase in real estate projects under

development and the deposit of land is due to the low-rise projects under development in Bangna, Sai Noi and Rangsit and high-rise projects in the Rajdamri and Rattanathibet area, Including additional land acquisition in Bangna, Hatairat, Rangsit and Bang Lamung. For the increase in trade and other receivable was due to the income from penalty of the delayed project.

An increased assets in 2015 to 31 December 2016 was mainly from an increase of Real estate projects under development and deposit land.

In the year 2016, Slightly increased in Real estate projects under development because of launched the new projects in year 2015 in the area Kanjanapisek-Ratchaphruk (Soi noi), Wongwaen Ramintra, Wongwaen Ratchaphruk (Bangbuathong), Rangsit, Ladkrabang-Suvarabhumi and expansion in Bangna. Furthermore, The Company is acquired land in the area Sukhumvit zone.

In the year 2015, Increase in Real estate projects under

development because of launched the new projects in the area Kanjanapisek-Ratchaphruk (Soi noi), Wongwaen Ramintra, Wongwaen Ratchaphruk (Bangbuathong), and expansion in Bangna. Furthermore, The Company also is accelerating condo two projects in the area Sukhumvit and Bangna zone to increase revenue recognition in Quarter 3 and 4 of 2015. Now, the two projects were completed and have been gradually transferred to customers during the period.

#### • Cash and Cash Equivalent

Cash flow for the year ended 31 December 2015 to 2017 as follows.

	2017	2016	2015
Cash flow from operating activity before changing of operating assets and liabilities	524	695	508
Changing of operating assets and liabilities	508	-437	-450
Corporate income tax	-84	-51	-60
<b>Net cash provided by (used in) operating activities</b>	<b>948</b>	<b>207</b>	<b>-2</b>
<b>Net cash provided by (used in) investing activities</b>	<b>-22</b>	<b>-77</b>	<b>-4</b>
<b>Net cash provided by (used in) financing activities</b>	<b>-956</b>	<b>-114</b>	<b>91</b>
Cash and cash equivalent increase/ -decrease	-30	16	85
Cash and cash equivalent at the beginning of the year	321	306	221
<b>Cash and cash equivalent at the end of the year</b>	<b>292</b>	<b>322</b>	<b>306</b>

From the figures of cash flow as of 31 December 2017 above, the Company has balance of cash and cash equivalents decreased from December 31, 2016 amounting to Baht 30 million, resulting from the net cash used in the three operating activities. (1) Cash flow used in operating activities for Baht 22 million (2) Cash flow used in financing activities for Baht 956 million and (3) Cash flow from operating activities for Baht 948 million.

Compared to 2016, cash flow used in investing activities was decreased due to the company decrease in investing in fixed assets from last year. Cash flow used in financing activities increased due to the repayment of short-term loans from financial institutions during the year and change source of fund to long-term loans instead. For the cash flow from operations before changes in operating assets and liabilities which decreased was mainly from the lower operating profit from last year.

As of 31 December 2016, cash and cash equivalent increased from the year 2015 by 16 Million Baht mainly from (1) Net cash provided by operating activities by 207 Million Baht. (Due to investment in real estate project under development and transferred in the period) (2) Net cash used in investing activities by 77 million baht, due to purchase machinery and construction equipment and vehicles. (3) Net cash used in financing activities by 114 million baht, mainly due to repayment of long-term loans from financial institutions, finance costs paid and repayments of debentures totaling 4,132 million baht and decrease in bank overdrafts and short-term loans from financial institutions, repayment of finance lease liabilities, dividends paid totaling 155 million baht (However, the Company had proceeds from issuance of debentures and long-term loans from financial institutions of 4,174 million baht.)

As of 31 December 2015, cash and cash equivalent increased from that of the year 2014 by 85 Million Baht mainly from increase of cash flow from financing activities by 91 Million Baht. As a result of the Company received from the issuance of debentures of 2,000 million in the year 2015, which objective for issue debentures is for repayment all or partially short-term bills of exchange.

#### • Deposits for Land

	2017	2016	2015
Deposits for Land (Million Baht)	292	274	80
Increase/-decrease from the previous year	18	194	-267

As of 31 December 2017, the increase in Deposits for land for Baht 18 Million from year 2016 was from The Company has new deposits for new project in Sainoi and Bang Lamung.

As of 31 December 2016, the increase in Deposits for land for Baht 194 Million from year 2015 was from The Company has new deposits for new project in Rangsit, Sai Ma, the area expansion in Bangna.

As of 31 December 2015, the decrease in deposits for land for Baht 267 Million from year 2014 was from The Company has transferred the land in the area expansion in Bangna, Wongwaen Ratchaphruk (Bangbuathong), Expansion in Kanjanapisek-Ratchaphruk.

#### • Investment properties

	2017	2016	2015
Investment properties (Million Baht)	454	494	535
Increase/-decrease from the previous year	-40	-41	25

As of 31 December 2017, The Company had an investment properties decreased by Baht 40 million or 8% from previous year due to the adjustment of unrealized loss in fair value on investment properties Baht 32 million and the reclassification of investment property into real estate projects under development for Baht 8 million.

As of 31 December 2016, The company had an investment properties of 8 percent which decreased from that of the year 2015 mainly due to the decrease of unrealized gain on fair value adjustment of the previously recognized of community mall.

As of 31 December 2015, The Company had an investment properties of 535 million baht which increased from that of the year 2014 by 25 million baht or 5 percent due to the increase in construction in the community at Kaset-nawamin named “Life Style Club”

In the current period, investment properties named “Pickadaily Bangkok” and “Life Style Club” have been completed. Such investment properties is a shopping center by dividing the space for rent. The investment properties have been presented under fair value method. The fair value has been determined based on valuation performed by an accredited independent valuer, using the income approach as addressed in the appraisal report dated 17 January 2018. The valuation technique used in measuring the fair value of investment properties as rental rate, rental growth rate, Risk-adjusted discount rates, and the rental yield.

#### • Property, plant and equipment

	2017	2016	2015
Property, plant and equipment (Million Baht)	274	400	411
Increase/-decrease from the previous year	-126	-11	11

Property, plant and equipment as of 31 December 2017 decreased from prior year due to the depreciation recognized during the year for Baht 98 million, including reclassification of previously recognized property, plant and equipment to Investment properties for Baht 55 million and also decreasing in investing in fixed assets from prior year.

Decrease in Property, plant and equipment in the year 2016 because of accumulate depreciation and disposal of assets.

On 28 March 2013, the Board of Directors Meeting has approved the Company (the “Leasee”) entered into a land lease agreement ( “Leased Property”) with two directors ( “the lessor) to build a head office building, for a period of 10 years from the date of land lease registration.

Now, the Company and lessor has conclusion that the lessor and the leasee agreed to extend the lease for another 10 years. As for pricing, the rental rates in the 11 to 20 year lease agreement on the new rate at market price or other appropriate price. If the Company agrees to extend the agreement, the Company must submit written notice in advance as stipulated in the

memorandum. Upon the expiry of the lease term of this agreement, or any extension thereof, or upon termination of the agreement due to the fault of the Company, the Company must return the leased asset to the lessor in the same condition as before the lease commenced. The Company must demolish all assets on the leased asset, if not the ownership of assets will be transferred to the lessor without any cost. If the lessor does not intend to receive the assets, the Company has the obligation to pay for any cost, such as demolition cost as stipulated in the memorandum.

Consent to renew the lease for another 10 years, this intended to provide clarity and interest of the Company and its shareholders. However, the amendment to the terms of the lease and duration of the lease agreements have no significant impact on the financial statements of the Company.

As of 31 December 2015, all assets on the leased asset which recognized as Property, Plant and equipment in the statement of financial position were reclassified and newly recognize as "Building on lease land" and change to "prepaid rental expenses" from 2016 onward and the company has also amended the notes to the financial statement regarding the Significant Accounting Policies in the topic of "Building on lease land" to "Prepaid rental expense" and amortized over the estimate useful live of 20 years

As of 31 December 2017, prepaid rental expenses as of 31 December 2017 and 2016 are Baht 136 million and Baht 145 million, respectively, decreased by Baht 9 million from the amortization of the prepaid rental during the year which disclose in the notes to the financial statements no.15 "prepaid rental expenses" and no. 32 "Administrative expenses". The amortization of the prepaid rental is classified as "depreciation and amortization" in Administrative expenses, however, the Company will disclose the amortization of prepaid rental as "rental expense" (Reclassify) to accordance with accounting standards and financial reporting standards in the financial statements for the year 2018

In case the reclassification from "depreciation and amortization" to "rental expense" was made, the amount of depreciation and amortization in notes to the financial statements no.32 for the year 2017 will be decreased from Baht 57 million to Baht 48 million and Baht 53 million to Baht 45 million for the year 2016. Meanwhile, the rental expense will be increased at the same amount of reclassification and no impact to the figure of Statements of comprehensive income.

For the Financial statement As of 31 December 2017, 2016 and 2015 have been reclassified to Prepaid Rental Expense as table below (Decreased from amortization prepaid rental expenses);

(Million Baht)

	2017	2016	2015
Building on lease land (Million baht)	136	145	153
Increase/-decrease from the previous year	-9	-8	-9

• **The adequacy of the provision and allowance for doubtful accounts.**

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

• **The ratio shows the efficiency of major operations.**

Return on assets of the Company As of 31 December 2017, 2016 and 2015 was 2.98, 4.38 and 3.53 percent, respectively due to the Company had net profit in the year 2017 less than 2016. As a result, the return on assets decreased.

**4.2 Liabilities and sources of financing.**

(Million Baht)

	2017	2016	2015
Total liabilities	10,169	10,201	9,771
Increase from the previous year	(32)	430	688
Bank overdrafts and short-term loans from financial institutions	347	1,546	1,610
Current portion of long-term loans from financial institutions	301	492	692
Current portion of debentures	1,000	3,000	1,509
Long-term loans from financial institutions	1,342	214	933
Debentures	5,976	3,990	3,997

As of December 31, 2017, the Company's total liabilities decreased by Baht 32 million from 2016. Overall, the total liabilities of 2017 and 2016 were not significantly different.

During the year 2017, the company change source of fund by reducing short-term loans from financial institutions and increase the portion of long-term loans instead for more efficient in financial liquidity management. For this reason, during the year, a large amount of short-term loans from financial institutions were repay and the borrowings in long-term loans from financial institutions increased.

For the debentures of 2017, during the year, the debentures were redeemed in the amount of Baht 3,000 million, and new debentures for Baht 2,997 million were issued. Therefore, the debentures of the years 2017 and 2016 were not different.

As of 31 December 2016, Total liabilities increased from the year 2015 by 430 million baht mainly due to the Company issued 1,353 million baht of debentures in April 2016 (Redeemed of 511 million baht) and issued 1,647 million baht in October 2016 (Redeemed of 1,000 million baht). However, overdrafts and short-term loans from financial institutions were decreased, resulting in a decrease in liabilities of 64 million baht, a decrease in long-term loans from financial institutions amounting to 919.26 million baht and repayment of financial lease liabilities of 52 million baht.

As of 31 December 2015, Total liabilities increased from the year 2014 by 688 million baht mainly from issuing bond of amount 2,000 million baht. However, the Company repaid bank loans for the project rather than drawdown from bank loan of 816 million baht from the revenues from the sale of real estate more than year 2014. Meanwhile, the company has used proceeds from the issuance of bonds to pay short-term bills of exchange. As a result, short-term bills of decreased of 549 million baht.

#### • **Bank overdrafts and short-term loans from financial institutions**

As of 31 December 2017, Bank overdrafts and short-term loans from financial institutions decreased from the previous year by Baht 1,199 million due to the repayment during the year and decrease in new borrowings, especially in promissory note and change source of fund to long-term loans instead for more efficient in financial liquidity management.

As of 31 December 2016, Bank overdrafts and short-term loans from financial institutions decreased from the previous year by 64 million Baht or 4 percent mainly from promissory notes.

As of 31 December 2015, Bank overdrafts and short-term loans from financial institutions decreased from that of the year 2014 by 549 million Baht or 25 percent because of increase in revenue from sale of real estate. Moreover, in April and October 2015, the Company issued debentures of 2,000 million baht which objective for issue debentures is for repayment all or partially short-term bills of exchange.

#### • **Long-term loans from financial institutions**

As of December 31, 2017, long-term loans from financial institutions increased by Baht 937 million due to the Company change source of funds by reducing the proportion of short-term loans from financial institutions and increase the portion of long-term loans instead for better liquidity management. This year, the



company has borrowed Bath 2,723 million which more than last year and repayment during the year for Baht 1,786 million.

As of 31 December 2016, Long-term loans from financial institutions decreased by 919 million baht or 57 percent from prior year because of increase in revenue from sale of real estate. It can be used to more repayment long-term loan. Moreover, in April 2016 and October 2016, the Company issued debentures of 1,353 million baht and 1,646.80 million baht, respectively. Which objective for repayment the debentures maturing redemption and repayment of such long-term loan because debentures have lower financial costs.

As of 31 December 2015, Long-term loans from financial institutions decreased from that of the year 2014 by 816 million Baht or 33 percent because of increase in revenue from sale of real estate. Moreover, in April and October 2015, the Company issued debentures of 2,000 million baht which objective for issue debentures is for repayment all or partially short-term bills of exchange and using source of fund to reduce draw down long-term loans from financial institutions.

#### • **Debentures**

As of December 31, 2017, the debentures amounted to Baht 6,976 million, a slight decrease from the previous year of Baht 14 million. During the year, the debentures were redeemed in the amount of Baht 3,000 million and debentures were issued at Baht 2,997 million. For the year 2017, the Company issued the debentures as follows:

On January 31 2017, the Company issued Baht 654.5 million of debentures (654,500 units, Baht 1,000 each). The debentures were registered, unsubordinated, unsecured and without a debenture holders' representative and debentures mature on 31 January 2020.

On April 5, 2017, the Company issued Baht 1,500.0 million of debentures (1,500,000 units, Baht 1,000 each). The debentures were registered, unsubordinated and secured and debentures mature on 5 April 2021. The Company has right to redeem this debenture before maturity

On October 31 2017, the Company issued Baht 842.3 million of debentures (842,300 units, Baht 1,000 each). The debentures were registered, unsubordinated, unsecured and without a debenture holders' representative and debentures mature on 30 April 2021.

As of 31 December 2016, the Company had debenture 6,989.50 million baht which increased from the year 2015 by 1,483.55 million baht or 26.94 percent. On 23 February 2016, the Extraordinary Shareholders' Meeting No. 1/2016 approved the issuance and offering of all types of debentures, with and/or without a name registered, the combined total amount not exceeding 3.0 Billion baht by issuing either single or multiple offerings.

On 20 October 2016, the Company issued 646.8 million baht of debentures (646,800 units of Baht 1,000 each). The debentures were registered, unsubordinated, unsecured and without a debenture holders' representative and debentures mature on 20 July 2019.

On 5 October 2016, the Company issued 1,000 million baht of debentures (1,000,000 units of Baht 1,000 each). The debentures were registered, unsubordinated, unsecured and without a debenture holders' representative and debentures mature on 1 October 2020. The Company has right to redeem this debenture before maturity. Meanwhile, the debenture of Areeya Property Public Company Limited No. 1/2015 due B.E. 2016 in amount of 1,000 million baht, which has been fully redeemed by the Company on 5 October 2016.

On 1 April 2016, the Company issued a debentures name of The Debentures of Areeya Property Public Company Limited No. 1/2016 due B.E. 2019 amounting to 1,353.20 million baht. Meanwhile, the debenture of Areeya Property Public Company Limited No. 1/2013 due B.E. 2016 in amount of 511 million baht, which has been fully redeemed by the Company on 12 April 2016.

As of 31 December 2015, the Company had debenture 5,505.95 million baht which increased from the year 2014 by 1,994.95 million baht or 56.82 percent. On 26 February 2015, the Extraordinary Shareholders' Meeting approved the issuance and offering of all types of debentures, with and/or without a name registered, secured and/or unsecured debentures, with and/or without debenture holders representative, subordinated debentures and/or unsubordinated debentures, and perpetual and/or tenured depending on market conditions at the time of offering. The combined total amount not exceeding 2.0 Billion baht by issuing either single or multiple offerings. The Company issued debentures two times during the year 2015.

#### • Short-term Bill of exchange

	2017	2016	2015
short-term Bill of exchange (Million Baht)	70	1,402	1,280
Increase/-decrease from the previous year	(1,332)	122	-316

As of 31 December 2017, short-term bills of exchange amounted to Baht 70 million, a decrease of Baht 1,332 million from the end of last year. It was mainly from the Company policy to change the funding sources from short-term to long-term by reducing short-term bills of exchange and increase the portion of long-term loans instead for more efficient in financial liquidity management.

As of 31 December 2016, Increase in short-term Bill of exchange by 122 Million Baht or 9 percent from year 2015 for working capital in the companies. Because of the Short-term bill of exchange have lower financial costs and unsecured loans.

As of 31 December 2015, Decrease in short-term Bill of exchange by 316 Million Baht or 20 percent from year 2014 due to the Company has issued debentures of 2,000.00 million baht for repayment all or partially of bank overdrafts, short-term loans and loans from the financial institutions.

#### • Equity

As of December 31, 2017, the Company's shareholders' equity was Baht 3,340 million, increasing for Baht 26 million or 1% from the previous year, resulting from an increase in profit for the year 2017 of Baht 98 million and decrease by the payment of dividends during the year 2017 amounting to Baht 48.98 million and the Actuarial loss of Baht 23 million due to the change in assumptions on employee benefit obligation. However, this item is included in the other comprehensive income statement and has no impact on the Company's earnings per share.

As of 31 December 2016, the shareholders Equity of the Company was amount 3,314 million baht which the shareholders Equity increased from year 2015 of amount 224 million baht or 7 percent due to increase in net profit for the year of 263 million baht and dividend payment of 39 million baht during the year 2015.

As of 31 December 2015, the shareholders Equity of the Company was amount 3,090 million baht which the shareholders Equity increased from year 2014 of amount 217 million baht and no dividend payment for the year 2014.

• Liquidity

(Million Baht)

	2017	2016	2015
Cash flow from operating activities before changing of operating assets and liabilities	524	694	508
Changing of operating assets and liabilities	508	-437	-450
Income tax paid	-84	-51	-60
<b>Net cash provided by (used in) operating activities</b>	<b>948</b>	<b>207</b>	<b>-2</b>

Net cash flow from operating activities was increased from last year. The main reason is the cash received from real estate projects during development increased and decrease in the cash used for deposit the land.

In year 2016, as a result of the company focused on developing real estate projects by increasing the construction volume and acquired more land to accommodate new projects that will take place in the future, cash were used in large amount and result in the decrease in cash flow from operating activities. Thus, in year 2017, the company develop the inventory management by controlling the construction volume and accelerate the sale of existing inventories, this make the company had cash received from many development projects during the year 2017 which result in the increasing of operating cash flow.

(Million Baht)

	2017	2016	2015
Net cash provided by (used in) investing activities	-22	-77	-4

Net cash flow used in investment activities in 2017 decreased from 2016 mainly due to the decrease in fixed assets acquisition and the increasing for available cash from the secured bank deposits for letters of guarantee which matured during the year of Baht 32 million.

(Million Baht)

	2017	2016	2015
Net cash provided by (used in) financing activities	-956	-114	91

Net cash flow used in financing activities in 2017 increased from 2016 mainly due to the repayment of debentures due within the year of Baht 3,000 million, repayment of short-term loans from financial institutions amounted to Baht 1,200 million, financial expenses amounted to Baht 595 million and dividend payment for Baht 49 million.

However, during the year, the Company also issued additional debentures and borrowed long-term loans from financial institutions but it was in the less portion than the repayment which making net cash used in financing activities this year was higher than last year.

As of 31 December 2016, The Company had cash flow used in financing activities amounting to 114 million baht, mainly due to repayment of long-term loans from financial institutions, debentures and finance costs paid total amounting to 4,132 million baht, decrease in bank overdrafts and short-term loans from financial institutions, repayment of finance lease liabilities and dividend paid totaling 155 million baht. (However, the company had issued of debentures and proceed from long-term loan from financial institutions during the period amounting to 4,174 million baht).

Cash flow from financing activities in 2015 was mainly provided from issuance of debentures and mainly used for payment of debentures amounting to 2,000 million baht. Regarding long-term loan from financial institution, loan repayment was approximately 816 million baht and repayment short-term Bill of exchange and finance cost of 549 million baht and 486 million baht, respectively.

## • Significant Financial Policy Analysis Ratios

### Liquidity ratio

The Company's liquidity ratio as of December 31, 2017 was 4.75 times and as of December 31, 2016 was 2.07 times, increasing by 2.68 times due to the Company's current liabilities decreased.

The decreasing in current liabilities was mainly from the decrease in short-term loans from financial institutions and debentures due within one year. Short-term loans from financial institutions decreased from the repayment during the year and less borrowing since the Company change to funding from long-term loans instead.

For the debentures due within one year, it was decreased due to the outstanding debentures due within the year 2016 amounting to Baht 3,000 million, while the balance of 2017 are only Baht 1,000 million. As a result of matters above, the current liabilities decreased for the year 2017 and affected to the better liquidity ratio.

As of 31 December 2016, Liquidity ration of the Company was amount of 2.07 times by decrease from 2.44 times from the year 2015. Due to current liabilities increased by 1,152 million baht or 24.65 percent, mainly due to the increase in debentures of 1,491 million baht.

The Company's quick ratio was 0.11 times as of 31 December 2016 by increase from 0.09 times in year 2015. Due to cash and cash equivalents from operating activities of 207 million baht, cash flow used in investing activities and financing activities of 77 million baht and 114 million baht, respectively, resulting in an increase in cash and cash equivalents from year 2015 amount 16 million baht.

#### **Interest coverage ratio**

The Company's interest coverage ratio is 1.55 times as of December 31, 2017 and 2.44 times as of December 31, 2016, which is decrease for 0.89 times. In year 2017, profit before interest expenses and income tax were less than the prior year for Baht 175 million or a decrease of 30%. At the same time, the interest expenses of 2017 is more than the year 2016 of Baht 23 million or 10%. With the proportion of profit decreased, but the interest expenses increased, the interest coverage ratio in 2017 decreased from 2016.

For the Company's interest coverage (Cash basis) is 1.59 times as of December 31, 2017 and 0.50 times as of December 31, 2019, increasing 1.09 times as the Company has cash flow from operating activities in 2017 for Baht 948 million, increased by Baht 741 million from 2016 which had cash flow from operating activities of Baht 207 million. Cash flow from operating activities which increased was mainly from cash received from development of real estate projects and reduction of the cash used for the deposit of land.

The Company's interest coverage ratio is 2.44 times as of 31 December 2016, decrease from 2.63 times in year 2015. The ability to pay interest is derived from income before interest and corporate income tax

divided by financial costs. In year 2016, profit before interest expenses and corporate income tax increased by 140.18 million baht or 32 percent. However, year 2016 financial cost is higher than year 2015 of 70.46 million baht or 42 percent. As a result, interest coverage in year 2016 will decrease from year 2015, while the Company has a 0.50 times as much cash interest coverage ratio as of 31 December 2016, up from 0.12 times in year 2015. The Company's cash flow from operating activities was 206.89 million baht, an increase of 2.14 million baht from the previous year.

#### **Debt to equity ratio**

The Company's debt to equity ratio is 3.04 times as at 31 December 2017 and 3.08 times as at 31 December 2016. The decrease in total debt to equity ratio was mainly from the Company's liabilities decreased and shareholders' equity increased this year. The Company's liabilities decreased as a result of the decreasing of short-term and long-term liabilities from financial institutions including financial lease liabilities which decreased from repayment during the year.

The Company has a total debt to equity ratio of 3.08 times as of 31 December 2016, decrease from 3.16 times in year 2015 and year 2014. The decrease in total debt to equity ratio due to increased recognition of revenue from transfer, including cost management and manage the cost effectively. As a result, the net profit margin increased. As of 31 December 2016, the Company had inventories balance for sale worth 11,396 million baht. Upon transfer of ownership, the debt to equity ratio will gradually decrease.

• **The Maintenance of the net debt to equity ratio**

The Company has reiterated its intention to fully comply with terms and conditions of the maintaining net debt to equity not exceeding the proportion of 3:1 in accordance with the rules stated in the Terms and Conditions clause 6.2. The condition of issuer to comply with clause 6.2.11 the following debentures include:

1) Debentures of Areeya Property Public Company Limited No. 2/2015 due B.E. 2018 with the issuer's right of early redemption.

In addition, the Company has reiterated its intention to fully comply with the terms and conditions of the maintaining net debt to equity of not exceeding the proportion of 3:1 times as specified in the Terms and Conditions of Clause 6.2. The condition of issuer to comply with clause 6.2.11 Financial Conditions Specify net liabilities to be deducted by cash and cash equivalents, current investment and deposits at banks used as collateral for debentures:

2) Debentures of Areeya Property Public Company Limited No. 1/2016 due B.E. 2019.

3) Debentures of Areeya Property Public Company Limited No. 2/2016 due B.E. 2020 with the issuer's right of early redemption.

4) Debentures of Areeya Property Public Company Limited No. 3/2016 due B.E. 2019.

5) Debentures of Areeya Property Public Company Limited No. 1/2017 due B.E. 2020.

6) Debentures of Areeya Property Public Company Limited No. 2/2017 due B.E. 2020. The Company has right to redeem this debenture before maturity

7) Debentures of Areeya Property Public Company Limited No. 3/2017 (No. 1) due B.E. 2021 (Debenture No. 1) and Amortizing debentures of Areeya Property Public Company Limited No. 3/2017 (No. 2) due B.E. 2021 (Debenture No. 2).

As of 31 December 2017, the Company maintained a net debt-to-equity ratio of 2.68 times (as described in clause 6.2.11 for debentures No. 1) and 2.53 times for debentures No. 2) - 5) and No. 7) according to the terms and conditions in clause 6.2.11 and for debentures No. 6) according to the terms and conditions in clause 7.2.11 financial condition; Net debt for ratio calculation is the debt after deduct cash and cash equivalent, short-term investment and deposits at banks used as collateral.

However, the Company has prepared the policies to maintain its debt to equity ratio and capital structure to the appropriate level in the future: 1) Capital Increase Plan, 2) Partial Repayment for Debt from financial institutions and 3) Debenture Partial Redeem Plan and 4) Accelerate the sale and transfer of completed projects in both of low-rise and high-rise projects by launching new promotions and advertisement both offline and on-line to reach the potential customers including with controlling the Company's operating expenses.

As a results of these policies, the Company expect the increase in revenue recognition and decrease in operating expenses which will help the profit increased, debt-to-equity ratio decreased and appropriate structure of Company's capital.

# Board of Directors' Responsibility for Financial Reporting

120

The Board of Directors of Areeya Property Public Co., Ltd. is responsible for financial statements and consolidated financial statements presented in this annual report. The aforementioned financial statements are prepared in accordance with generally accepted accounting principles, using careful judgment and the best estimations. Important information is adequately and transparently disclosed in the notes to financial statements for the company's shareholders and investors.

The Board of Directors has provided and maintained efficient internal controls to ensure that accounting records are accurate, reliable and adequate to protect its assets that may be presented in order to prevent fraud or materially irregular operations.

The financial statements of the company and the consolidated financial statements of the company have been examined by external auditor named Miss Wannisa Ngambuathong, registration no.6838, Dharmniti Auditing Company Limited. To conduct the audits and express an opinion in accordance with generally accepted auditing standards, the auditor was provided with all of the company's records and related data as requested. The auditors' opinion is presented in the auditors' report as part of this annual report.

The Board of Directors is satisfied that an efficient internal audit control is rendered credibility and reliability to financial statements of Areeya Property Public Co., Ltd. And its consolidated financial statements for the year ended December 31, 2017. The Board of Directors also believed that all these financial statements have been prepared in accordance with generally accepted accounting principles and related regulations.



Mr Wisit Laohapoonrungrsee

Chairman and Chief Executive Officer



# Audit Committee Report

## To Shareholders Areeya Property Public Company Limited

The Audit Committee of Areeya Property Public Company Limited consists of 3 independent members; Mr.Wanchai Tantikul as the Chairman and Mr.Preecha Bunyakida as a member of the Audit Committee and Mr.Sompol Thiensuvan as a member of the Audit Committee All members of the Audit Committee are selected from those specialized in finance, law and organization management. They have performed their duties and provided their opinion independently within the scope of duties and responsibilities assigned to them by the Board which are in compliance with the Notification of the Stock Exchange of Thailand regarding Qualifications and Scope of the Operation of the Audit Committee B.E.2008.

In the year 2017, the Audit Committee held 13 meetings which were also attended by the management, chief of internal audit office and representatives from accounting department according to the agenda. Including one meeting was held among the Audit Committee, the External Auditor and the Internal Auditor without management present. The Audit Committee's audits and recommendations given on different occasions can be summarized as follows:

Audit quarterly and annual financial statements of the year 2017 with the cooperation from the management and the CPA, it is of the view that financial reports and transactions with related persons are correctly and adequately prepared with transparency and reliability and they are in accordance with generally accepted accounting standards. Accounting system and financial statements can be relied upon with adequate disclosure of information in such financial statements in a timely manner. They also give observations and acknowledge solutions for the optimal benefit of the company.

- Audit and assess adequacy of internal control system The Audit Committee has reviewed internal control system with the internal control office every quarter and is of the view that the company has adequately implemented internal control system. There is none of material concern or defect. Therefore, confidence is reasonably established that the company has achieved the objectives in respect of efficient and effective operation including assets management, reliability of financial reports and compliance with rules and regulations and policy of the company.

- Supervision of internal control operation The Audit Committee reviewed auditing report for the year 2017 according to the approved work plan in order to enhance efficiency and effectiveness of the operation with well-established internal control system, compliance with laws relating to securities and stock exchange market and other provisions of laws relating to the company's businesses as well as following up the issues needed to be addressed according to internal audit report. In addition, the Audit Committee has also considered auditing plan for 2018 which was prepared on the basis of the assessment of internal controls according to The Committee of Sponsoring Organizations of the Treadway Commission (COSO-2013.)
- Appropriateness of the CPA The Audit Committee is of the view that Dharmniti Auditing Company Limited., the company's auditor in 2017, has no relationship to the company whether through shareholding nor providing other services for the company other than auditing works. They have performed their function appropriately in accordance with auditing professional standards and have good understanding toward the company's businesses.
- Related transactions The Audit Committee has audited related transactions which may cause conflict of interest and is of the view that they were all actual transactions in normal course of business. Their related transactions were disclosed in accordance with the principle of good corporate governance while conflict of interest was prudently avoided in a reasonable and independent manner and all shareholders were treated impartially.

In conclusion, the Audit Committee views that the company bases its operation on good corporate governance and as a result, it has adequately established internal control system without any material shortcoming. Appropriate risk management system is also implemented while statutory requirements are properly met. For the financial statements for the year ended 31 December 2017, there is no such event indicating problem or such item affecting financial status. Preparation of financial statement is properly done with adequate information disclosure and in accordance with accounting standards.

On behalf of the Audit Committee



(Mr. Wanchai Tantikul)

Chairman of the Audit Committee

February 28, 2018

# INDEPENDENT AUDITOR'S REPORT

To The Shareholders and Board of Directors of  
Areeya Property Public Company Limited

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123

## Opinion

I have audited the consolidated financial statements of Areeya Property Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and I have audited the separate financial statements of Areeya Property Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2017, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Areeya Property Public Company Limited and its subsidiaries as at December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended and the separate financial position of Areeya Property Public Company Limited as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Key Audit Matters

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

# INDEPENDENT AUDITOR'S REPORT

## 1. Value of real estate projects under development

Real estate projects under development of the Group mainly consist of land and projects under development, prefabricated houses, sample home and land pending development for sale which are stated at the lower of cost or net realisable value and the Group has to assess the net realisable value of real estate projects under development as at the end of the reporting period. Such value depends on the estimation of forecast selling price and future cost estimates. The uncertainty of such estimates will affect the assessment of the book value of real estate projects under development, estimation of forecast selling price and the cost estimates depend on many factors, market conditions, competition, cost of construction, borrowing cost, including action plans to complete the project. Such estimates require the use of judgment of the management and depend on many factors and various assumptions. As real estate projects under development have significant balance in the consolidated financial statements referring to Note 9 in the notes to the financial statements. According to the consolidated financial statements, the Group has real estate projects under development in the amount of Baht 11,474.27 million. Therefore, I considered this matter to be a significant area of focus in my audit.

### Risk response

My audit approach on such matter includes inquiry, understanding and assessing the process of the net realisable value evaluation process of real estate projects under development of the management, testing internal control of cost estimates preparation and actual cost incurred to date and necessary project cost estimate of completion with related documentation, including verifying the calculation, observing real estate projects under development during the year end and considering the reasonableness of significant assumptions of the appraised value from an independent valuer engaged by the Group, assessing net realisable value against the appraised value from an independent valuer by comparing the carrying amount of real estate projects under development, comparing real estate sale transactions before and after the financial statement date and assessing the adequacy of the information disclosure in accordance with Financial Reporting Standards.

## 2. Investment properties

The Group has investment properties in the consolidated financial statements in the amount of Baht 454.18 million in accordance with Note 13 in the notes to the financial statements and accounting policy No. 4.6 Investment properties are measured at cost on initial recognition and subsequently at fair value. The key item is lease space within the major shopping mall and management is required to apply judgement in the fair value estimation by engaging an independent valuer to assist in valuing the investment properties using the income approach to consider cash flow income and discounted to present value. Such approach requires various assumptions and needs management judgment such as income estimate, expense estimate, revenue growth, interest rate used in discounting cash flow and the estimation of the terminal value. The accuracy of the fair value measurement using such approach depends on the reasonableness of the assumptions used in the calculation. The evaluation of the correctness and appropriateness of assumptions is difficult in the audit because it is a future matter which may involve some uncertainty. Therefore, it is a significant area in my audit.

# INDEPENDENT AUDITOR'S REPORT

## Risk response

125

My audit approach on such matter includes inquiry, understanding and assessing the procedures for fair value estimation of investment properties by management, evaluating the competency of an independent valuer by considering related documentation, observing the actual property location before and after the end of year, considering fair value estimation under income approach approved by management and assessment by independent valuer engaged by the Group, considering key assumptions, calculation method for the estimation of expected cash flow receipt and paid in the future and forecast of rental income growth and actual operation. Additionally, test is conducted with related lease agreements, operation plan and related documentation as well as assessing the adequacy of the information disclosure in accordance with Thai Financial Reporting Standards.

## Other Information

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

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

# INDEPENDENT AUDITOR'S REPORT

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

# INDEPENDENT AUDITOR'S REPORT

- Evaluate the overall presentation, structure and content of the consolidated financial statements and separate financial statements, including the disclosures, and whether the consolidated financial statements and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner responsible for the audit resulting in this independent auditor's report is Miss Wannisa Ngambuathong.



(Miss Wannisa Ngambuathong)

Certified Public Accountant

Registration No. 6838

Dharmniti Auditing Company Limited

Bangkok, Thailand

February 28, 2018

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

128

		In Baht			
ASSETS	Notes	Consolidated Financial Statements		Separate Financial Statements	
		As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6	291,717,334	321,473,416	214,665,087	195,508,337
Current investment	7	83,498	82,704	83,498	82,704
Trade and other receivables	8	94,264,090	39,289,554	575,567,891	364,037,449
Real estate projects under development	9, 11	11,474,271,140	11,395,975,090	9,314,927,115	9,355,531,097
Deposits for land	39	291,599,980	274,390,000	291,599,980	274,390,000
Short-term loans to related parties	5	-	-	1,303,803,663	1,424,455,752
Other current assets	10	90,205,302	61,693,824	75,032,261	59,290,797
<b>Total current assets</b>		12,242,141,344	12,092,904,588	11,775,679,495	11,673,296,136
<b>NON-CURRENT ASSETS</b>					
Deposits at banks used as collateral	11	229,029,066	227,331,586	229,029,066	227,331,586
Investments in subsidiaries	12	-	-	301,999,239	301,999,239
Investment properties	11, 13	454,182,883	494,236,285	416,582,883	456,094,285
Property, plant and equipment	14	274,242,150	399,883,042	260,497,850	373,204,598
Prepaid rental expenses	15	136,318,997	144,864,702	136,318,998	144,864,702
Intangible assets	16	21,074,406	24,827,330	20,422,018	24,775,137
Deferred tax assets	17	37,245,283	15,699,134	10,777,161	10,610,578
Rental deposit	5	60,000,000	60,000,000	60,000,000	60,000,000
Other non-current assets	18	55,564,796	56,028,574	47,482,984	46,476,023
<b>Total non-current assets</b>		1,267,657,581	1,422,870,653	1,483,110,199	1,645,356,148
<b>TOTAL ASSETS</b>		13,509,798,925	13,515,775,241	13,258,789,694	13,318,652,284

Notes to financial statements form an integral part of these statements.



AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2017

129

		In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
LIABILITIES AND SHAREHOLDER' EQUITY	Notes				
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term loans from financial institutions	19.1	347,016,541	1,545,889,707	347,016,541	1,536,831,103
Trade and other payables	20	322,926,215	268,180,831	702,451,769	633,576,231
Current portion of long-term loans from financial institutions	19.3	300,848,589	491,868,955	207,932,543	491,868,955
Short-term loans from related parties	5	-	-	82,238,430	173,679,887
Current portion of long-term loans from other parties	19.2	111,493,133	111,493,133	111,493,133	111,493,133
Current portion of debentures	19.4	1,000,000,000	3,000,000,000	1,000,000,000	3,000,000,000
Current portion of financial lease liabilities	19.5	16,970,757	29,267,075	15,967,846	25,475,943
Construction retentions		177,910,546	209,473,190	146,792,550	162,468,406
Unrecognised income on installments due		229,563,255	89,757,437	229,226,254	89,427,428
Income tax payable		13,532,949	32,710,794	11,414,530	-
Other current liabilities	21	57,322,817	49,822,303	17,868,290	12,162,702
<b>Total current liabilities</b>		<b>2,577,584,802</b>	<b>5,828,463,425</b>	<b>2,872,401,886</b>	<b>6,236,983,788</b>

Notes to financial statements form an integral part of these statements.

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2017

130

		In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
LIABILITIES AND SHAREHOLDER' EQUITY	Notes				
<b>NON-CURRENT LIABILITIES</b>					
Long-term loans from financial institutions	19.3	1,342,350,915	213,782,674	1,256,715,655	148,782,672
Long-term loans from related party	5	-	-	9,700,000	9,700,000
Debentures	19.4	5,976,064,879	3,989,495,963	5,976,064,879	3,989,495,963
Financial lease liabilities	19.5	23,633,427	37,486,113	23,363,387	36,213,162
Utilities guarantees		2,484,780	6,413,823	2,484,780	6,413,823
Employee benefit obligations	22	50,545,877	20,090,434	21,080,624	6,705,576
Long-term lease agreement obligation		66,622,361	3,510,861	66,622,361	3,510,861
Provision for litigation	23	-	11,500,000	-	11,500,000
Other non-current liabilities	24	130,040,254	90,566,243	99,170,831	57,324,709
Total non-current liabilities		7,591,742,493	4,372,846,111	7,455,202,517	4,269,646,766
<b>TOTAL LIABILITIES</b>		10,169,327,295	10,201,309,536	10,327,604,403	10,506,630,554
<b>SHAREHOLDERS' EQUITY</b>					

Notes to financial statements form an integral part of these statements.

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2017

131

		In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
LIABILITIES AND SHAREHOLDER' EQUITY	Notes				
<b>SHAREHOLDERS' EQUITY</b>					
<b>SHARE CAPITAL</b>					
	25				
Authorised share capital		1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000
Issued and paid-up share capital		980,000,000	980,000,000	980,000,000	980,000,000
PREMIUM ON ORDINARY SHARES	26	669,209,894	669,209,894	669,209,894	669,209,894
<b>RETAINED EARNINGS</b>					
Appropriated					
Legal reserve	27	80,873,600	71,903,600	80,873,600	71,903,600
Unappropriated		1,610,388,136	1,593,352,211	1,201,101,797	1,090,908,236
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>3,340,471,630</b>	<b>3,314,465,705</b>	<b>2,931,185,291</b>	<b>2,812,021,730</b>
<b>TOTAL LIABILITIES AND</b>					
<b>SHAREHOLDERS' EQUITY</b>		<b>13,509,798,925</b>	<b>13,515,775,241</b>	<b>13,258,789,694</b>	<b>13,318,652,284</b>

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

132

In Baht					
	Notes	Consolidated Financial Statements		Separate Financial Statements	
		2017	2016	2017	2016
<b>INCOME</b>					
Revenue from sale of real estate	5	4,958,065,429	4,643,249,304	4,079,293,041	3,206,423,284
Interest income	5	5,223,264	5,271,517	81,002,411	80,835,069
Reversal of provision for litigation	23	11,500,000	5,100,000	11,500,000	5,100,000
Other income	5, 30	82,301,963	68,178,459	139,641,562	58,534,890
<b>Total income</b>		<b>5,057,090,656</b>	<b>4,721,799,280</b>	<b>4,311,437,014</b>	<b>3,350,893,243</b>
<b>EXPENSES</b>					
Cost of sale of real estate	9	3,301,617,133	3,056,217,090	2,726,572,127	2,195,858,120
Selling expenses	31	550,883,614	347,038,181	446,111,071	250,313,875
Special Business Tax and transferred fee		191,878,382	172,226,139	158,304,003	120,160,907
Administrative expenses	5, 32	577,687,480	523,936,255	450,631,570	371,272,529
Unrealised losses on fair value of investment properties	13	32,549,000	44,414,000	32,007,000	42,959,000
Finance costs	5, 35	259,855,998	236,802,795	263,274,987	240,640,341
<b>Total expenses</b>		<b>4,914,471,607</b>	<b>4,380,634,460</b>	<b>4,076,900,758</b>	<b>3,221,204,772</b>
Profit (loss) before income tax expense		142,619,049	341,164,820	234,536,256	129,688,471
Income tax expense	36	44,925,746	77,826,002	55,276,377	25,130,859
<b>PROFIT (LOSS) FOR THE YEAR</b>		<b>97,693,303</b>	<b>263,338,818</b>	<b>179,259,879</b>	<b>104,557,612</b>
Other comprehensive income :					
Items that will not be reclassified to profit or loss					
Actuarial losses - net of income tax	22	(22,690,378)	-	(11,099,318)	-
Items that may be reclassified subsequently to profit of loss					
		-	-	-	-
Comprehensive income for the year, net of income tax		(22,690,378)	-	(11,099,318)	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>75,002,925</b>	<b>263,338,818</b>	<b>168,160,561</b>	<b>104,557,612</b>

Notes to financial statements form an integral part of these statements.

# STATEMENT OF COMPREHENSIVE INCOME (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2017

In Thousand Baht					
		Consolidated Financial Statements		Separate Financial Statements	
	Notes	2017	2016	2017	2016
<b>Profit (loss) attributable to</b>					
Shareholders' equity of the parent company		97,693,303	263,338,818	179,259,879	104,557,612
Non-controlling interests		-	-	-	-
		97,693,303	263,338,818	179,259,879	104,557,612
<b>Total comprehensive income attributable to</b>					
Shareholders' equity of the parent company		75,002,925	263,338,818	168,160,561	104,557,612
Non-controlling interests		-	-	-	-
		75,002,925	263,338,818	168,160,561	104,557,612
<b>BASIC EARNINGS PER SHARE OF</b>					
THE PARENT COMPANY					
Profit (loss) for the year (Baht per share)	37	0.10	0.27	0.18	0.11

Notes to financial statements form an integral part of these statements.

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2017

134

In Baht						
Consolidated Financial Statements						
	Note	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings		Total Shareholders' Equity
				Legal Reserve	Unappropriated	
<b>Balance as at January 1, 2016</b>		980,000,000	669,209,894	66,653,600	1,374,460,993	3,090,324,487
Dividend	28	-	-	-	(39,197,600)	(39,197,600)
Comprehensive income for the year						
Profit for the year		-	-	-	263,338,818	263,338,818
Other comprehensive income (expense) for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	263,338,818	263,338,818
Transfer to legal reserve		-	-	5,250,000	(5,250,000)	-
<b>Balance as at December 31, 2016</b>		980,000,000	669,209,894	71,903,600	1,593,352,211	3,314,465,705
Dividend	28	-	-	-	(48,997,000)	(48,997,000)
Comprehensive income for the year						
Profit for the year		-	-	-	97,693,303	97,693,303
Other comprehensive income (expense) for the year		-	-	-	(22,690,378)	(22,690,378)
Total comprehensive income for the year		980,000,000	669,209,894	71,903,600	1,619,358,136	3,340,471,630
Transfer to legal reserve		-	-	8,970,000	(8,970,000)	-
<b>Balance as at December 31, 2017</b>		980,000,000	669,209,894	80,873,600	1,610,388,136	3,340,471,630

Notes to financial statements form an integral part of these statements.

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2017

135

	In Thousand Baht					
	Separate Financial Statements					
	Note	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings Legal Reserve	Unappropriated	Total Shareholders' Equity
<b>Balance as at January 1, 2016</b>		980,000,000	669,209,894	66,653,600	1,030,798,224	2,746,661,718
Dividend	28	-	-	-	(39,197,600)	(39,197,600)
Comprehensive income for the year						
Profit for the year		-	-	-	104,557,612	104,557,612
Other comprehensive income (expense) for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	104,557,612	104,557,612
Transfer to legal reserve		-	-	5,250,000	(5,250,000)	-
<b>Balance as at December 31, 2016</b>		980,000,000	669,209,894	71,903,600	1,090,908,236	2,812,021,730
Dividend	28	-	-	-	(48,997,000)	(48,997,000)
Comprehensive income for the year						
Profit for the year		-	-	-	179,259,879	179,259,879
Other comprehensive income (expense) for the year		-	-	-	(11,099,318)	(11,099,318)
Total comprehensive income for the year		980,000,000	669,209,894	71,903,600	1,210,071,797	2,931,185,291
Transfer to legal reserve		-	-	8,970,000	(8,970,000)	-
<b>Balance as at December 31, 2017</b>		980,000,000	669,209,894	80,873,600	1,201,101,797	2,931,185,291

Notes to financial statements form an integral part of these statements.

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

136

	In Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2017	2016	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit (loss) for the year	97,693,303	263,338,818	179,259,879	104,557,612
Adjustments to reconcile profit (loss) for the period to net cash provided by (used in) from operating activities				
Depreciation and amortization	68,455,407	53,383,608	55,426,432	49,517,024
Loss (gain) on disposal of equipment	7,294,046	(1,710,815)	8,893,483	(1,710,814)
Loss of written off intangible asset	1,169,940	298,637	1,169,941	298,637
Amortisation of premium on debentures	8,273,604	6,086,515	8,273,604	6,086,515
Unrealised losses on fair value of investment properties	32,549,000	44,414,000	32,007,000	42,959,000
Doubtful debt (Reverse)	2,311,176	1,832,467	2,194,901	2,577,904
Allowance for decline in value of real estate projects under development (Reverse)	(6,187,717)	20,681,216	(6,409,304)	14,162,802
Loss of written off other current asset	4,271,527	-	1,050,000	-
Gain from written off construction retentions	(4,463,361)	-	(1,244,027)	-
Homecare warranty and housing estate juristic person expenses	22,596,679	-	20,267,613	-
Finance cost	259,855,998	236,802,795	263,274,987	240,640,341
Unrealised gain on current investment	(794)	(863)	(794)	(863)
Employee benefit obligations	2,092,471	1,986,905	500,900	500,900
Provision for litigation (Reverse)	(11,500,000)	(5,100,000)	(11,500,000)	(5,100,000)
Income tax expense	44,925,746	77,826,002	55,276,377	25,130,859
Interest income	(5,223,264)	(5,271,517)	(81,002,411)	(80,835,069)
Profit (loss) from operations before changes in operating assets and liabilities	524,113,761	694,567,768	527,438,581	398,784,848
Changes in operating assets and liabilities				
Trade and other receivables	(57,285,712)	(6,053,812)	(137,556,803)	(114,270,529)
Real estate projects under development	397,443,763	(138,577,039)	512,117,659	64,857,610
Deposits for land	(17,209,980)	(194,390,000)	(17,209,980)	(194,390,000)
Other current assets	(29,037,436)	4,511,507	(16,791,464)	118,816
Other non-current assets	463,778	(3,530,492)	(1,006,961)	160,118

Notes to financial statements form an integral part of these statements.



# STATEMENT OF CASH FLOWS (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2017

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2017	2016	2017	2016
Trade and other payables	80,012,297	(36,697,271)	86,066,431	18,298,066
Construction retentions	(27,099,283)	1,113,695	(14,431,829)	6,619,483
Unrecognised income on installments due	139,805,818	(76,266,125)	139,798,826	(75,520,134)
Other current liabilities	2,822,214	559,155	2,021,388	(1,561,037)
Utilities guarantee	(3,929,043)	(5,567,823)	(3,929,043)	(5,567,823)
Other non-current liabilities	21,555,632	18,529,502	25,262,708	6,526,816
Cash from operating activities	1,031,655,809	258,199,065	1,101,779,513	104,056,234
Income tax paid	(83,722,715)	(51,304,583)	(41,253,600)	(33,087,806)
<b>Net cash provided by (used in) operating activities</b>	<b>947,933,094</b>	<b>206,894,482</b>	<b>1,060,525,913</b>	<b>70,968,428</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	5,223,264	5,271,517	4,833,871	4,926,620
Increase (decrease) in deposits at banks used as collateral	(1,697,480)	(33,401,641)	(1,697,480)	(33,401,641)
Increase (decrease) in short-term loans from related parties	-	-	120,652,089	3,632,072
Purchase of investment properties	(192,599)	(3,418,863)	(192,599)	(3,418,863)
Purchase of equipments	(26,273,681)	(57,448,286)	(20,474,064)	(44,762,560)
Received from disposal of equipment	3,716,224	13,997,070	1,233,981	4,890,515
Purchase of intangible assets	(2,120,954)	(2,437,225)	(1,494,897)	(2,421,175)
<b>Net cash provided by (used in) investing activities</b>	<b>(21,345,226)</b>	<b>(77,437,428)</b>	<b>102,860,901</b>	<b>(70,555,032)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Finance costs paid	(594,654,633)	(516,728,140)	(590,397,722)	(491,737,261)
Dividend	(48,997,000)	(39,197,600)	(48,997,000)	(39,197,600)
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(1,198,873,166)	(64,417,172)	(1,189,814,562)	(73,475,776)
Increase in short-term loans from related parties	-	-	(91,441,457)	(44,381,635)
Proceed from long-term loans from financial institutions	2,723,060,011	1,173,896,731	2,426,139,005	925,645,202
Repayment of long-term loans from financial institutions	(1,785,512,136)	(2,093,154,392)	(1,602,142,434)	(1,716,032,666)
Proceeds from debentures	2,996,800,000	3,000,000,000	2,996,800,000	3,000,000,000
Repayment of debentures	(3,000,000,000)	(1,511,000,000)	(3,000,000,000)	(1,511,000,000)
Transaction cost from issue of debenture	(18,504,688)	(11,533,139)	(18,504,688)	(11,533,139)
Repayment of finance lease liabilities	(29,662,338)	(51,656,211)	(25,871,206)	(43,729,510)
<b>Net cash provided by (used in) financing activities</b>	<b>(956,343,950)</b>	<b>(113,789,923)</b>	<b>(1,144,230,064)</b>	<b>(5,442,385)</b>

Notes to financial statements form an integral part of these statements.

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# STATEMENT OF CASH FLOWS (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2017

138

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2017	2016	2017	2016
<b>Net increase (decrease) in cash and cash equivalents</b>	(29,756,082)	15,667,131	19,156,750	(5,028,989)
Cash and cash equivalents as at January 1,	321,473,416	305,806,285	195,508,337	200,537,326
<b>Cash and cash equivalents as at December 31,</b>	<b>291,717,334</b>	<b>321,473,416</b>	<b>214,665,087</b>	<b>195,508,337</b>
<b>Non-cash transactions</b>				
Acquisition of equipments under finance leases	2,863,844	24,169,061	2,863,460	23,552,741
Acquisition of intangible under finance lease	649,490	1,937,520	649,490	1,937,520
Depreciation expense which include real estate project under development	43,146,609	41,304,796	38,298,766	32,753,238
Acquisition of asset which is included as a part of real estate under development cost during the year	63,111,500	3,510,861	63,111,500	3,510,861
Acquisition cost which is included as a part of real estate under development cost during the year	290,948,357	290,329,986	295,737,665	274,800,812
Transfer property, plant and equipment to real estate projects under development	52,145,603	-	52,145,603	-
Transfer investment properties to property, plant and equipment	6,080,339	-	6,080,339	-
Transfer investment properties to real estate under development cost	1,616,662	-	1,616,662	-

Notes to financial statements form an integral part of these statements.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

139

### 1. THE OPERATIONS AND OTHER INFORMATION OF THE COMPANY

Areeya Property Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 999 Praditmanutham Road, Kwaeng Saphansong, Khet Wangthonglang, Bangkok.

The Company was listed on the Stock Exchange of Thailand in April 2004.

The Company’s major shareholders during the financial period were Laohapoonrungsee (53.99%) and Porncharoenchaisilp (10.77%) family shareholdings.

The principal business of the Company is the development of real estate projects. Details of the Company’s subsidiaries as at December 31, 2017 and 2016 are given in notes 5 and 12.

### 2. BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 The accompanying consolidated financial statements include the financial statements of Areeya Property Public Company Limited and the following subsidiaries which are owned directly and indirectly by the Company

Name	Business type	Country of registration	Percentage of shareholdings (%)	
			As at December 31, 2017	As at December 31, 2016
<b>Subsidiaries</b>				
Areeya Service Co., Ltd.	After sales services for property	Thailand	99.99	99.99
One Up Co., Ltd.	Construction service	Thailand	99.99	99.99
Areeya Management Co., Ltd.	Development of real estate projects and property management	Thailand	99.99	99.99
Cool Space Co., Ltd.	Development of real estate projects	Thailand	99.99	99.99
White Living Co., Ltd.	Development of real estate projects	Thailand	99.99	99.99
Chill Space Co., Ltd.	Development of real estate projects	Thailand	99.99	99.99
Areeya Hospitality Co., Ltd (Formerly name Areeya Convenience Store Co., Ltd.)	Restaurant (Formerly business Retail)	Thailand	99.97	99.97

#### Significant change in the subsidiaries in during year 2017

On November 3, 2017, Areeya Convenience Store Co., Ltd. has changed its name to Areeya Hospitality Co., Ltd. and registered with Department of Business Development and Ministry of Commerce and change the business nature to restaurant business from retail business.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

140

### 2.2 Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”).

#### Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

### 2.3 The percentage of total assets and total revenues of the subsidiaries included in the consolidated financial statements are as follows:

	Percentage of total assets included in consolidated the statements of financial position as at December 31,		Percentage of total revenues included in consolidated the statements of comprehensive income for the year ended December 31,	
	2017	2016	2017	2016
<b>Subsidiaries</b>				
Areeya Service Co., Ltd.	0.09	0.09	0.01	0.01
One Up Co., Ltd.	3.34	3.42	0.09	0.08
Areeya Management Co., Ltd.	9.90	10.30	9.15	11.60
Cool Space Co., Ltd.	1.48	1.73	0.69	4.80
White Living Co., Ltd.	5.99	3.82	5.62	9.51
Chill Space Co., Ltd.	2.91	3.91	3.59	5.98
Areeya Hospitality Co., Ltd (Formerly name Areeya Convenience Store Co., Ltd.)	0.01	0.01	-	-

2.4 Outstanding balances between the Group, significant intercompany transactions, investment balance in the Company’s books and share capital of the subsidiaries are eliminated from the consolidated financial statements.

2.5 Subsidiaries are fully consolidated in the consolidated financial statement as from the date of acquisition, being the date on which the Company obtains control in the subsidiary until the end of such control.

2.6 The accounting policies of the subsidiaries for similar accounting transactions are the same as the Company.

2.7 Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately from the shareholders’ equity of the parent company.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

## 3. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

141

### 3.1 Basis for preparation of the financial statements

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the financial reporting standards. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re : the financial statements presentation for public limited company, issued under the Accounting Act B.E.2543.

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

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

### 3.2 The accounting standards are effective in the current year

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the revised accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards, which are effective for the fiscal year beginning on or after January 1, 2017 are as follows:

TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events After the Reporting Period
TAS 11 (revised 2016)	Construction Contracts
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 20 (revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 29 (revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2016)	Earnings Per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

142

TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible assets
TAS 40 (revised 2016)	Investment Property
TAS 41 (revised 2016)	Agriculture
TAS 104 (revised 2016)	Accounting for Trouble Debt Restructuring
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments Disclosure and Presentation
TFRS 2 (revised 2016)	Share-Based Payment
TFRS 3 (revised 2016)	Business Combinations
TFRS 4 (revised 2016)	Insurance Contracts
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 10 (revised 2016)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2016)	Operating Leases - Incentives
TSIC 25 (revised 2016)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2016)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2016)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2016)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2016)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2016)	Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2016)	Service Concession Arrangements
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
TFRIC 14 (revised 2016)	TAS 19 (revised 2016)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2016)	Distributions of Non - cash Assets to Owners
TFRIC 18 (revised 2016)	Transfers of Assets from Customers
TFRIC 20 (revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2016)	Levies

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

143

The management of the Group evaluated that these revised accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations do not have any significant impact on the financial statements in current year.

### 3.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

<b>Items</b>	<b>Measurement bases</b>
Investment properties	Fair value
Defined benefit liability	Present value of the defined benefit obligation as explained in note 4.13

### 3.4 Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

### 3.5 Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

- Note 9 Measurement of real estate projects under development: net realisable value;
- Note 17 Recognition of deferred tax assets: future taxable profit against which tax losses carried forward can be used;
- Note 22 Measurement of defined benefit obligations: key actuarial assumptions; and
- Note 23 Recognition and measurement of provisions.

#### Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

144

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobserved inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 13 investment properties; and
- Note 38 financial instruments.

## 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### 4.1 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

### 4.2 Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.



# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

145

## 4.3 Inventories

Construction material are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

## 4.4 Real estate development projects

Real estate development projects are projects for the development of properties with the intention of sale in the ordinary course of business. They are stated at the lower of cost or net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

The cost of real estate development projects comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding real estate development projects are capitalised, on a specific identification basis, as part of the cost of the property until the completion of development.

## 4.5 Investments in subsidiaries

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method.

## 4.6 Investment properties

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost on initial recognition and subsequently at fair value, with any change recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

146

## 4.7 Property, plant and equipment

### Recognition and measurement

#### Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net in profit or loss.

#### Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised 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 profit or loss.

#### Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

147

## Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item. The estimated useful lives are as follows:

Buildings and system	10,15 and 20	years
Leasehold improvement	5	years
Club house and temporary building	20	years
Furniture, fixtures and office equipment	3, 5 and 10	years
Machinery and construction equipment	2 and 5	years
Vehicles	5	years

No depreciation is provided on land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

## 4.8 Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

### Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

### Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Software licenses	5 and 10	years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

148

## 4.9 Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

### Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

### Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 4.10 Prepaid rental expense

Prepaid rental expense is the office building construction on the leased land. Prepaid rental expense is amortised over the estimate useful live of 20 years.

## 4.11 Interest-bearing liabilities

Interest-bearing liabilities are recognised at cost.

## 4.12 Trade and other payables

Trade and other accounts payable are stated at cost.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

149

## 4.13 Employee benefits

### Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

### Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## 4.14 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

## 4.15 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

150

## 4.16 Revenue

Revenue excludes value added taxes and other sales taxes and is arrived at after deduction of trade discounts.

### Sale of goods

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

### Real estate development projects

When the contract meets the criteria for a sale of goods, or if control and significant risks and rewards of ownership of the work in progress are transferred to the buyer at a single time, for example at completion or after delivery, revenue is recognised when the criteria described above for sales of goods are met.

### Investments

Revenue from investments comprises rental income from investment properties, dividend and interest income from investments and bank deposits.

### Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

### Interest income

Interest income is recognised in profit or loss as it accrues.

## 4.17 Finance costs

Interest expenses and similar costs are charged to profit or loss for the year in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of the time to be prepared for its intended use or sale.

## 4.18 Operation lease

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

#### 4.19 Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences. Differences relating to investments in subsidiaries that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

152

Deferred 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 realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### 4.20 Earnings per share

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

#### 4.21 Segment reporting

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## 5. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group Companies are subject to common control or common significant influence. Related parties may be individuals or other entities.



# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

153

Relationships with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Cool Space Co., Ltd.	Thailand	Subsidiary
Chill Space Co., Ltd.	Thailand	Subsidiary
Areeya Management Co., Ltd.	Thailand	Subsidiary
One Up Co., Ltd.	Thailand	Subsidiary
White Living Co., Ltd.	Thailand	Subsidiary
Areeya Service Co., Ltd.	Thailand	Subsidiary
Areeya Convenience Store Co., Ltd. (Formerly name Areeya Convenience Store Co., Ltd.)	Thailand	Subsidiary
Daily By Areeya Co., Ltd.	Thailand	Co-director
A Attitude Co., Ltd.	Thailand	Co-director
At Home Development Co., Ltd.	Thailand	Co-director
The Colors Co., Ltd.	Thailand	Co-director
W Solar & Power Co., Ltd.	Thailand	Co-director
W Power Co., Ltd.	Thailand	Co-director
Tavalamai Co., Ltd.	Thailand	Co-director
Laohapoonrungsee and Porncharoenchaisilp groups	Thailand	The group of major shareholders
Mr. Wisit Laohapoonrungsee	Thailand	A Director of the Company / Group
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director (whether executive or otherwise) of the Group.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

154

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Revenue from sale of real estate	Market price
Interest income	5.45% per annum
Management income / Management fee	Agreed price
Finance costs	Contractually agreed rates/Market price
Land rental	Contractually agreed rates

Significant transactions for the years ended December 31, 2017 and 2016 with related parties were as follows :

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	For the years ended December 31,		For the years ended December 31,	
	2017	2016	2017	2016
<b>Subsidiaries:</b>				
Interest income	-	-	76,169	75,908
Management income	-	-	8,535	12,300
Management fee	-	-	72,486	26,150
Finance costs	-	-	7,871	4,898
<b>Other related parties :</b>				
Revenue from sale of real estate	3,034	50,032	3,034	50,032
Land rental	1,100	1,000	1,100	1,000
<b>Key management personnel compensation:</b>				
Short-term benefits	64,643	59,648	31,253	30,071
Post-employment benefits	1,320	1,193	188	189
<b>Total</b>	<b>65,963</b>	<b>60,841</b>	<b>31,441</b>	<b>30,260</b>

From time to time directors of the Group, or their related entities, purchase real estate from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

The significant outstanding balances with related parties as at December 31, 2017 and 2016 are as follows:

155

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
<b>Trade and other receivables-related parties</b>				
Subsidiaries	-	-	339,604	261,329
<b>Interest receivable - related parties</b> (included in trade and other receivables)				
Subsidiaries	-	-	152,077	75,908
<b>Finance costs - related parties</b> (included in real estate projects under development)				
Subsidiaries	-	-	4,019	5,022
<b>Rental deposit</b>				
Key management	60,000	60,000	60,000	60,000
<b>Trade and other payables - related parties</b>				
Subsidiaries	-	-	422,802	396,833
<b>Accrued interest expense - related parties</b> (included in trade and other payables)				
Subsidiaries	-	-	19,750	11,649
<b>Unrecognised income on installments due</b>				
Key management	2,599	890	2,599	890
<b>Construction retentions - related party</b>				
Subsidiaries	-	-	5,012	5,012

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

156

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at	As at	As at	As at
December	December	December	December	
	31, 2017	31, 2016	31, 2017	31, 2016
<b>Short-term loans to related parties</b>				
Subsidiaries				
Chill Space Co., Ltd.	-	-	180,043	264,557
One Up Co., Ltd.	-	-	202,500	202,500
White Living Co., Ltd.	-	-	112,055	42,928
Areeya Management Co., Ltd.	-	-	809,206	914,471
<b>Total</b>	-	-	1,303,804	1,424,456

Short-term loans to related parties are due at call.

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

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at	As at	As at	As at
December	December	December	December	
	31, 2017	31, 2016	31, 2017	31, 2016
<b>Short-term loans to related parties</b>				
Subsidiaries				
Beginning balance	-	-	1,424,456	1,428,088
Increase	-	-	247,188	349,852
Decrease	-	-	(367,840)	(353,484)
<b>Ending balance</b>	-	-	1,303,804	1,424,456

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

157

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at	As at	As at	As at
December	December	December	December	
	31, 2017	31, 2016	31, 2017	31, 2016
<b>Short-term loans from related parties</b>				
Subsidiaries				
Chill Space Co., Ltd.	-	-	-	78,766
Areeya Management Co., Ltd.	-	-	29,290	14,085
Cool Space Co., Ltd.	-	-	50,988	80,778
White Living Co., Ltd.	-	-	1,960	51
<b>Total</b>	-	-	82,238	173,680

Short-term loans from related parties are due at call.

Movements during for the years ended December 31, 2017 and 2016 of short-term loans from related parties were as follows:

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at	As at	As at	As at
December	December	December	December	
	31, 2017	31, 2016	31, 2017	31, 2016
<b>Short-term loans from related parties</b>				
Subsidiaries				
Beginning balance	-	-	173,680	218,062
Increase	-	-	94,704	302,574
Decrease	-	-	(186,146)	(346,956)
<b>Ending balance</b>	-	-	82,238	173,680

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

158

In Thousand Baht					
Interest rate (% per annum)		Consolidated Financial Statements		Separate Financial Statements	
As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2017

### Long-term loans from related party

#### Subsidiary

Areeya Service Co.,Ltd.	4.75	4.75	-	-	9,700	9,700
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Long-term loans from related party are due at call. However, the subsidiary will not recall loan within 12 months since December 31, 2017.

Due to the requirements of the Land Development Act B.E. 2543, during 2003 to 2012 the Company transferred the title on certain parcels of land used for entrance ways, road and utilities with a cumulative value at December 31, 2017 of Baht 57.4 million (December 31, 2016 : Baht 57.4 million) to a director and its subsidiaries for nil consideration so that the director and its subsidiaries could hold the title of the land on behalf of the Company as a representative for the purposes of entering into any contract in relation to the land. As specified in the agreement, the director and its subsidiaries may not perform any activities on the land. In addition, the director and its subsidiaries have registered the land subject to servitudes and restrictions to the projects of the Company for construction of utilities for the projects without any compensation and with no time limit.

In 2009, a subsidiary also transferred the title of certain parcels of land used as site entrance roads of development projects with a cumulative value at December 31, 2017 of Baht 0.4 million (December 31, 2016 : Baht 0.4 million) to a subsidiary, without any compensation for the subsidiary to hold title to such land on behalf of the subsidiary as a representative for the purposes of entering into any contract in relation to the land. In addition, the subsidiary has registered the land subject to servitudes and restrictions to the projects of the subsidiary for construction of the utilities of the projects without any compensation and with no time limit.

### Contracts with related parties

The Company entered into a land lease agreement with two directors to build a head office building, for a period of 10 years. The lessor promises that upon the expiry of the lease term of 10 years, the lessor will allow an extension for another 10 years and negotiate the new rate at market price or other appropriate price. If the Company agrees to extend the agreement, the Company must submit written notice in advance as stipulated in the memorandum.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

	In Thousand Baht	
	Consolidated Financial Statements/ Separate Financial Statements	
	As at December 31, 2017	As at December 31, 2016
Within one year	1,100	1,100
After one year but within five years	4,730	4,620
After five years	1,331	2,541
<b>Total</b>	<b>7,161</b>	<b>8,261</b>

159

As at December 31, 2017, the Company had commitment up to the end of lease agreement amounting to Baht 7.2 million (December 31, 2016 : Baht 9.3 million). The Company paid rental deposit to the lessor amounting to Baht 60 million to guarantee that the leased asset would not be foreclosed by the financial institution since the lessor agreed to mortgage the leased asset under a credit facility agreement with the financial institution to finance the construction of the office building. The said deposit will be repaid to lessee at the end of the lease on December 31, 2023. Upon the expiration of the lease term of this agreement or expired lease to be extended, no matter how many times to renew or the lease agreement was terminated by the fault of the lessee, the lessee has to manage the leased asset condition as before the rental and demolish all the building on leased asset. If the expiration of the lease period, the Company does not demolish, the Company agrees to obtain the right in building to the lessor's part of land and leased asset without any charge. If lessor does not require the building, the lessee is responsible for any charge such as demolition of building as specified in the memorandum. The Company recognised the construction in prepaid rental expense.

The Company has made an agreement with several subsidiaries to provide back office management service. The service period and service fee are stated in the agreement.

### Other

The Company has guaranteed liabilities of subsidiaries with local banks and the subsidiaries have guaranteed liabilities of the Company and subsidiaries with local banks.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

160

### 6. CASH AND CASH EQUIVALENTS

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
Cash on hand	1,814	1,835	1,814	1,835
Cash at banks - current accounts	1,917	18,724	1,570	14,485
Cash at banks - saving accounts	261,106	260,104	186,959	155,371
Highly liquid short-term investments	-	554	-	-
Cashier cheques to bank for loan repayment and deposit in transit	-	30,570	-	19,276
Cheque in transit	26,880	9,686	24,322	4,541
<b>Total</b>	<b>291,717</b>	<b>321,473</b>	<b>214,665</b>	<b>195,508</b>

Cash and cash equivalents of the Group as at December 31, 2017 and 2016 were denominated entirely in Thai Baht.

### 7. CURRENT INVESTMENTS

	In Thousand Baht			
	Consolidated Financial Statements / Separate Financial Statements			
	As at December 31, 2017		As at December 31, 2016	
	Cost	Fair value	Cost	Fair value
Unit trusts	80	83	80	83

Short-term investment represented investment in unit trusts in fund held for trading.

Short-term investment of the Group as at December 31, 2017 and 2016 were denominated entirely in Thai Baht.



# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

## 8. TRADE AND OTHER RECEIVABLES

161

In Thousand Baht					
	Note	Consolidated		Separate	
		Financial Statements		Financial Statements	
		As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
<b>Trade accounts receivable</b>					
Related party	5	-	-	-	24
Other parties		11,621	12,888	10,837	12,042
<b>Total</b>		11,621	12,888	10,837	12,066
<u>Less</u> allowance for doubtful accounts		(5,524)	(4,409)	(5,405)	(4,351)
<b>Net</b>		6,097	8,479	5,432	7,715
<b>Other receivables</b>					
Related parties	5	-	-	491,681	337,213
Other parties		95,116	36,709	84,423	24,082
<b>Total</b>		95,116	36,709	576,104	361,295
<u>Less</u> allowance for doubtful accounts		(6,949)	(5,898)	(5,968)	(4,973)
<b>Net</b>		88,167	30,811	570,136	356,322
<b>Total trade and other receivables - net</b>		94,264	39,290	575,568	364,037

The movements of the allowance for doubtful debts are as follow :

In Thousand Baht				
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
Allowance for doubtful debts - beginning	(10,307)	(8,474)	(9,324)	(6,746)
<u>Add</u> Additional allowances	(2,310)	(1,833)	(2,193)	(2,578)
<u>Less</u> Reversing of allowances	41	-	41	-
Bad debts	103	-	103	-
<b>Allowance for doubtful debts - ending</b>	(12,473)	(10,307)	(11,373)	(9,324)

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

162

Aging analyses for trade accounts receivable were as follows:

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
<b>Trade accounts receivable</b>				
<b>Related party</b>				
Overdue:				
Over 12 months	-	-	-	24
	-	-	-	24
<b>Other parties</b>				
Within credit term	466	1,214	390	1,117
Overdue:				
Less than 3 months	613	805	458	785
3 - 6 months	598	970	557	914
6 - 12 months	196	2,006	144	1,721
Over 12 months	9,748	7,893	9,288	7,505
	11,621	12,888	10,837	12,042
Less allowance for doubtful accounts	(5,524)	(4,409)	(5,405)	(4,351)
<b>Trade accounts receivable - net</b>	6,097	8,479	5,432	7,715
<b>Other receivables - net</b>	88,167	30,811	570,136	356,322
<b>Total trade and other receivables - net</b>	94,264	39,290	575,568	364,037

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

The movements of the allowance for doubtful debts are as follow :

163

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	For the years ended December 31,		For the years ended December 31,	
	2017	2016	2017	2016
Doubtful debts	2,310	1,833	2,194	2,578
Bad debts	103	-	103	-

The receivables, overdue over 12 months, had the retention and deposit. The Company did not record the allowance for doubtful accounts.

The normal credit term granted by the Group ranges 30 days.

### 9. REAL ESTATE PROJECTS UNDER DEVELOPMENT

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
Cost of projects under development	36,421,516	25,012,395	29,303,127	20,116,843
Land held for development	4,429,397	4,230,113	3,490,318	3,303,292
Sample houses	119,591	122,758	101,575	102,348
House and condominium for sale	3,460,418	3,849,555	2,910,841	3,234,858
Construction materials	3,035	3,000	3,023	3,000
Total	44,433,957	33,217,821	35,808,884	26,760,341
Less Portion transferred to cost of sales	(32,945,192)	(21,801,165)	(26,486,203)	(17,390,647)
	11,488,765	11,416,656	9,322,681	9,369,694
Less allowance for decline in value of real estate projects under development	(14,494)	(20,681)	(7,754)	(14,163)
<b>Net</b>	<b>11,474,271</b>	<b>11,395,975</b>	<b>9,314,927</b>	<b>9,355,531</b>

In year 2017, the allowance for decline in value of real estate projects had decreased by Baht 12.15 million due to the sale in the year.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

164

In Thousand Baht

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at	As at	As at	As at
	December	December	December	December
	31, 2017	31, 2016	31, 2017	31, 2016
Finance costs capitalised during the year	290,948	290,330	295,738	274,801
Rates of interest capitalized (% per annum)	4.40 - 6.90	4.45 - 7.50	4.40 - 6.90	4.45 - 7.50
Real estate projects under development recognised as an expense in 'cost of sales of real estate project':				
- Cost of sale	3,307,805	3,035,536	2,732,981	2,181,695
- Write-down to net realisable value	(6,188)	20,681	(6,409)	14,163
<b>Total</b>	<b>3,301,617</b>	<b>3,056,217</b>	<b>2,726,572</b>	<b>2,195,858</b>

Land and construction thereon of the Group's and Company's projects have been mortgaged as collateral for loans and credit facilities from financial institutions.

### 10. OTHER CURRENT ASSETS

In Thousand Baht

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at	As at	As at	As at
	December	December	December	December
	31, 2017	31, 2016	31, 2017	31, 2016
Advance payment for goods	8,594	14,006	8,594	14,006
Advance payment to contractors	4,788	511	4,714	111
Other prepaid expenses	41,990	17,018	35,257	15,785
Deposits	16,181	24,119	15,361	23,664
Advances	7,772	1,318	6,512	1,120
Input value added tax and others	10,880	4,722	4,594	4,605
<b>Total</b>	<b>90,205</b>	<b>61,694</b>	<b>75,032</b>	<b>59,291</b>

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

11. ASSETS USED AS COLLATERAL

165

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
Saving account	13,772	5,488	13,772	5,488
Fix deposit 12 months	215,257	221,844	215,257	221,844
	229,029	227,332	229,029	227,332
Real estate projects under development	10,147,760	7,042,936	8,203,965	5,486,809
Investment properties	454,183	494,236	416,583	456,094
	10,601,943	7,537,172	8,620,548	5,942,903

Savings accounts, fixed deposit accounts and land are pledged as collateral with bank in respect of letters of guarantee. The issuing bank's letters of guarantee to a government agency are used to guarantee infrastructure for the new developing project of the Group and liabilities to financial.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

166

## 12. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as at December 31, 2017 and 2016, and dividend income from those investments for the years ended December 31, 2017 and 2016, were as follows:

Direct subsidiaries	Type of business	In Thousand Baht													
		Separate Financial Statements													
		Ownership interest		Paid-up capital		Cost method		Impairment		At cost-net		Dividend income			
		As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016	For the years ended December 31, 2017	For the years ended December 31, 2016		
Areeya Service Co., Ltd	After sales services for property	99.99	99.99	10,000	10,000	10,000	10,000	-	-	10,000	10,000	-	-	-	-
One Up Co., Ltd	Construction service	99.99	99.99	100,000	100,000	100,000	100,000	-	-	100,000	100,000	-	-	-	-
Areeya Management Co., Ltd.	Development of real estate projects and property management	99.99	99.99	65,000	65,000	65,000	65,000	-	-	65,000	65,000	-	-	-	-
Cool Space Co., Ltd.	Development of real estate projects	99.99	99.99	60,000	60,000	60,000	60,000	-	-	60,000	60,000	-	-	-	-
White Living Co., Ltd.	Development of real estate projects	99.99	99.99	65,000	65,000	65,000	65,000	-	-	65,000	65,000	-	-	-	-
Chill Space Co., Ltd.	Development of real estate projects	99.99	99.99	1,000	1,000	1,000	1,000	-	-	1,000	1,000	-	-	-	-
Areeya Hospitality Co., Ltd. (Areeya Convenient Store Co., Ltd.)	Retail	99.97	99.97	1,000	1,000	1,000	1,000	-	-	1,000	1,000	-	-	-	-
<b>Total</b>				302,000	302,000	302,000	302,000	-	-	302,000	302,000	-	-	-	-

There was no dividend declared by subsidiaries during the years 2017 and 2016.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

### 13. INVESTMENT PROPERTIES

167

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
Beginning balance	494,236	535,231	456,094	495,634
Additions	193	3,419	193	3,419
Transfer	(7,697)	-	(7,697)	-
Less Unrealised loss from a fair value adjustment	(32,549)	(44,414)	(32,007)	(42,959)
<b>Ending balance</b>	<b>454,183</b>	<b>494,236</b>	<b>416,583</b>	<b>456,094</b>

Investment properties were revalued as at December 31, 2017 and 2016 by a firm of independent valuers, using the income approach.

Investment properties mainly comprise shopping malls, space for rent and construction in progress.

As at December 31, 2017 and 2016, the Company mortgaged certain investment properties as collateral to secure the loan and credit facilities granted by the financial institutions.

#### Measurement of fair value

Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio on an annual basis.

The fair value measurement for investment properties of the Group and the Company as at December 31, 2017 amount of Baht 420.70 million and Baht 383.10 million, respectively, and December 31, 2016 amount of Baht 453.25 million and Baht 415.11 million, respectively, have been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

168

Fair value method Level 3

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

In Thousand Baht

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
Balance at January 1,	453,249	497,663	415,107	458,066
Unrealised change in fair value	(32,549)	(44,414)	(32,007)	(42,959)
<b>Balance at December 31,</b>	<b>420,700</b>	<b>453,249</b>	<b>383,100</b>	<b>415,107</b>

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property of the Group, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows; The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate lease incentive costs such as other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location and lease terms.	<ul style="list-style-type: none"> <li>• Expected market rental growth (5% to 10%).</li> <li>• Occupancy rate (37% to 95%).</li> <li>• Risk-adjusted discount rates (8.02% and 9%).</li> <li>• Rental fee rate around Baht 400 - 650 per square meter per month.</li> </ul>	<p>The estimated fair value increase (decrease) if:</p> <ul style="list-style-type: none"> <li>• Expected market rental growth were higher (lower);</li> <li>• The occupancy rate were higher (lower);</li> <li>• The risk-adjusted discount rate were lower (higher).</li> </ul>



AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

## 14. PROPERTY, PLANT AND EQUIPMENT

169

	Consolidated Financial Statements (In Thousand Baht)				Balance as at December 31, 2017
	Balance as at December 31, 2016	Change in during the year		Transfer in (out)	
		Additions	Deduction		
<b>Cost</b>					
Land	69,895	-	-	6,080	75,975
Building and system	46,824	-	-	-	46,824
Leasehold improvement	2,727	-	-	-	2,727
Clubhouse and temporary building	39,118	-	-	(10,595)	28,523
Furniture, fixtures and office equipment	149,469	6,724	(2,782)	-	153,411
Machinery and construction equipment	266,310	6,901	(58,475)	5,455	220,191
Vehicles	116,588	-	(7,067)	-	109,521
Asset under construction	42,656	15,513	-	(57,601)	568
<b>Total</b>	<b>733,587</b>	<b>29,138</b>	<b>(68,324)</b>	<b>(56,661)</b>	<b>637,740</b>
<u>Less Accumulated depreciation</u>					
Building and system	(10,721)	(3,730)	-	-	(14,451)
Leasehold improvement	(865)	(545)	-	-	(1,410)
Clubhouse and temporary building	(17,131)	(1,956)	-	1,758	(17,329)
Furniture, fixtures and office equipment	(82,014)	(15,930)	2,782	-	(95,162)
Machinery and construction equipment	(147,308)	(63,085)	56,301	-	(154,092)
Vehicles	(75,665)	(12,456)	7,067	-	(81,054)
<b>Total</b>	<b>(333,704)</b>	<b>(97,702)</b>	<b>66,150</b>	<b>1,758</b>	<b>(363,498)</b>
<b>Net</b>	<b>399,883</b>				<b>274,242</b>

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

170

Consolidated Financial Statements (In Thousand Baht)					
	Balance as at	Change in during the year			Balance as at
	December 31, 2015	Additions	Deduction	Transfer in (out)	December 31, 2016
<b>Cost</b>					
Land	67,258	2,637	-	-	69,895
Building and system	46,824	-	-	-	46,824
Leasehold improvement	2,727	-	-	-	2,727
Clubhouse and temporary building	54,556	-	(15,438)	-	39,118
Furniture, fixtures and office equipment	140,496	8,996	(23)	-	149,469
Machinery and construction equipment	250,135	34,130	(17,955)	-	266,310
Vehicles	105,100	22,662	(11,174)	-	116,588
Asset under construction	29,463	13,193	-	-	42,656
<b>Total</b>	<b>696,559</b>	<b>81,618</b>	<b>(44,590)</b>	<b>-</b>	<b>733,587</b>
<u>Less Accumulated depreciation</u>					
Building and system	(6,990)	(3,731)	-	-	(10,721)
Leasehold improvement	(320)	(545)	-	-	(865)
Clubhouse and temporary building	(30,613)	(1,956)	15,438	-	(17,131)
Furniture, fixtures and office equipment	(64,895)	(17,141)	22	-	(82,014)
Machinery and construction equipment	(108,537)	(44,440)	5,669	-	(147,308)
Vehicles	(73,962)	(12,877)	11,174	-	(75,665)
<b>Total</b>	<b>(285,317)</b>	<b>(80,690)</b>	<b>32,303</b>	<b>-</b>	<b>(333,704)</b>
<b>Net</b>	<b>411,242</b>				<b>399,883</b>

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

171

	Separate Financial Statements (In Thousand Baht)				Balance as at December 31, 2017
	Balance as at December 31, 2016	Change in during the year		Transfer in (out)	
		Additions	Deduction		
<b>Cost</b>					
Land	69,895	-	-	6,080	75,975
Building and system	46,824	-	-	-	46,824
Leasehold improvement	2,727	-	-	-	2,727
Clubhouse and temporary building	39,118	-	-	(10,595)	28,523
Furniture, fixtures and office equipment	140,495	5,684	(2,782)	-	143,397
Machinery and construction equipment	180,962	3,702	(20,990)	3,961	167,635
Vehicles	89,352	-	(1,487)	-	87,865
Asset under construction	42,656	13,952	-	(56,107)	501
<b>Total</b>	<b>612,029</b>	<b>23,338</b>	<b>(25,259)</b>	<b>(56,661)</b>	<b>553,447</b>
<u>Less Accumulated depreciation</u>					
Building and system	(10,721)	(3,730)	-	-	(14,451)
Leasehold improvement	(865)	(545)	-	-	(1,410)
Clubhouse and temporary building	(17,131)	(1,956)	-	1,758	(17,329)
Furniture, fixtures and office equipment	(73,878)	(15,428)	2,782	-	(86,524)
Machinery and construction equipment	(86,215)	(46,392)	19,699	-	(112,908)
Vehicles	(50,014)	(11,800)	1,487	-	(60,327)
Total	(238,824)	(79,851)	23,968	1,758	(292,949)
<b>Net</b>	<b>373,205</b>				<b>260,498</b>

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

172

	Separate Financial Statements (In Thousand Baht)				Balance as at December 31, 2016
	Balance as at December 31, 2015	Change in during the year		Transfer in (out)	
		Additions	Deduction		
<b>Cost</b>					
Land	67,258	2,637	-	-	69,895
Building and system	46,824	-	-	-	46,824
Leasehold improvement	2,727	-	-	-	2,727
Clubhouse and temporary building	54,556	-	(15,438)	-	39,118
Furniture, fixtures and office equipment	131,542	8,977	(24)	-	140,495
Machinery and construction equipment	163,993	20,846	(3,877)	-	180,962
Vehicles	77,863	22,662	(11,173)	-	89,352
Asset under construction	29,463	13,193	-	-	42,656
<b>Total</b>	<b>574,226</b>	<b>68,315</b>	<b>(30,512)</b>	<b>-</b>	<b>612,029</b>
<u>Less Accumulated depreciation</u>					
Building and system	(6,990)	(3,731)	-	-	(10,721)
Leasehold improvement	(320)	(545)	-	-	(865)
Clubhouse and temporary building	(30,613)	(1,956)	15,438	-	(17,131)
Furniture, fixtures and office equipment	(57,611)	(16,290)	23	-	(73,878)
Machinery and construction equipment	(52,878)	(34,035)	698	-	(86,215)
Vehicles	(49,441)	(11,747)	11,174	-	(50,014)
<b>Total</b>	<b>(197,853)</b>	<b>(68,304)</b>	<b>27,333</b>	<b>-</b>	<b>(238,824)</b>
<b>Net</b>	<b>376,373</b>				<b>373,205</b>

The gross amount of the Group's fully depreciated plant and equipment that was still in use as at December 31, 2017 and 2016 amounted to Baht 128.14 million and Baht 130.03 million, respectively (the Company as at December 31, 2017 and 2016, amounted to Baht 79.50 millions and Baht 73.00 million, respectively)

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

The Group entered into finance lease contracts for acquiring vehicles and equipments. These contracts will expire in various years until 2021. Under the terms of the lease contracts, the Company and its subsidiaries must comply with certain conditions stipulated in the agreements.

Depreciation charged for the year

173

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
Recognised in:				
- Real estate projects under development	43,146	41,305	38,299	32,753
- Administrative expenses	54,556	39,385	41,552	35,551
<b>Total</b>	<b>97,702</b>	<b>80,690</b>	<b>79,851</b>	<b>68,304</b>

### 15. PREPAID RENTAL EXPENSES

	In Thousand Baht			
	Consolidated / Separate Financial Statements			
	Balance as at December 31, 2016	Change in during the year		Balance as at December 31, 2017
		Increase	Decrease	
Cost - Prepaid rental expenses	170,914	-	-	170,914
Less Amortization	(26,049)	(8,546)	-	(34,595)
<b>Net</b>	<b>144,865</b>			<b>136,319</b>

	In Thousand Baht			
	Consolidated / Separate Financial Statements			
	Balance as at December 31, 2015	Change in during the year		Balance as at December 31, 2016
		Increase	Decrease	
Cost - Prepaid rental expenses	170,914	-	-	170,914
Less Amortization	(17,504)	(8,545)	-	(26,049)
<b>Net</b>	<b>153,410</b>			<b>144,865</b>

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

174

	In Thousand Baht	
	Consolidated / Separate Financial Statements	
	For the year ended December 31,	
	2017	2016
Statement of Comprehensive Income Amortization expense for the year - Admin expenses	8,546	8,545

The Company has mortgaged office building as collateral to secure credit facilities granted by financial institution.

### 16. INTANGIBLE ASSETS

	In Thousand Baht			
	Consolidated Financial Statements			
	Balance as at December 31, 2016	Change in during the year		Balance as at December 31, 2017
		Increase	Decrease	
Cost - Software	46,452	2,770	(1,170)	48,052
Less Amortization	(21,625)	(5,353)	-	(26,978)
<b>Net</b>	<b>24,827</b>			<b>21,074</b>

	In Thousand Baht			
	Consolidated Financial Statements			
	Balance as at December 31, 2015	Change in during the year		Balance as at December 31, 2016
		Increase	Decrease	
Cost - Software	42,747	4,374	(669)	46,452
Less Amortization	(16,543)	(5,453)	371	(21,625)
<b>Net</b>	<b>26,204</b>			<b>24,827</b>

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

175

	In Thousand Baht			Balance as at December 31, 2017
	Separate Financial Statements			
	Balance as at December 31, 2016	Change in during the year		
		Increase	Decrease	
Cost - Software	45,517	2,145	(1,170)	46,492
Less Amortization	(20,742)	(5,328)	-	(26,070)
<b>Net</b>	<b>24,775</b>			<b>20,422</b>

	In Thousand Baht			Balance as at December 31, 2016
	Separate Financial Statements			
	Balance as at December 31, 2015	Change in during the year		
		Increase	Decrease	
Cost - Software	41,827	4,359	(669)	45,517
Less Amortization	(15,692)	(5,421)	371	(20,742)
<b>Net</b>	<b>26,135</b>			<b>24,775</b>

## 17. DEFERRED TAX

17.1 Deferred tax assets and deferred tax liabilities as at December 31, 2017 and 2016 as follows:

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
Deferred tax assets	47,918	23,555	20,849	18,105
Deferred tax liabilities	(10,673)	(7,856)	(10,072)	(7,494)
<b>Net</b>	<b>37,245</b>	<b>15,699</b>	<b>10,777</b>	<b>10,611</b>

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

176

17.2 Changes in deferred tax assets and deferred tax liabilities for the years ended December 31, 2017 and 2016 are summarized as follows:

	In Thousand Baht			
	Consolidated Financial Statements			
	Balance as at Dec. 31, 2016	Revenue (expenses) during the year		Balance as at Dec. 31, 2016
		In profit or loss	In other comprehensive income	
<b>Deferred tax assets</b>				
Allowance for doubtful account	4,060	(1,565)	-	2,495
Allowance for decline in value of real estate projects under development	4,136	(1,237)	-	2,899
A fair value adjustment of investment properties	1,530	6,510	-	8,040
Provision for bonus	3,742	592	-	4,334
Unrecognised income on installment due	3,769	(2,551)	-	1,218
Employee benefit obligations	4,018	419	5,672	10,109
Provision for litigation	2,300	(2,300)	-	-
Loss carry forward	-	17,887	-	17,887
Provision for repair cost	-	935	-	935
<b>Total</b>	<b>23,555</b>	<b>18,690</b>	<b>5,672</b>	<b>47,917</b>
<b>Deferred tax liabilities</b>				
Accumulated depreciation - investment properties	(7,802)	(2,757)	-	(10,559)
Others	(54)	(59)	-	(113)
<b>Total</b>	<b>(7,856)</b>	<b>(2,816)</b>	<b>-</b>	<b>(10,672)</b>
<b>Net</b>	<b>15,699</b>	<b>15,874</b>	<b>5,672</b>	<b>37,245</b>



AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

177

In Thousand Baht				
Consolidated Financial Statements				
	Balance as at Dec. 31, 2015	Revenue (expenses) during the year		Balance as at Dec. 31, 2016
		In profit or loss	In other comprehensive income	
<b>Deferred tax assets</b>				
Allowance for doubtful account	3,694	366	-	4,060
Allowance for decline in value of real estate projects under development	-	4,136	-	4,136
A fair value adjustment of investment properties	-	1,530	-	1,530
Provision for bonus	2,546	1,196	-	3,742
Unrecognised income on installment due	8,032	(4,263)	-	3,769
Employee benefit obligations	3,621	397	-	4,018
Provision for litigation	3,320	(1,020)	-	2,300
Loss carry forward	4,924	(4,924)	-	-
<b>Total</b>	<b>26,137</b>	<b>(2,582)</b>	<b>-</b>	<b>23,555</b>
<b>Deferred tax liabilities</b>				
A fair value adjustment of investment properties	(7,353)	7,353	-	-
Accumulated depreciation - investment properties	(5,040)	(2,762)	-	(7,802)
Others	(103)	49	-	(54)
<b>Total</b>	<b>(12,496)</b>	<b>4,640</b>	<b>-</b>	<b>(7,856)</b>
<b>Net</b>	<b>13,641</b>	<b>2,058</b>	<b>-</b>	<b>15,699</b>

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

178

	In Thousand Baht			
	Separate Financial Statements			
	Revenue (expenses) during the year			Balance as at Dec. 31, 2017
	Balance as at Dec. 31, 2016	In profit or loss	In other comprehensive income	
<b>Deferred tax assets</b>				
Allowance for doubtful account	3,863	(1,588)	-	2,275
Allowance for decline in value of real estate projects under development	2,833	(1,282)	-	1,551
A fair value adjustment of investment properties	2,368	6,400	-	8,768
Provision for bonus	1,652	432	-	2,084
Unrecognised income on installment due	3,748	(2,530)	-	1,218
Employee benefit obligations	1,341	100	2,775	4,216
Provision for litigation	2,300	(2,300)	-	-
Provision for repair cost	-	737	-	737
<b>Total</b>	<b>18,105</b>	<b>(31)</b>	<b>2,775</b>	<b>20,849</b>
<b>Deferred tax liabilities</b>				
Accumulated depreciation - investment properties	(7,479)	(2,499)	-	(9,978)
Others	(15)	(79)	-	(94)
<b>Total</b>	<b>(7,494)</b>	<b>(2,578)</b>	<b>-</b>	<b>(10,072)</b>
<b>Net</b>	<b>10,611</b>	<b>(2,609)</b>	<b>2,775</b>	<b>10,777</b>

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

179

	In Thousand Baht			
	Separate Financial Statements			
	Revenue (expenses) during the year			
	Balance as at Dec. 31, 2015	In profit or loss	In other comprehensive income	Balance as at Dec. 31, 2016
<b>Deferred tax assets</b>				
Allowance for doubtful account	3,348	515	-	3,863
Allowance for decline in value of real estate projects under development	-	2,833	-	2,833
A fair value adjustment of investment properties	-	2,368	-	2,368
Provision for bonus	1,172	480	-	1,652
Unrecognised income on installment due	7,992	(4,244)	-	3,748
Employee benefit obligations	1,241	100	-	1,341
Provision for litigation	3,320	(1,020)	-	2,300
<b>Total</b>	<b>17,073</b>	<b>1,032</b>	<b>-</b>	<b>18,105</b>
<b>Deferred tax liabilities</b>				
A fair value adjustment of investment properties	(6,224)	6,224	-	-
Accumulated depreciation - investment properties	(4,975)	(2,504)	-	(7,479)
Others	(95)	80	-	(15)
<b>Total</b>	<b>(11,294)</b>	<b>3,800</b>	<b>-</b>	<b>(7,494)</b>
<b>Net</b>	<b>5,779</b>	<b>4,832</b>	<b>-</b>	<b>10,611</b>

17.3 Deferred tax assets have not been recognised in respect of the following items:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	For the years ended December 31		For the years ended December 31	
	2017	2016	2017	2016
Loss carry forward	15,927	14,346	-	-

The tax losses expire in 2018 to 2022. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

180

### 18. OTHER NON-CURRENT ASSETS

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
Withholding tax	28,810	30,658	21,363	21,730
Deposits	26,191	25,102	25,650	24,672
Other	564	269	470	74
<b>Total</b>	<b>55,565</b>	<b>56,029</b>	<b>47,483</b>	<b>46,476</b>

### 19. INTEREST-BEARING LIABILITIES

#### 19.1 Bank overdrafts and short-term loans from financial institutions

	Interest rate (% per annum)	In Thousand Baht				
		Consolidated		Separate		
		As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016	
Bank overdrafts	MOR, saving bank account+ fixed number	MOR, saving bank account+ fixed number	2,130	28,807	2,130	19,748
Promissory notes	MLR-fixed number	MLR-fixed number	275,000	115,000	275,000	115,000
Bills of exchange	Government bond yield+ credit spread	Government bond yield+ credit spread	72,000	1,444,000	72,000	1,444,000
Less prepaid interest			(2,113)	(41,917)	(2,113)	(41,917)
Bills of exchange - net			69,887	1,402,083	69,887	1,402,083
<b>Total</b>			<b>347,017</b>	<b>1,545,890</b>	<b>347,017</b>	<b>1,536,831</b>

Bank overdrafts and short-term loans have been secured by certain director and the mortgage of land of projects of the Group and the Company.

As at December 31, 2017, the Group and the Company had bank overdraft credit line with local banks in the amount of Baht 40 million and Baht 30 million, respectively.

As at December 31, 2016, the Group and the Company had bank overdraft credit line with local banks in the amount of Baht 60 million and Baht 50 million, respectively.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

### 19.2 Loans from other parties

181

Movements of loans during for the years ended December 31, 2017 and 2016 were as follows :

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
Beginning balance	111,493	111,493	111,493	111,493
Increase	-	-	-	-
Decrease	-	-	-	-
<b>Ending balance</b>	<b>111,493</b>	<b>111,493</b>	<b>111,493</b>	<b>111,493</b>

As at December 31, 2017 and 2016, the Company had obtained loans from other persons totaling Baht 111.49 million. These loans carried interest at a rate close to fixed interest rate and due at call.

### 19.3 Long-term loans from financial institutions

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
Current				
Current portion	300,849	491,869	207,932-	491,869
Non-current				
Long-term loans from financial institutions	1,342,351	213,783	1,256,716	148,783
<b>Total</b>	<b>1,643,200</b>	<b>705,652</b>	<b>1,464,648</b>	<b>640,652</b>

Movements of long-term loans during for the years ended December 31, 2017 and 2016 were as follows :

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
Beginning balance	705,652	1,624,909	640,652	1,431,039
Increase	2,723,060	1,173,897	2,426,139	925,645
Decrease	(1,785,512)	(2,093,154)	(1,602,143)	(1,716,032)
<b>Ending balance</b>	<b>1,643,200</b>	<b>705,652</b>	<b>1,464,648</b>	<b>640,652</b>

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

182

Long-term loans agreement as at December 31, 2017 and 2016 were as follows:

Agreements	In Million Baht		Contractually interest rate (% per annum)	Repayment
	Balance as at December 31, 2017	2016		
<b>The Company</b>				
Group 1	-	151	MLR-1	Payments of principal are to be made at a percentage of the value of property transferred to customers. The full payment is to be made within 2017.
Group 2	954	159	MLR - 1 to MLR - 0.75	Payments of principal are to be made at a percentage of the value of property transferred to customers. The full payment is to be made within 2021.
Group 3	242	129	MLR - 0.25	Payments of principal are to be made at a percentage of the value of property transferred to customers. The full payment is to be made within 2021.
Group 4	173	201	MLR - 1 to MLR - 0.5	Payments of principal are to be made at a percentage of the value of property transferred to customers. The full payment is to be made within 2022.
Group 5	99	-	MLR - 1	Payments of principal are to be made at a percentage of the value of property transferred to customers. The full payment is to be made within 2021.
<b>Subsidiaries</b>				
Group 1	42	65	MLR - 0.5	Payments of principal are to be made at a percentage of the value of property transferred to customers. The full payment is to be made within 2020.
Group 2	137	-	MLR - 1	Payments of principal are to be made at a percentage of the value of property transferred to customers. The full payment is to be made within 2021.

Long-term loans from financial institutions of the Company and its subsidiaries carry interest at the rate of MLR minus fixed number per annum. The loan agreements also stipulated that loan repayments are to be made proportionately when properties are sold and transferred the right to customers and full payment is to be made within 2022.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

The loan agreements contain covenants pertaining to matters including the maintenance of certain financial ratios, such as debt-to-equity.

As at December 31, 2016, in order to comply with the term and conditions stipulated in some loan agreements, certain amounts of loans have been presented as current liabilities in the statement of financial position.

Long-term loans from financial institutions are secured by the mortgage of property projects and investment properties and office buildings. Some loans from financial institutions are also guaranteed by the subsidiaries, certain directors and the mortgage of land of certain directors.

#### Unutilised credit facilities

As at December 31, 2017, the credit facilities of the Group and the Company which have not yet been drawn down amounted to Baht 4,094.66 million and Baht 3,131.69 million, respectively (December 31, 2016 : Baht 2,494.77 million and Baht 2,049.84 million, respectively).

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

184

## 19.4 Debentures

As at December 31, 2017 and 2016, the debentures of the Company were registered, unsubordinated, unsecured and without a debenture holders' representative, interest is payable quarterly, with face value of Baht 1,000 per unit as follows :

Debtenture	Units (Thousand units)	Issuance date	Term	Maturity date	Interest rate (% per annum)	Consolidated/Separate Financial Statements							
						Current portion			Non-current			Total	
						As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
No. 1/2014	1,500	11 April 2014	3 years	11 April 2017	5.95	-	1,500,000	-	-	-	-	-	1,500,000
No. 2/2014	1,500	31 October 2014	3 years	31 October 2017 or early redemption	5.85	-	1,500,000	-	-	-	-	-	1,500,000
No. 2/2015	1,000	22 October 2015	2 years 11 months 28 days	19 October 2018 or early redemption	5.50 1 <sup>st</sup> year: 5.50 2 <sup>nd</sup> -3 <sup>rd</sup> year:	1,000,000	-	-	1,000,000	-	-	1,000,000	1,000,000
No. 1/2016	1,353	1 April 2016	3 years	1 April 2019	5.45	-	-	1,353,200	1,353,200	1,353,200	1,353,200	1,353,200	1,353,200
No. 2/2016	1,000	5 October 2016	3 years 11 months 26 days	1 October 2020 or early redemption	5.40	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
No. 3/2016	646.8	20 October 2016	2 years 9 months	20 July 2019	5.00	-	-	646,800	646,800	646,800	646,800	646,800	646,800
No. 1/2017	654.5	31 January 2017	3 years	31 January 2020	5.25	-	-	654,500	-	654,500	-	654,500	-
No. 2/2017 *	1,500	5 April 2017	3 years	5 April 2020 or early redemption	5.95	-	-	1,500,000	-	1,500,000	-	1,500,000	-
No. 3/2017	842.3	31 October 2017	3 years 5 months 30 days	30 April 2021	5.95	-	-	842,300	-	842,300	-	842,300	-
Total debentures, at face value						1,000,000	3,000,000	5,996,800	4,000,000	6,996,800	6,996,800	7,000,000	7,000,000
Less deferred transaction costs from issuing of debentures						-	-	(20,735)	(10,504)	(20,735)	(20,735)	(10,504)	(10,504)
<b>Debentures - net</b>						1,000,000	3,000,000	5,976,065	3,989,496	6,976,065	6,976,065	6,989,496	6,989,496

\* Secured bond



# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

### 19.5 Finance lease liabilities

185

Finance lease liabilities as at December 31, 2017 and 2016 were payable as follows:

In Thousand Baht						
Consolidated Financial Statements						
	2017			2016		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	18,779	(1,808)	16,971	32,353	(3,086)	29,267
After one year but within five years	25,074	(1,441)	23,633	40,501	(3,015)	37,486
<b>Total</b>	<b>43,853</b>	<b>(3,249)</b>	<b>40,604</b>	<b>72,854</b>	<b>(6,101)</b>	<b>66,753</b>

In Thousand Baht						
Separate Financial Statements						
	2017			2016		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	17,735	(1,767)	15,968	28,336	(2,860)	25,476
After one year but within five years	24,801	(1,438)	23,363	39,184	(2,971)	36,213
<b>Total</b>	<b>42,536</b>	<b>(3,205)</b>	<b>39,331</b>	<b>67,520</b>	<b>(5,831)</b>	<b>61,689</b>

The Group has entered into the finance lease agreements with leasing company for rental of vehicle and equipment for use in their operations, whereby they are committed to pay rental on a monthly basis. The term of the agreements is generally 3 - 5 years. Finance lease agreements cannot be cancelled.

Interest-bearing liabilities of the Group as at December 31, 2017 and 2016 was denominated entirely in Thai Baht.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

186

### 20. TRADE AND OTHER PAYABLES

In Thousand Baht					
		Consolidated Financial Statements		Separate Financial Statements	
		As at December	As at December	As at December	As at December
Note		31, 2017	31, 2016	31, 2017	31, 2016
Related parties	5	-	-	442,552	408,482
Other parties		322,926	268,181	259,900	225,094
<b>Total</b>		<b>322,926</b>	<b>268,181</b>	<b>702,452</b>	<b>633,576</b>

Trade and other payables of the Group as at December 31, 2017 and 2016 was denominated entirely in Thai Baht.

### 21. OTHER CURRENT LIABILITIES

In Thousand Baht					
		Consolidated Financial Statements		Separate Financial Statements	
		As at December	As at December	As at December	As at December
		31, 2017	31, 2016	31, 2017	31, 2016
Value added tax suspense		47,258	39,405	9,786	4,100
Withholding tax deduct payable		8,938	9,507	7,068	7,339
Advance receive		557	557	557	557
Others		570	353	457	167
<b>Total</b>		<b>57,323</b>	<b>49,822</b>	<b>17,868</b>	<b>12,163</b>

### 22. EMPLOYEE BENEFIT OBLIGATIONS

22.1 Movement of employee benefit obligations for the years ended December 31, 2017 and 2016 shown as follow :

In Thousand Baht					
		Consolidated		Separate	
		Financial Statements		Financial Statements	
		As at	As at	As at	As at
		December	December	December	December
		31, 2017	31, 2016	31, 2017	31, 2016
<b>The statements of financial position</b>					
Employee benefit obligations, beginning of the year		20,090	18,104	6,706	6,205
Current service costs and interest		2,093	1,972	501	501
Past service cost		-	14	-	-
Employee benefit obligations paid		-	-	-	-
Loss estimation over actuarial principles		28,363	-	13,874	-
<b>Employee benefit obligations, ending of the year</b>		<b>50,546</b>	<b>20,090</b>	<b>21,081</b>	<b>6,706</b>

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

The Group recognized actuarial gain in the statements of other comprehensive income.

187

Post-employment defined benefit plans

The Group operates a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E. 2541 to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

22.2 Revenues and expenses recognized in the statement of comprehensive income for the years ended December 31, 2017 and 2016 are as follows:

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
The statement of comprehensive income	2017	2016	2017	2016
<b>Recognized in profit or loss</b>				
Cost of sale of real estate	344	1,324	126	359
Selling expenses	14	14	4	-
Administrative expenses	1,735	648	371	142
<b>Total</b>	<b>2,093</b>	<b>1,986</b>	<b>501</b>	<b>501</b>
<b>Recognized in other comprehensive income</b>				
Loss on actuarial gain loss	28,363	-	13,874	-
<b>Total</b>	<b>28,363</b>	<b>-</b>	<b>13,874</b>	<b>-</b>
<b>Total</b>	<b>30,456</b>	<b>1,986</b>	<b>14,375</b>	<b>501</b>

Gain and loss from the estimate based on actuarial principles recognized in the statement of comprehensive income for the year ended December 31, 2017 arise from

	In Thousand Baht	
	For the year ended December 31, 2017	
	Consolidated	Separate
Recognize in other comprehensive income	Financial Statements	Financial Statements
Improvement from experience	18,015	9,979
Population assumption	1,440	1,091
Financial assumption	8,908	2,804
<b>Total</b>	<b>28,363</b>	<b>13,874</b>

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

188

### 22.3 Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

(% per annum)

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2017	2016	2017	2016
Discount rate	2.39 - 3.12	3.55 - 4.06	3.11	4.06
Inflation rate	2.75	2.50	2.75	2.50
Future salary growth rate	4.00 - 8.00	3.33 - 7.22	8.00	7.22
Employee turnover rate (depending on age)	1.91 - 42.98	0 - 42.00	5.73 - 34.38	0 - 42.00
Mortality rate	table of death B.B.2017	table of death B.B.2008	table of death B.B.2017	table of death B.B.2008

Assumptions regarding future mortality are based on published statics and mortality tables.

At December 31, 2017, the Group has the weighted-average duration of the defined benefit obligation was 9 - 21 years. (Separate financial statements : 16 years).

As at December 31, 2017, the Group expects to pay Baht 7.20 million of long-term employee benefits during the next year (Separate financial statements : Baht 0.98 million).

#### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

In Thousand Baht

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	Increase	Decrease	Increase	Decrease
Defined benefit obligation December 31, 2017				
Discount rate (0.5% movement)	(2,147)	2,331	(1,270)	1,382
Future salary growth rate (1% movement)	4,562	(3,969)	2,704	(2,344)
Employee turnover rate (20% movement)	(5,187)	6,788	(3,570)	4,661

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

189

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	Increase	Decrease	Increase	Decrease
Defined benefit obligation December 31, 2016				
Discount rate (0.5% movement)	(374)	390	(154)	163
Future salary growth rate (0.5% movement)	533	(515)	192	(182)
Employee turnover rate (1% movement)	(1,227)	1,344	(440)	502

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

### 23. PROVISION FOR LITIGATION

Movements of the provision for litigation during years ended December 31, 2017 and 2016 were as follows :

	In Thousand Baht	
	Consolidated/Separate Financial Statements	
	As at December 31, 2017	As at December 31, 2016
Beginning balance	11,500	16,600
Add Increase during the year	-	-
Less Reversed during the year	(11,500)	(5,100)
<b>Ending balance</b>	<b>-</b>	<b>11,500</b>

During the year ended December 31, 2017, the Company reversed the provision for litigation of Baht 11.50 million because the Supreme Court has made the judgement ordering the Company to pay the compensation for Baht 7.75 million. However, the Company has recorded the compensation from the lawsuit in the statement of comprehensive income as administrative expense.

### 24. OTHER NON-CURRENT LEABILITIES

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31, 2017	As at December 31, 2016	As at December 31, 2017	As at December 31, 2016
Advance receipt	103,723	81,858	74,999	49,556
Provision for compensation for housing estate juristic persons	17,918	-	16,583	-
Deposit receipt	8,399	8,708	7,588	7,769
<b>Total</b>	<b>130,040</b>	<b>90,566</b>	<b>99,170</b>	<b>57,325</b>

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

190

### 25. SHARE CAPITAL

	Par value per share in Baht	Consolidated / Separate Financial Statements			
		2017		2016	
		Number (Thousand Shares)	Amount (In Thousand Baht)	Number (Thousand Shares)	Amount (In Thousand Baht)
<b>Authorised</b>					
At January 1,					
- ordinary shares	1	1,200,000	1,200,000	1,200,000	1,200,000
Increase of new shares	1	-	-	-	-
At December 31,					
- ordinary shares	1	1,200,000	1,200,000	1,200,000	1,200,000
<b>Issued and paid-up</b>					
At January 1,					
- ordinary shares	1	980,000	980,000	980,000	980,000
At December 31,					
- ordinary shares	1	980,000	980,000	980,000	980,000

### 26. SHARE PREMIUM

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

### 27. STATUTORY RESERVE

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

Under the terms of the Civil and Commercial Code, twelve subsidiaries is required to set aside as statutory reserve at least 5 percent of its net income at each dividend declaration as the statutory reserve until the statutory reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

191

### 28. DIVIDEND

At the annual general meeting of the shareholders of the Company held on April 24, 2017, the shareholders approved the appropriation of dividend of Baht 0.05 per share, amounting to Baht 49 million. The dividend was paid to the shareholders in May 2017.

At the annual general meeting of the shareholders of the Company held on April 25, 2016, the shareholders approved the appropriation of dividend of Baht 0.04 per share, amounting to Baht 39.20 million. The dividend was paid to the shareholders in May 2016.

### 29. SEGMENT INFORMATION

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

The Group is principally engaged in the real estate business. Their operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

Major customers

For the year, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

### 30. OTHER INCOME

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements	Financial Statements	Financial Statements	Financial Statements
	2017	2016	2017	2016
Management income	-	-	81,021	12,300
Revenue from rental and rendering of services	22,384	16,419	18,875	12,706
Revenue from project management	15,219	13,575	-	-
Others	44,699	38,184	39,746	33,529
<b>Total</b>	<b>82,302</b>	<b>68,178</b>	<b>139,642</b>	<b>58,535</b>

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

192

## 31. SELLING EXPENSES

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2017	2016	2017	2016
Marketing expenses	339,821	228,297	300,198	181,630
Employee benefit expenses	73,751	47,360	27,502	21,973
Others	137,312	71,381	118,411	46,711
<b>Total</b>	<b>550,884</b>	<b>347,038</b>	<b>446,111</b>	<b>250,314</b>

## 32. ADMINISTRATIVE EXPENSES

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	For the years ended		For the years ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Employee benefit expenses	225,268	242,414	109,647	106,641
Depreciation and amortisation	57,487	53,384	52,793	49,517
Common fee charge	50,676	45,405	47,672	43,313
Management fee	-	-	41,930	26,150
Security expenses	18,412	19,428	17,380	18,873
Utility expenses	22,065	16,943	19,224	15,220
Transportation expenses	12,722	22,167	5,509	10,769
Maintenance expenses	17,013	11,168	12,320	8,985
Others	174,044	113,027	144,157	91,805
<b>Total</b>	<b>577,687</b>	<b>523,936</b>	<b>450,632</b>	<b>371,273</b>



# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

### 33. EMPLOYEE BENEFIT EXPENSES

193

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	For the years ended		For the years ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Wages and salaries	226,450	206,261	97,176	81,573
Contributions to provident fund	13,543	11,372	6,581	5,342
Others	59,370	72,127	33,517	41,699
<b>Total</b>	<b>299,363</b>	<b>289,760</b>	<b>137,274</b>	<b>128,614</b>

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 7% of their basic salaries and by the Group at rates ranging from 3% to 7% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

### 34. EXPENSES BY NATURE

Significant expenses by nature are as follows:

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	For the years ended		For the years ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Depreciation and amortisation	68,455	53,384	55,426	49,517
Marketing expenses	339,821	228,297	300,198	181,630
Employee benefit expenses	299,363	289,760	137,274	128,614

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

194

## 35. FINANCE COSTS

		In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		For the years ended December 31,		For the years ended December 31,	
	Note	2017	2016	2017	2016
<b>Interest expense:</b>					
Subsidiaries	5	-	-	7,871	9,920
Interest bearings		535,062	524,528	535,831	503,094
Total interest expenses		535,062	524,528	543,702	513,014
Other finance costs		15,742	2,605	15,311	2,427
<b>Total</b>		550,804	527,133	559,013	515,441
Less amounts included in the cost of qualifying assets:					
- Real estate projects under development	5, 9	(290,948)	(290,330)	(295,738)	(274,801)
Total		(290,948)	(290,330)	(295,738)	(274,801)
<b>Net</b>		259,856	236,803	263,275	240,640

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

195

### 36. TAX EXPENSE (INCOME)

#### 36.1 Major components of tax expense (income)

For the years ended December 31, 2017 and 2016 consisted of:

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements	Financial Statements	Financial Statements	Financial Statements
	2017	2016	2017	2016
<b>Income tax expense (income) shown in profit or loss :</b>				
Current tax expense:				
Income tax expense for the year	60,799	79,884	52,668	29,963
Deferred tax expense (income):				
Changes in temporary differences relating to the original recognition and reversal	(15,874)	(2,058)	2,609	(4,832)
Total	44,925	77,826	55,277	25,131
<b>Income tax relating to components of other comprehensive income :</b>				
Actuarial gains (loss) from post-employee benefit, net of income tax				
	5,672	-	2,775	-

36.2 A numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate for the years ended December 31, 2017 and 2016 which are summarized as follows:

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements	Financial Statements	Financial Statements	Financial Statements
	2017	2016	2017	2016
Accounting profit (loss) for the period	142,619	341,165	234,536	129,688
The applicable tax rate (%)	20%	20%	20%	20%
Tax expense (income) at the applicable tax rate	28,524	68,233	46,907	25,938
Reconciliation items:				
Tax effect of expenses that are not deductible in determining tax profit:				
- Expenses not allowed as expenses in determining taxable profit	11,166	1,727	10,658	769

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

196

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2017	2016	2017	2016
Tax effect of income or profit that are not required in determining taxable profit:				
- Exemption of non-taxable dividend income	(2,042)	(1,054)	(2,022)	(1,107)
- Additional expense deductions allowed	(872)	(1,384)	(267)	(469)
- Current year losses for which no deferred tax asset was recognized	1,516	1,892	-	-
- Eliminate income	6,633	8,412	-	-
Total reconciliation items	16,401	9,593	8,369	(807)
<b>Total tax expense (income)</b>	<b>44,925</b>	<b>77,826</b>	<b>55,276</b>	<b>25,131</b>

36.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate for the years ended December 31, 2017 and 2016 are summarized as follows:

	Consolidated Financial Statements			
	2017		2016	
	Tax amount (In Baht)	Tax rate (%)	Tax amount (In Baht)	Tax rate (%)
Accounting profit (loss) before tax expense for the year	142,619		341,165	
Tax expense (income) at the applicable tax rate	28,524	20.00	68,233	20.00
Reconciliation items	16,401	11.50	9,593	2.81
Tax expense (income) at the average effective tax rate	44,925	31.50	77,826	22.81

	Separate Financial Statements			
	2017		2016	
	Tax amount (In Baht)	Tax rate (%)	Tax amount (In Baht)	Tax rate (%)
Accounting profit (loss) before tax expense for the year	234,536		129,688	
Tax expense (income) at the applicable tax rate	46,907	20.00	25,938	20.00
Reconciliation items	8,369	3.57	(807)	(0.62)
Tax expense (income) at the average effective tax rate	55,276	23.57	25,131	19.38

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

### 37. BASIC EARNINGS PER SHARE

197

The calculations of basic earnings per share for the years ended December 31, 2017 and 2016 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the year as follows :

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	For the years ended		For the years ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Profit attributable to ordinary shareholders of the Company (basic) (Thousand Baht)	97,693	263,339	179,260	104,558
Number of ordinary shares outstanding (Thousand shares)	980,000	980,000	980,000	980,000
Earnings per share (basic) (Baht per share)	0.10	0.27	0.18	0.11

### 38. Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group is primarily exposed to interest rate risk from its borrowings. The Group does not use derivative financial instrument to manage exposure to fluctuations in interest rates on specific borrowings. Interest rate from borrowings is according to market interest rates.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

198

### Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the 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 balance sheet. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

### Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

### Fair value of financial instrument

The Group uses the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

The following table shows the carrying amounts and fair values of financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Consolidated Financial Statements (In Thousand Baht)			
	Level 1	Level 2	Level 3	Total
<b>As at December 31, 2017</b>				
<b>Assets measured at fair value</b>				
Current investments				
- Unit trust	-	83	-	83
<b>Financial liability not measured at fair value</b>				
- Debentures	-	7,020,653	-	7,020,653

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

	Consolidated Financial Statements (In Thousand Baht)			
	Level 1	Level 2	Level 3	Total
<b>As at December 31, 2016</b>				
<b>Assets measured at fair value</b>				
Current investments				
- Unit trust	-	83	-	83
Financial liability not measured at fair value				
- Debentures	-	6,994,018	-	6,994,018
<b>As at December 31, 2017</b>				
<b>Assets measured at fair value</b>				
Current investments				
- Unit trust	-	83	-	83
Financial liability not measured at fair value				
- Debentures	-	7,020,653	-	7,020,653
<b>As at December 31, 2016</b>				
<b>Assets measured at fair value</b>				
Current investments				
- Unit trust	-	83	-	83
Financial liability not measured at fair value				
- Debentures	-	6,994,018	-	6,994,018

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

200

### Valuation techniques on fair value and inputs for Level 2 valuations

The fair value of investments in non-listed investment units on the Stock Exchange of Thailand, is calculated by using the net assets value per unit as announced by the fund managers.

Type	Valuation technique
Current investment	Market comparison technique: The fair values are based on the net value per unit as announced by the fund manager.
Debentures	Market comparison technique: The fair values are based on quoted selling prices from Thai Bond Market Association.

During the current year, there were no transfers within the fair value hierarchy.

### 39. COMMITMENTS WITH NON-RELATED PARTIES

As at December 31, 2017 and 2016, the Company and subsidiaries had commitments as follows:

- 39.1 As at December 31, 2017, the Company and its subsidiaries have commitments relating to project development contracts amounting to Baht 595.73 million (As at December 31, 2016 : Baht 642.47 million).
- 39.2 During 2011, the Company entered into a Joint Developing Area agreement with an Association with a lease period of not less than 30 years. The Company must comply with terms and conditions stipulated in the agreement.
- 39.3 In January 2016, the Company entered into a sale and purchase agreement of land amounting to Baht 228.00 million for a property development project. As at December 31, 2017, the Company had paid Baht 114.00 million for deposit. (As at December 31, 2016 : Baht 73.00 million).
- 39.4 In October 2016, the Company entered into a sale and purchase agreement of land amounting to Baht 118.00 million for a property development project. As at December 31, 2017, the Company had paid Baht 57.60 million for deposit. (As at December 31, 2016 : Baht 55.00 million).
- 39.5 In April 2017, the Company entered into a sale and purchase agreement of land amounting to Baht 414.89 million for a property development project. As at December 31, 2017, the Company had paid Baht 70.00 million for deposit.
- 39.6 In October 2017, the Company entered into a sale and purchase agreement of land amounting to Baht 132.67 million for a property development project. As at December 31, 2017, the Company had paid Baht 40.00 million for deposit.
- 39.7 In November 2017, the Company entered into a sale and purchase agreement of land amounting to Baht 101.43 million for a property development project. As at December 31, 2017, the Company had paid Baht 10.00 million for deposit.



# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

39.8 Non-cancellable operating lease commitments

201

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at	As at	As at	As at
	December	December	December	December
	31, 2017	31, 2016	31, 2017	31, 2016
Future minimum lease payment under non-cancellable operating leases				
Within one year	28,668	2,731	28,668	2,731
After one year but within five years	115,001	12,391	115,001	12,391
After five years	745,664	66,913	745,664	66,913
<b>Total</b>	<b>889,333</b>	<b>82,035</b>	<b>889,333</b>	<b>82,035</b>

The Company has lease agreements of land rental for periods of 1 and 30 years ended 2049.

39.9 As at December 31, 2017, the Group and the Company have outstanding bank guarantees of Baht 724.73 million and Baht 594.06 million, respectively. (As at December 31, 2016 and amount of Baht 838.3 million and Baht 679.6 million, respectively.)

#### 40. CONTINGENT LIABILITIES

As at December 31, 2017, the Company had contingent liabilities from the charges filed by other company and persons in total of 4 lawsuits on the breach of agreement. The capital amount sued for damage claim and others amounted to Baht 104 million. Presently, the cases are under consideration of the court. The Court of First Instance had ruled in one case for the Company to pay Baht 14.75 million. Now the Company is filing an appeal on the court's decision.

However, the Company's management expects that no significant damage will be incurred. Therefore, the Company did not record the provisions for contingent liabilities and damage from the cases mentioned in the financial statements.

#### 41. EVENTS AFTER THE REPORTING PERIOD

On February 14, 2018, the Company has made an addendum to revise the financial support agreement with a financial institution to extend the credit facility for Baht 120.31 million.

#### 42. THE REVISED ACCOUNTING STANDARDS ARE NOT YET EFFECTIVE IN THE CURRENT YEAR

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the use of accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards that are revised.

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

202

These revised accounting standards which are effective for the fiscal year beginning on or after January 1, 2018 are as follows:

TAS 1 (revised 2017)	Presentation of Financial Statements
TAS 2 (revised 2017)	Inventories
TAS 7 (revised 2017)	Statement of Cash Flows
TAS 8 (revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2017)	Events After the Reporting Period
TAS 11 (revised 2017)	Construction Contracts
TAS 12 (revised 2017)	Income Taxes
TAS 16 (revised 2017)	Property, Plant and Equipment
TAS 17 (revised 2017)	Leases
TAS 18 (revised 2017)	Revenue
TAS 19 (revised 2017)	Employee Benefits
TAS 20 (revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2017)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2017)	Borrowing Costs
TAS 24 (revised 2017)	Related Party Disclosures
TAS 26 (revised 2017)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2017)	Separate Financial Statements
TAS 28 (revised 2017)	Investments in Associates and Joint Ventures
TAS 29 (revised 2017)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2017)	Earnings Per Share
TAS 34 (revised 2017)	Interim Financial Reporting
TAS 36 (revised 2017)	Impairment of Assets
TAS 37 (revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2017)	Intangible assets
TAS 40 (revised 2017)	Investment Property
TAS 41 (revised 2017)	Agriculture
TFRS 2 (revised 2017)	Share-Based Payment
TFRS 3 (revised 2017)	Business Combinations
TFRS 4 (revised 2017)	Insurance Contracts
TFRS 5 (revised 2017)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2017)	Exploration for and Evaluation of Mineral Resource
TFRS 8 (revised 2017)	Operating Segments
TFRS 10 (revised 2017)	Consolidated Financial Statements

# AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

203

TFRS 11 (revised 2017)	Joint Arrangements
TFRS 12 (revised 2017)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2017)	Fair Value Measurement
TSIC 10 (revised 2017)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2017)	Operating Leases - Incentives
TSIC 25 (revised 2017)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2017)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2017)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2017)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2017)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2017)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2017)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2017)	Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2017)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2017)	Service Concession Arrangements
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 14 (revised 2017)	TAS 19 (revised 2017)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2017)	Distributions of Non - cash Assets to Owners
TFRIC 18 (revised 2017)	Transfers of Assets from Customers
TFRIC 20 (revised 2017)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2017)	Levies

The management of the Group believe that these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standards interpretations which are revised will not have any significant impact on the financial statements for the year when they are initially applied.

#### 43. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Company's Directors on February 28, 2018.





