

**PACE DEVELOPMENT CORPORATION
PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

Financial Statements

For the Year Ended December 31, 2016

and Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Pace Development Corporation Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Pace Development Corporation Public Company Limited and its subsidiaries ("the Group"), and of Pace Development Corporation Public Company Limited ("the Company"), which comprise the consolidated and separate statements of financial position as at December 31, 2016, and the consolidated and separate statements of comprehensive income, changes in equity and 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial positions of the Group and the Company as at December 31, 2016, and their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audits 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 Consolidated and Separate Financial Statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audits of the consolidated and separate 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.

Emphasis of Matter

I draw attention to Note 2 to the financial statements that the consolidated financial statements for the year ended December 31, 2016 included financial statements for the year then ended of three subsidiaries, which have been prepared based on quantitative information of construction area of each project of such subsidiaries. However, my opinion is not modified in respect of the matter emphasized.

Key Audit Matters

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

Key Audit Matter Details	Auditor's Approach
<p data-bbox="245 289 833 342"><i>Assessment of impairment loss on trademark and trade name, franchise agreements and goodwill</i></p> <p data-bbox="245 394 833 569">The Group has significant indefinite useful life of trademark and trade name and definite useful lives of franchise agreements in food and beverage business. In addition, the Group has significant goodwill derived from business combination by acquisition method of food and beverage business and MahaNakhon Project.</p> <p data-bbox="245 604 833 894">According to Thai Financial Reporting Standards, the Group has to prepare an impairment test analysis on trademark and trade name, franchise agreement and goodwill on an annual basis. The recoverable amounts are assessed by the management and consulted with experts. The management's judgement and assumptions such as business growth rate, forecast on revenues and gross margin rates, forecast on capital expenditure budget and selling and operating expenses and discount rates will be affected by changes of future economic and market. Hence, I focused on this area.</p>	<ul data-bbox="857 394 1417 1209" style="list-style-type: none"> • Used of my member network firm's expert to assist the assessment of impairment test analysis on the work of expert who was engaged by the management for trademark and trade name, franchise agreements and goodwill of food and beverage business. • Used of the work of expert who was engaged by the management to assist the assessment of impairment test analysis for goodwill of MahaNakhon Project. • Understood and evaluated the significant assumptions applied by the management in preparing the cash flow projections including discount rates used to discount future cash flows. • Compared and evaluated the cash flow projections, key assumptions and discount rates to the management's budget and business plan, historical and current actual operations, economic and industries, and expert's valuation reports. • Tested calculation of recoverable amounts of each Cash Generating Unit according to the Group's financial models and compared with the carrying values of trademark and trade name, franchise agreements and goodwill. • Considered the adequacy and appropriateness of the Group's disclosures made in notes to financial statements.
<p data-bbox="245 1243 630 1274"><i>Assessment of deferred income tax assets</i></p> <p data-bbox="245 1318 833 1822">The Group has significant amount of deferred income tax assets in the statement of financial position. Deferred income tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred income tax assets can be utilized. The Group re-assesses unrecognized deferred income tax assets at each statement of financial position date. The Group recognizes a previously unrecognized deferred income tax asset to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered and conversely reduces the carrying amount of a deferred income tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of these deferred income tax assets to be utilized. The assessment of such figures depended on the management's judgement and assumptions to assess the taxable profit projections. Hence, I focused on this area.</p>	<ul data-bbox="857 1318 1417 1833" style="list-style-type: none"> • Understood and evaluated the management's significant judgement and assumptions used in their assessment of loss carry forward, net tax effects of temporary differences between the tax basis of an asset or liability and its carrying amount in the statement of financial position and the probable that future taxable profit. • Evaluated, compared and tested calculation of projected taxable profit to the management's business plan and budget, actual and historical operations, economy and future trend. • Evaluated the appropriateness and tested calculation of loss carry forward and temporary differences recognized as deferred tax assets. • Considered the adequacy and appropriateness of the Group's disclosures made in notes to financial statements.

Other Information

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

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

In connection with my audits of the consolidated and separate 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 consolidated and separate 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate financial statements

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group 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 and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated 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 Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 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.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated 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 and 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 audits.

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated 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.

(Ms. Wimolsri Jongudomsombut)
Certified Public Accountant, Registration No. 3899
Baker Tilly Audit and Advisory Services (Thailand) Ltd.
Bangkok
February 28, 2017

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

ASSETS

	Notes	In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2016	2015	2016	2015
CURRENT ASSETS					
Cash and cash equivalents	5, 23	692,454,925	651,100,217	186,195,012	125,199,788
Short-term investments	6	44,695,181	68,912,316	44,695,181	68,912,316
Trade and unbilled trade account receivables					
- Related companies	4	50,203,390	42,442,238	-	-
- Other companies - net	7	43,140,306	63,365,967	-	-
Inventories - net	8, 23	296,007,881	268,274,448	-	21,370,371
Real estate projects for sales under development	11, 12, 13, 20, 23, 34	10,553,946,013	8,262,491,656	2,424,583,929	964,817,237
Advance payments for construction		338,847,905	423,387,548	94,704,655	53,192,795
Short-term loans to subsidiaries and interest receivables	4	-	-	2,513,091,088	714,498,073
Advances to and other receivables from subsidiaries and related parties	4	6,715,247	26,055,599	126,143,553	106,831,867
Refundable value added tax		238,179,037	158,077,107	1,470,280	1,118,379
Other current assets		149,692,550	117,595,393	4,916,254	5,590,422
Total Current Assets		12,413,882,435	10,081,702,489	5,395,799,952	2,061,531,248
NON-CURRENT ASSETS					
Investments in shares of subsidiaries - at cost	4, 9, 18, 23	-	-	2,935,143,503	2,934,143,503
Investment in shares of joint venture - at equity method	4, 10, 34	227,911,164	-	-	-
Restricted savings deposit and current account	34	291,042,913	226,702,192	39,312,602	17,015,897
Accrued management fee income	4	-	-	240,000,000	180,000,000
Interest receivables from subsidiaries and related company	4	811,492	-	1,739,832,884	1,184,350,054
Long-term loans to subsidiaries and related company	4, 23	75,256,833	-	8,172,460,692	6,762,710,692
Right to use assets - net	13, 14, 34	46,258,835	35,780,289	-	-
Land	11, 12, 16, 20, 23, 34	1,503,387,183	1,503,387,183	276,241,642	276,241,642
Advance payments for construction		778,419,378	136,585,793	276,219,790	-
Deferred loan arrangement fee	23	8,200,000	65,976,300	-	29,671,250
Real estate projects for sales under development	10, 11, 12, 13, 20, 23, 27, 34	3,319,459,862	2,365,645,367	2,832,806,718	1,972,086,547
Construction in progress	2, 11, 13, 14, 16, 20, 23, 34	3,915,906,699	3,152,615,267	398,556,998	398,361,305
Leasehold improvements, sales gallery and equipment - net	4, 15	1,589,595,291	477,216,590	74,116,314	50,032,320
Properties for lease - net	12, 13, 16, 23	984,212,338	1,017,150,853	-	-
Intangible assets - net	17	2,292,177,643	2,592,252,104	5,567,946	3,649,114
Goodwill - net	9, 18	3,665,421,304	3,717,292,709	-	-
Deferred income tax assets - net	19	564,042,918	508,608,670	175,727,544	107,712,796
Other non-current assets - net		155,174,398	51,230,948	11,104,636	14,842,526
Total Non-Current Assets		19,417,278,251	15,850,444,265	17,177,091,269	13,930,817,646
TOTAL ASSETS		31,831,160,686	25,932,146,754	22,572,891,221	15,992,348,894

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

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

LIABILITIES AND EQUITY

	Notes	In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2016	2015	2016	2015
CURRENT LIABILITIES					
Bank overdrafts and short-term loans from financial institutions	11, 12, 13, 20, 23	1,141,023,799	503,714,624	500,000,000	-
Short-term loans	21	4,444,980,779	2,727,023,019	4,346,220,665	2,727,023,019
Trade account payables					
- Related companies	4	-	44,319	-	-
- Other companies		1,660,243,014	1,041,674,982	462,651,560	271,501,410
Payable for purchase of land	12	101,412,000	101,412,000	101,412,000	101,412,000
Other payables to related companies	4	23,076,857	13,830,469	2,212,745	1,443,685
Other account payables		32,855,492	20,921,739	-	-
Current portion of long-term loans from financial institutions	4, 5, 8, 9, 11, 12, 13, 16, 23	9,235,365,213	8,171,653,693	1,120,277,000	-
Current portion of liabilities under finance lease contracts		6,135,242	3,848,288	3,386,641	2,911,257
Current portion of debentures	25	1,393,515,168	2,992,574,406	1,393,515,168	2,992,574,406
Advances and deposits received from customers	4, 22, 34	3,011,073,074	2,720,640,851	258,332,920	43,746,122
Income tax payable		9,163,809	8,469,854	-	-
Current portion of deferred revenue		2,698,996	95,787,174	-	-
Accrued expenses		467,962,951	206,926,018	82,886,416	51,342,038
Accrued construction costs		48,743,064	13,774,452	-	-
Other current liabilities		316,876,554	164,890,965	79,741,172	20,215,549
Total Current Liabilities		21,895,126,012	18,787,186,853	8,350,636,287	6,212,169,486
NON-CURRENT LIABILITIES					
Deposits received from customers	22, 34	1,572,437,071	1,032,987,999	1,500,268,709	1,002,442,715
Accrued interest from related parties	4	-	463,167,988	-	-
Long-term loans from financial institutions - net	4, 5, 8, 9, 11, 12, 13, 16, 23	2,513,505,149	1,143,924,348	2,128,260,489	1,143,924,348
Long-term loans from other persons	24	30,000,000	-	30,000,000	-
Liabilities under finance lease contracts - net		6,028,979	9,728,823	5,446,983	6,465,209
Debentures - net	25	3,300,863,331	1,579,962,667	3,300,863,331	1,579,962,667
Deferred revenue - net		-	32,001,458	-	-
Deferred income tax liability	19	691,201,184	734,812,464	-	-
Provision for employee retirement benefit	26	17,481,854	9,241,348	15,025,310	7,869,009
Other non-current liabilities		115,304,405	11,532,942	-	-
Total Non-Current Liabilities		8,246,821,973	5,017,360,037	6,979,864,822	3,740,663,948
Total Liabilities		30,141,947,985	23,804,546,890	15,330,501,109	9,952,833,434

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

LIABILITIES AND EQUITY (Continued)

	Notes	In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2016	2015	2016	2015
EQUITY					
Share capital	2, 27				
- Authorized share capital, common share					
4,078,028,197 shares in 2016 and 3,261,678,197 shares					
in 2015 at Baht 1 par value		<u>4,078,028,197</u>	<u>3,261,678,197</u>	<u>4,078,028,197</u>	<u>3,261,678,197</u>
- Issued and paid-up share capital, common share					
3,758,028,197 shares as in 2016 and 3,261,678,197 shares					
in 2015 at Baht 1 per share		3,758,028,197	3,261,678,197	3,758,028,197	3,261,678,197
Premium on common shares		3,846,808,395	2,897,314,489	3,846,808,395	2,897,314,489
Other reserve	4	463,167,988	-	-	-
Discount on increase in shareholding in subsidiaries	2, 9	(1,064,004,042)	(1,064,004,042)	-	-
Discount on business combination under common control		(324,475,349)	(324,475,349)	-	-
Currency translation differences		173,619,915	194,621,407	-	-
Retained earnings (Deficit)					
- Appropriated for legal reserve	28	15,643,231	15,643,231	15,643,231	15,643,231
- Deficit		<u>(5,179,576,734)</u>	<u>(2,853,179,169)</u>	<u>(378,089,711)</u>	<u>(135,120,457)</u>
Equity Attributable to Owners of the Parent		<u>1,689,211,601</u>	<u>2,127,598,764</u>	<u>7,242,390,112</u>	<u>6,039,515,460</u>
Non-controlling interests		<u>1,100</u>	<u>1,100</u>	<u>-</u>	<u>-</u>
Equity - Net		<u>1,689,212,701</u>	<u>2,127,599,864</u>	<u>7,242,390,112</u>	<u>6,039,515,460</u>
TOTAL LIABILITIES AND EQUITY		<u>31,831,160,686</u>	<u>25,932,146,754</u>	<u>22,572,891,221</u>	<u>15,992,348,894</u>

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

		In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
Notes		2016	2015	2016	2015
	Revenues				
4	Revenue from sales of residential condominium units	1,375,102,102	109,000,000	32,829,000	-
	Revenue from sales of merchandises, foods and beverages	3,235,503,278	3,225,264,874	-	-
	Revenue from trademark and trade name fees	771,275,082	112,754,385	-	-
	Rental and service income	53,458,986	42,003,199	-	-
	Interior and creative service income	1,690,502	-	-	-
	Interest income	2,407,915	1,322,334	667,792,277	524,642,294
	Gain on foreign exchange - net	-	4,212,121	12,239,680	2,536,979
	Management fee income	-	-	75,145,084	69,685,140
	Other income	27,306,155	17,738,096	1,512,999	5,986,590
	Total Revenues	<u>5,466,744,020</u>	<u>3,512,295,009</u>	<u>789,519,040</u>	<u>602,851,003</u>
	Expenses				
4	Cost of sales of residential condominium units	1,029,453,687	85,185,163	21,370,371	-
11	Costs of sales of merchandises, foods and beverages	1,649,415,314	1,597,299,036	-	-
	Cost of rental and service	103,281,943	93,393,609	-	-
	Cost of interior and creative services	775,191	-	-	-
	Selling expenses	2,356,836,496	1,607,980,360	107,064,499	209,824,120
	Administrative expenses	2,034,527,123	1,553,261,591	426,396,646	389,678,921
	Management benefit expenses	51,378,001	48,788,169	47,759,451	45,341,999
	Loss on foreign exchange - net	6,961,298	-	-	-
	Finance costs	638,118,841	583,848,842	497,912,075	410,741,908
	Total Expenses	<u>7,870,747,894</u>	<u>5,569,756,770</u>	<u>1,100,503,042</u>	<u>1,055,586,948</u>
	Loss from Operations	<u>(2,404,003,874)</u>	<u>(2,057,461,761)</u>	<u>(310,984,002)</u>	<u>(452,735,945)</u>
	Share of net loss of investment in joint venture	(3,333,484)	-	-	-
10	Loss before Income Tax	<u>(2,407,337,358)</u>	<u>(2,057,461,761)</u>	<u>(310,984,002)</u>	<u>(452,735,945)</u>
	Income tax income	80,939,793	188,869,517	68,014,748	88,249,517
19	Loss for the Year	<u>(2,326,397,565)</u>	<u>(1,868,592,244)</u>	<u>(242,969,254)</u>	<u>(364,486,428)</u>
	Other Comprehensive Income (Loss)				
	Item that may be reclassified subsequently to profit or loss:				
	Currency translation differences	(21,001,492)	184,993,626	-	-
	Item that will not be reclassified subsequently to profit or loss:				
	Actuarial gains	-	194,392	-	49,121
	Income tax relating to other comprehensive income not be reclassified	-	(38,879)	-	(9,824)
		-	155,513	-	39,297
	Other Comprehensive Income (Loss) for the Year - Net of Tax	<u>(21,001,492)</u>	<u>185,149,139</u>	<u>-</u>	<u>39,297</u>
	TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(2,347,399,057)</u>	<u>(1,683,443,105)</u>	<u>(242,969,254)</u>	<u>(364,447,131)</u>
	Loss for the year attributable to:				
	Owners of the parent	(2,326,397,565)	(1,785,018,509)	(242,969,254)	(364,486,428)
	Equity holders of the former shareholders of subsidiary	-	(37,633,445)	-	-
	Non-controlling interests	-	(45,940,290)	-	-
		<u>(2,326,397,565)</u>	<u>(1,868,592,244)</u>	<u>(242,969,254)</u>	<u>(364,486,428)</u>
	Total comprehensive loss for the year attributable to:				
	Owners of the parent	(2,347,399,057)	(1,599,869,370)	(242,969,254)	(364,447,131)
	Equity holders of the former shareholders of subsidiary	-	(37,633,445)	-	-
	Non-controlling interests	-	(45,940,290)	-	-
		<u>(2,347,399,057)</u>	<u>(1,683,443,105)</u>	<u>(242,969,254)</u>	<u>(364,447,131)</u>
	Basic Loss per Share Attributable to Owners of the Parent	<u>(0.669)</u>	<u>(0.631)</u>	<u>(0.070)</u>	<u>(0.129)</u>
	Weighted Average Number of Shares (In Shares)	<u>3,477,787,486</u>	<u>2,827,248,880</u>	<u>3,477,787,486</u>	<u>2,827,248,880</u>
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PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

Consolidated Financial Statements (In Baht)															
Notes	Issued and paid-up share capital	Premium on common shares	Other reserve	Discount on increase in shareholding in subsidiaries	Discount on business combination under common control	Currency translation differences	Retained earnings (Deficit)		Equity attributable to owners of the parent	Equity attributable to former shareholders of subsidiary			Non-controlling interests	Equity - net	
							Appropriated for legal reserve	Deficit		Share capital	Deficit	Net			
Balance as at January 1, 2015		2,054,265,670	1,431,062,052	-	-	(61,374,560)	9,627,781	15,643,231	(1,068,316,173)	2,380,908,001	100,000,000	(246,467,144)	(146,467,144)	(725,040,855)	1,509,400,002
Increase in share capital	27	1,207,412,527	1,466,252,437	-	-	-	-	-	-	2,673,664,964	-	-	-	-	2,673,664,964
Addition investment in subsidiaries by purchasing shares from non-controlling interests	2	-	-	-	-	-	-	-	-	-	-	-	-	(293,022,297)	(293,022,297)
Change from increase in shareholding in subsidiaries	2, 9	-	-	-	(1,064,004,042)	-	-	-	-	(1,064,004,042)	-	-	-	1,064,004,042	-
Purchase of investment from former shareholder	2	-	-	-	-	-	-	-	-	-	(100,000,000)	21,000,000	(79,000,000)	-	(79,000,000)
Decrease in equity attributable to former shareholders of subsidiary from business combination under common control	2	-	-	-	-	(263,100,789)	-	-	-	(263,100,789)	-	263,100,589	263,100,589	200	-
Addition in non-controlling interests from investments in new subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	300	300
Total comprehensive income (loss) for the year		-	-	-	-	184,993,626	-	-	(1,784,862,996)	(1,599,869,370)	-	(37,633,445)	(37,633,445)	(45,940,290)	(1,683,443,105)
Balance as at December 31, 2015		3,261,678,197	2,897,314,489	-	(1,064,004,042)	(324,475,349)	194,621,407	15,643,231	(2,853,179,169)	2,127,598,764	-	-	-	1,100	2,127,599,864
Increase in share capital	27	496,350,000	949,493,906	-	-	-	-	-	-	1,445,843,906	-	-	-	-	1,445,843,906
Increase in other reserve during the year	4	-	-	463,167,988	-	-	-	-	-	463,167,988	-	-	-	-	463,167,988
Total comprehensive loss for the year		-	-	-	-	-	(21,001,492)	-	(2,326,397,565)	(2,347,399,057)	-	-	-	-	(2,347,399,057)
Balance as at December 31, 2016		3,758,028,197	3,846,808,395	463,167,988	(1,064,004,042)	(324,475,349)	173,619,915	15,643,231	(5,179,576,734)	1,689,211,601	-	-	-	1,100	1,689,212,701

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

Separate Financial Statements (In Baht)					
Note	Issued and paid-up share capital	Premium on common shares	Retained earnings (Deficit)		Net
			Appropriated for legal reserve	Unappropriated	
Balance as at January 1, 2015	2,054,265,670	1,431,062,052	15,643,231	229,326,674	3,730,297,627
Increase in share capital	27 1,207,412,527	1,466,252,437	-	-	2,673,664,964
Total comprehensive loss for the year	-	-	-	(364,447,131)	(364,447,131)
Balance as at December 31, 2015	3,261,678,197	2,897,314,489	15,643,231	(135,120,457)	6,039,515,460
Increase in share capital	27 496,350,000	949,493,906	-	-	1,445,843,906
Total comprehensive loss for the year	-	-	-	(242,969,254)	(242,969,254)
Balance as at December 31, 2016	<u>3,758,028,197</u>	<u>3,846,808,395</u>	<u>15,643,231</u>	<u>(378,089,711)</u>	<u>7,242,390,112</u>

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

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	In Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:				
Loss for the year	(2,326,397,565)	(1,868,592,244)	(242,969,254)	(364,486,428)
Adjustments to reconcile loss for the year to net cash provided by (used in) operating activities:				
Management fee income	-	-	(60,000,000)	(60,000,000)
Allowance for doubtful accounts (reversal)	(351,311)	151,101	-	-
Allowance for decline in value of inventories	343,026	2,731,601	-	-
Loss on decline in value of real estate project for sales under development	33,100,000	-	-	-
Depreciation and amortization	332,474,482	357,712,889	21,114,135	46,052,227
Gain on sales of short-term investments	(670,774)	(6,507,778)	(670,774)	(5,409,162)
Loss (gain) on sales of leasehold improvements, sales gallery and equipment	(690,842)	(529,918)	(459,024)	14,072
Write-off leasehold improvements and equipment	8,475,943	8,969,895	9,131	102,354
Write-off intangible assets	3,015,952	468,880	-	-
Reversal of unbilled construction payables	(10,756,935)	-	-	-
Provision for employee retirement benefit	9,878,206	3,310,047	8,794,001	2,853,249
Unrealized loss (gain) on foreign exchange - net	957,398	196,552	(12,375,908)	(3,914,196)
Unrealized gain on revaluation of short-term investments	(112,091)	(93,146)	(112,091)	(93,146)
Impairment loss on intangible assets and goodwill	183,461,651	3,295,178	-	-
Share of net loss of investment in joint venture	3,333,484	-	-	-
Income tax income	(80,939,793)	(188,869,517)	(68,014,748)	(88,249,517)
Interest income	(2,407,915)	(1,322,334)	(667,792,277)	(524,642,294)
Interest expense	638,118,841	583,848,842	497,912,075	410,741,908
Decrease (increase) in operating assets:				
Trade and unbilled trade account receivables	12,815,820	(57,319,883)	-	-
Inventories	(28,076,459)	43,579,010	21,370,371	-
Advances and other receivables from subsidiaries and related parties	19,340,352	(25,947,279)	(19,410,429)	(5,187,344)
Refundable value added tax	(80,101,930)	(73,553,990)	(351,901)	(657,565)
Real estate project for sales under development	(1,983,799,408)	(4,087,779,896)	(1,443,721,535)	(1,841,442,867)
Advance payments for construction	(191,680,147)	(36,936,712)	(317,731,650)	10,031,899
Other current assets	(32,097,157)	(40,708,578)	674,167	44,368,891
Other non-current assets	(86,006,441)	(25,802,165)	3,823,969	(9,239,445)
Increase (decrease) in operating liabilities:				
Trade account payables and accrued construction costs	83,114,319	33,134,120	(96,035)	(721,747)
Other payables to related companies	9,246,388	(4,127,478)	769,060	603,553
Advances and deposits received from customers	829,881,295	1,690,427,660	712,412,792	1,018,942,715
Other account payables	11,933,753	13,803,543	-	-
Deferred revenue	(125,086,143)	(75,012,610)	-	-
Accrued expenses	239,518,624	(11,157,095)	31,483,251	(8,149,601)
Other current liabilities	151,985,589	(8,036,752)	59,525,623	(12,418,576)
Other non-current liabilities	103,771,463	10,718,035	-	-
Payment of employee retirement benefit	(1,637,700)	-	(1,637,700)	-
Income tax paid	(29,928,942)	(7,404,152)	(434,731)	(93,217)
Net Cash Used in Operating Activities	(2,305,974,967)	(3,767,354,174)	(1,477,889,482)	(1,390,994,237)

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

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2016

	In Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES:				
Increase in investments in shares of subsidiaries	-	(372,022,297)	(1,000,000)	(1,856,321,997)
Increase in investment in shares of joint venture	(273,399,955)	-	-	-
Unearned royalty income	31,108,549	-	-	-
Decrease in deposit for assets acquisition	-	318,908,775	-	318,908,775
Increase in restricted savings deposit and current account	(64,340,721)	(50,752,790)	(22,296,705)	(17,015,897)
Additions in non-controlling interests from investments in new subsidiary	-	300	-	-
Increase in short-term investments	(855,000,000)	(2,940,000,000)	(855,000,000)	(2,880,000,000)
Proceeds from sales of short-term investments	880,000,000	3,396,589,190	880,000,000	3,275,000,000
Increase in short-term loans to subsidiaries	-	-	(1,901,478,904)	(618,491,494)
Cash receipts from short-term loans to subsidiaries	-	-	208,786,900	-
Increase in long-term loans to subsidiaries and related company	(74,115,300)	-	(1,514,750,000)	(3,197,285,348)
Decrease in long-term loans to subsidiaries	-	-	105,000,000	1,373,500,000
Proceeds from sales of land and structure	-	-	-	7,500,000
Proceeds from sales of leasehold improvements, sales gallery and equipment	6,521,631	679,931	4,619,520	700
Purchases of leasehold improvements and equipment	(666,590,201)	(200,577,421)	(37,852,974)	(29,622,011)
Purchases of intangible assets	(25,587,751)	(44,338,054)	(3,570,263)	(2,562,126)
Advance payments for construction	(365,613,795)	(12,741,322)	-	-
Payment of right to use assets	(15,612,563)	(27,729,205)	-	-
Purchases of land	-	(110,000,000)	-	-
Increase in property for lease	(6,402,119)	-	-	-
Increase in construction in progress	(885,404,747)	(1,142,844,894)	(195,693)	(15,275,263)
Interest received	1,596,423	1,322,334	18,979,124	653,100
Net Cash Used in Investing Activities	(2,312,840,549)	(1,183,505,453)	(3,118,758,995)	(3,641,011,561)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	651,795,625	261,014,625	500,000,000	(242,700,000)
Increase in short-term loans	4,875,000,000	2,825,000,000	4,275,000,000	2,825,000,000
Repayment of short-term loans	(3,125,000,000)	(1,250,000,000)	(2,625,000,000)	(1,250,000,000)
Cash receipts from short-term loans from subsidiaries	-	-	598,000,000	-
Repayment of short-term loans from subsidiaries	-	-	(598,000,000)	-
Cash receipts from loans from director	85,141,920	34,390,000	-	-
Repayment of loans from director	(85,141,920)	(195,390,000)	-	-
Cash receipts from long-term loans from financial institutions	3,387,355,852	2,226,032,774	2,142,104,605	-
Cash receipts from debentures	3,123,000,000	1,600,000,000	3,123,000,000	1,600,000,000
Repayment of shareholder loans	-	(1,228,800,426)	-	-
Repayment of long-term loans from financial institutions	(896,558,291)	(18,700,800)	-	-
Repayment of debentures	(2,999,500,000)	-	(2,999,500,000)	-
Repayment of liabilities under finance lease contracts	(4,037,890)	(3,779,918)	(3,167,842)	(3,091,864)
Payment of deferred loan arrangement fee and debenture underwriting fee	(137,903,452)	(109,339,312)	(49,763,570)	(62,920,880)
Proceeds from increase in share capital	960,000,000	2,679,829,275	960,000,000	2,679,829,275
Payment of expenses relating to increase in share capital	(43,206,094)	(6,164,311)	(43,206,094)	(6,164,311)
Interest paid	(1,130,775,526)	(1,636,655,332)	(621,823,398)	(481,113,183)
Net Cash Provided by Financing Activities	4,660,170,224	5,177,436,575	4,657,643,701	5,058,839,037
NET INCREASE IN CASH AND CASH EQUIVALENTS	41,354,708	226,576,948	60,995,224	26,833,239
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	651,100,217	424,523,269	125,199,788	98,366,549
CASH AND CASH EQUIVALENTS AT END OF YEAR	692,454,925	651,100,217	186,195,012	125,199,788

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

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2016

	In Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Non-Cash Transactions				
a) Interest expense recorded as cost of real estate project for sales under development, construction in progress and fixed assets	7,696,345	7,053,090	6,625,494	4,230,415
b) Construction payables and accrued construction costs	1,289,740,948	759,935,833	456,336,767	271,501,410
c) Payable for purchase of land	101,412,000	101,412,000	101,412,000	101,412,000
d) Transfer construction in progress to leasehold improvements and equipment	591,368,418	-	-	-
e) Transfer real estate project for sales under development to land	-	10,217,163	-	10,217,163
f) Transfer construction in progress to real estate project for sales under development	-	6,673,108	-	6,673,108
g) Transfer construction in progress to properties for lease	-	38,186,368	-	-
h) Transfer construction in progress to right to use assets	-	8,816,326	-	-
i) Transfer furnitures of sales gallery to real estate project for sales under development	44,541,592	-	-	-
j) Deferred loan arrangement fee and debenture underwriting fee capitalized as a part of real estate project for sales under development, construction in progress and fixed assets	31,615,415	52,711,583	10,816,294	11,055,669
k) Refinance short-term loans to long term loans	-	1,146,000,000	-	1,146,000,000
l) Purchase of land by share swap	529,050,000	-	529,050,000	-
m) Short-term loans transferred to long-term loans from other persons	30,000,000	-	30,000,000	-
n) Increase in investments in shares of subsidiary by share swap	-	-	-	240,000,000
o) Leasehold improvements and equipment increased by means of :				
- Finance lease agreements	2,625,000	5,051,493	2,625,000	3,794,250
- Payables for purchase of leasehold improvements and equipment - net	44,623,354	-	6,314,792	-
- Cash payments	666,590,201	200,577,421	37,852,974	29,622,011
Total	<u>713,838,555</u>	<u>205,628,914</u>	<u>46,792,766</u>	<u>33,416,261</u>

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements

December 31, 2016

1. GENERAL

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

The major shareholder of the Company as at December 31, 2016 and 2015 is Techakraisri Group who owned 43.27% and 51.88% of the Company’s authorized share capital, respectively.

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

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

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

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

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

- b) Business combinations, Subsidiaries and Loss of control

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

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

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

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

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

Subsidiaries are entities controlled by the Pace Development Corporation Group. The Pace Development Corporation 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When the Pace Development Corporation Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016

- c) The financial statements for each of the years ended December 31, 2016 and 2015 of Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. (“the Pace Group”) have been prepared based on the quantitative information of construction area of each project of these subsidiaries, which is shown below:

Subsidiaries	Previous Proportion (%)	New Proportion (%)	
	Land, construction costs and common project costs	Land	Construction costs and common project costs
Pace Project One Co., Ltd.	40.00	25.68	25.80
Pace Project Two Co., Ltd.	40.00	60.02	60.88
Pace Project Three Co., Ltd.	20.00	14.30	13.32
Total	100.00	100.00	100.00

- d) During the first quarter of 2015, the Company invested in a new subsidiary namely Pace Interior Services Co., Ltd. as discussed in Note 9.

At the extraordinary shareholders’ meeting held on January 8, 2015, the shareholders approved

- the sale and purchase transaction and novation of repayment of loans and accrued interest in the Pace Group according to the Option Agreement with IBC Thailand Ltd. and IDJ Holding Ltd. as discussed in Note 4,
- the increase in authorized share capital from Baht 2,054,265,670 (divided into 2,054,265,670 common shares at Baht 1 par value) to Baht 3,196,988,170 (divided into 3,196,988,170 common shares at Baht 1 par value),
- the allocation of newly issued common shares to IBC Thailand Ltd. and IDJ Holding Ltd. under Private Placement Scheme for the purchase of additional investments in Pace Group and capital increase not exceeding 542,722,500 shares at the price of Baht 3.39 per share,
- the allocation of newly issued 600,000,000 common shares with the par value of Baht 1 to offer to the existing shareholders in proportion to their shareholding (Rights Offering) by General Mandate.

On April 22, 2015, the Company called IBC Thailand Ltd. and IDJ Holding Ltd. to pay up the additional share capital by the following means:

	<u>In Thousand Baht</u>
Cash contributions	1,725,239
Share swap	114,590
Total	<u>1,839,829</u>

The above cash contributions and share swap, including deposit for acquisition of assets of Baht 318.9 million and cash payment for withholding tax deducted at source of Baht 112.4 million are using for:

	<u>No. of shares</u>	<u>Percentage of Shareholding</u>	<u>In Thousand Baht</u>
Purchase of investments in common shares of:			
- Pace Real Estate Co., Ltd.	32,919	32.32%	11,581
- Pace Project One Co., Ltd.	320,000	16.00%	112,577
- Pace Project Two Co., Ltd.	320,000	16.00%	112,577
- Pace Project Three Co., Ltd.	160,000	16.00%	56,287
			<u>293,022</u>
Transfer the right of loans and accrued interest of Pace Real Estate Co., Ltd., Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. from IBC Thailand Ltd.			<u>1,978,113</u>
Total			<u>2,271,135</u>

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016

On April 22, 2015, the Company has additionally purchased shares in Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. from IBC Thailand Ltd. and Pace Real Estate Co., Ltd. from IBC Thailand Ltd. and IDJ Holding Ltd. as discussed in Notes 4 and 9 and has entered into the Loan and Payment Advances Assignment Agreements with the Pace Group and IBC Thailand Ltd. for the above transfer the right of loans and accrued interest as discussed in Note 4.

At the annual general shareholders' meeting held on April 27, 2015, the shareholders approved:

- a) the sale and purchase transaction and novation of repayment of loans in Dean and Deluca (Thailand) Co., Ltd.,
- b) the decrease in authorized share capital from Baht 3,196,988,170 (divided into 3,196,988,170 common shares at Baht 1 par value) to Baht 2,596,988,170 (divided into 2,596,988,170 common shares at Baht 1 par value),
- c) the increase in authorized share capital from Baht 2,596,988,170 (divided into 2,596,988,170 common shares at Baht 1 par value) to Baht 3,261,678,197 (divided into 3,261,678,197 common shares at Baht 1 par value),
- d) the allocation of newly issued not exceeding 64,690,027 common shares to Khun Sorapoj Techakraisri (for the purchase of common shares and loan assignment of Dean and Deluca (Thailand) Co., Ltd.) under Private Placement Scheme at the price of Baht 3.71 per share,
- e) the allocation of newly issued not exceeding 600,000,000 common shares with the par value of Baht 1 to offer to the existing shareholders in proportion to their shareholding (Right Offering) by General Mandate,
- f) approve the Company to issue and offer debentures within an amount not more than Baht 5,000,000,000.

On April 29, 2015, the Company called Khun Sorapoj Techakraisri to pay up the additional share capital by the following means:

	<u>In Thousand Baht</u>
Cash contributions	161,000
Share swap	<u>79,000</u>
Total	<u><u>240,000</u></u>

The above share swap is using for acquiring 100% of shareholding in common shares of Dean and Deluca (Thailand) Co., Ltd. (999,998 common shares at Baht 100 par value) and cash contributions is using for assignment of the rights to receive a repayment of outstanding loans of Dean and Deluca (Thailand) Co., Ltd. from Khun Sorapoj Techakraisri.

Before April 29, 2015, Khun Sorapoj Techakraisri, the major shareholder of the Company had held the shares of Dean and Deluca (Thailand) Co., Ltd. and controlled its operation. This acquisition was thus considered to be a business combination under common control. The investment value was Baht 79.0 million and had the difference between the cost of this business combination under common control and the net book value of the equity of the subsidiary, amounting to Baht 263.1 million, was recorded as "Discount on business combination under common control" and was presented under the equity in the consolidated statements of financial position.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016

The net book values of assets and liabilities as at the acquisition date (April 29, 2015) and share swap made to purchase the investment in such subsidiary are summarized below.

	<u>In Thousand Baht</u>
Cash and cash equivalents	7,332
Trade account receivables	3,305
Inventories	15,693
Refundable value added tax	1,012
Other current assets	4,468
Leasehold improvements and equipment – net	108,077
Intangible assets - net	16,082
Deferred income tax asset	174
Other non-current assets	9,042
Trade account payables	(17,561)
Other payables to related companies	(55,285)
Other account payables	(2,824)
Current portion of long-term loans from financial institutions	(18,701)
Deferred revenue	(1,149)
Accrued expenses	(1,764)
Other current liabilities	(1,187)
Long-term loans from financial institutions – net	(54,555)
Loans from director	(195,390)
Provision for employee retirement benefit	(869)
Net book values of liabilities as at the acquisition date	<u>(184,100)</u>
Share swap for purchase of investment in shares	<u>79,000</u>
Discount on business combination under common control	<u>(263,100)</u>

During the third quarter of 2015, which the Company has additionally invested in 2 subsidiaries (Pace Food Retail Co., Ltd. and Pace Country Club Co., Ltd.), which a portion of additional investment in the increase in share capital of Pace Food Retail Co., Ltd. amounting to Baht 240 million was made by share swap of investment in shares of Dean & DeLuca (Thailand) Co., Ltd. as discussed in Note 9. Hence, as at December 31, 2015, the Company has 100% indirect holding in Dean and DeLuca (Thailand) Co., Ltd.

At the Board of Directors' meeting of the Pace Food Retail Co., Ltd., a subsidiary, held on August 14, 2015, the Board of Directors of such subsidiary approved such subsidiary to convert loan amounting to USD 35 million into common share of Dean & DeLuca Inc. On September 16, 2015, Pace Food Retail Co., Ltd. has entered into Equity for Debt Exchange Agreement with Dean & DeLuca Inc. to convert debt of USD 35 million to 1,400 common shares of Dean & DeLuca Inc. at the conversion rate of 1 share for USD 25,000. Dean & DeLuca Inc. registered the additional share capital of USD 14 (common share 1,400 shares at USD 0.01 par value) under the law of the State of Delaware, the United States of America on September 16, 2015.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016

At the Board of Directors' meeting of the Company held on November 5, 2015, the Board of Directors approved the Company to:

- a) increase share capital of YLP Company Limited, a subsidiary, from Baht 50 million (divided into 500,000 common shares at Baht 100 par value) to Baht 170 million (divided into 1,700,000 common shares at Baht 100 par value),
- b) establish the new subsidiary, Pace Creative Agency Co., Ltd. with the registered capital of Baht 10,000,000 (common share 100,000 shares at Baht 100 par value),
- c) establish the new subsidiary, Dean & DeLuca Productions, LLC (which was be incorporated in USA) with the registered capital of USD 1,000,
- d) establish the new subsidiary, Dean & DeLuca Small Format, LLC (which was be incorporated in USA) with the registered capital of USD 1,000.

During the year ended December 31, 2016, the Pace Development Corporation Group invested in:

- Dean & DeLuca Small Format, LLC (100% shareholdings) which was incorporated in The United States of America on February 17, 2016 with the registered capital of USD 1,000,
- Dean & DeLuca Café Japan Co., Ltd. (50% shareholdings) which was incorporated in Japan on February 2, 2016 with the registered capital of JPY 2,500 million. The management considers that this investment is as joint venture because both parties have joint control and rights to the net assets of such joint venture,
- Pace Management Co., Ltd. (99.97% shareholdings) which was incorporated in Thailand with the Ministry of Commerce on April 4, 2016 with the registered capital of Baht 1,000,000,
- D&D Mount Limited (100% shareholdings) which was incorporated in United Kingdom on May 4, 2016 with the register capital of GBP 1,
- D&D Fourteen Limited (100% shareholdings) which was incorporated in United Kingdom on May 13, 2016 with the register capital of GBP 1.
- Dean & DeLuca Small Format Lq. LLC (100% shareholdings) which was incorporated in The United States of America on December 8, 2016 with the registered capital of USD 1,000.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016

The consolidated financial statements for each of the years ended December 31, 2016 and 2015 include the financial statements of the Pace Development Corporation Group as follows:

	Nature of Business	Type of Holding	Proportionate of Share (%)	
			2016	2015
Subsidiaries				
YLP Company Limited	Property development	Direct	100	100
Pace Country Club Co., Ltd.	Property development			
	and management	Direct	100	100
Pace Interior Services Co., Ltd.	Interior service	Direct	100	100
Pace Creative Agency Co., Ltd.	Designing, advertising and marketing communication	Direct	100	100
Pace Management Co., Ltd.	Management services	Direct	99.97	-
Pace Food Retail Co., Ltd.	Investment in equity shares of retailer of premium gourmet and delicatessen business			
		Direct	100	100
Dean and DeLuca (Thailand) Co., Ltd.	Food and beverage	Indirect	100	100
Pace Real Estate Co., Ltd.	Investment in equity shares	Direct	100	100
Pace Project One Co., Ltd.	Hotel	Direct and indirect	100	100
Pace Project Two Co., Ltd.	Luxury condominium	Direct and indirect	100	100
Pace Project Three Co., Ltd.	Shopping centre	Direct and indirect	100	100
Dean Group held by Pace Food Retail Co., Ltd.				
- The Companies incorporated in The United States of America				
Dean & DeLuca, Inc.		Indirect	100	100
Dean & DeLuca Brands, Inc.		Indirect	100	100
Dean & DeLuca Marketing, LLC		Indirect	100	100
Dean & DeLuca Atlanta, LLC		Indirect	100	100
Dean & DeLuca Markets, LLC		Indirect	100	100
D&D Cafes of NC, LLC		Indirect	100	100
Dean & DeLuca Georgetown, Inc.		Indirect	100	100
Dean & DeLuca Imports, Inc.		Indirect	100	100
Dean & DeLuca Call Center, Inc.		Indirect	100	100
Dean & DeLuca New York, Inc.		Indirect	100	100
Dean & DeLuca Espresso, Inc.		Indirect	100	100
Dean & DeLuca Madison Avenue, Inc.		Indirect	100	100
Gaetano & Barteau, Inc.		Indirect	100	100
Dean & DeLuca International, LLC		Indirect	100	100
Dean & DeLuca Brands Hawaii, LLC		Indirect	100	100
Dean & DeLuca Management Co.		Indirect	100	100
Dean & DeLuca, Incorporated		Indirect	100	100
Dean & DeLuca Espresso D.C., Inc.		Indirect	100	100
Dean & DeLuca Productions, LLC		Indirect	100	100
Dean & DeLuca Small Format, LLC		Indirect	100	-
Dean & DeLuca Small Format Lq. LLC		Indirect	100	-
- The Companies incorporated in United Kingdom				
D&D Mount Limited	Food and beverage	Indirect	100	-
D&D Fourteen Limited	Food and beverage	Indirect	100	-
Joint venture (Incorporated in Japan)				
Dean & DeLuca Café Japan Co., Ltd.	Food and beverage	Indirect	50	-

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

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

Accounts Receivable and Allowance for Doubtful Accounts

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

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

Inventory Valuation

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

Inventories of retailer of premium gourmet and delicatessen business are values at the lower of cost by using first-in, first-out method and net realizable value.

Cost of retailer of premium gourmet and delicatessen business comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

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

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

Real Estate Projects for Sales under Development

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

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

Investments

Investments in subsidiaries and joint ventures in the separate financial statements of the Company are accounted for using the cost method. Investments in joint ventures in the consolidated financial statements are accounted for using the equity method.

Investments in securities held for trading are determined at fair value. Gains or losses arising from changes in value of securities are included in the statement of comprehensive income.

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

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

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016

Right to Use Assets

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

Amortization is charged to the statement of comprehensive income on a straight-line basis from the date that right to use assets are available for use over the estimated useful lives of such right to use assets for the period of 170 months (expiring in December 2029).

Leasehold Improvements, Sales Gallery and Equipment

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

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

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

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

Properties for Lease

Properties for lease are stated at cost less accumulated depreciation and allowance for impairment losses (if any).

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

	<u>Years</u>
Building and building improvement - cube building	50
Mechanical, electrical and plumbing, lifts and escalator works	20
Car park system	5
Interior decoration and landscape	5

Goodwill

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

Intangible Assets

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

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016

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

	Years
Trademark and trade name	Indefinite
Non-competition agreements	4
Franchise agreements	Term of agreements (4.17 and 6.5)
Customer relationships	4
Computer softwares	1 - 5

Impairment of Assets

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

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

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized 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 exists. 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 amortization, if no impairment loss had been recognized.

Provision

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

Provision for Employee Retirement Benefit

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

Provision for Liability from Loyalty Programmes

The provision for customer loyalty program represents current obligations arising from reward point program granted to the Pace Development Corporation Group's customers, which is calculated based on the estimates of redemption rate of the accumulated points used by the customers for the rewards and the average prices of the rewards.

Use of Judgements and Estimates

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

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

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements consists of the following:

- Consolidation: whether the Pace Development Corporation Group has de facto control over an investee
- Lease classification
- Allocation basis for construction costs and common project costs of subsidiaries

Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainties that have a significant risk of resulting in material adjustments to the amounts recognized in the financial statements consists of the following:

- Current and deferred taxation
- Utilization of tax losses
- Business combination
- Key assumptions used in discounted cash flow projections
- Measurement of provision for employee retirement benefit
- Provisions and contingencies
- Valuation of financial instruments

Revenue Recognition and Expenses

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

Sales of foods and beverages are recognized upon goods being delivered and services being rendered. Sales and service income are the invoiced value, excluding value added tax, of goods delivered and services rendered after deducting discounts and allowances.

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

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

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

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

Royalty income is recognized on an accrual basis in accordance with the substance of the relevant agreement;

Other income is recognized as income on an accrual basis.

Expenses are recorded based on an accrual basis.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
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December 31, 2016

Cost of Residential Condominium Units Sold

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

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

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

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

Repair and Maintenance

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

Finance Lease

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

Operating Lease

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

Finance Costs

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

Foreign Currency Transactions

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

Functional and Presentation Currency

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

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016

Foreign Operations

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

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

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

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

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

Income Tax

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

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

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

Basic Loss per Share Attributable to Owners of the Parent

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

4. TRANSACTIONS WITH RELATED PARTIES

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

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016

The significant transactions between the Pace Development Corporation Group and their related parties for each of the years ended December 31, 2016 and 2015 are as follows:

			In Thousand Baht			
			Consolidated		Separate	
			Financial Statements		Financial Statements	
	Relationship	Policy of Pricing	2016	2015	2016	2015
Revenue from sale of residential condominium units						
Khun Chotipol Techakraisri	Shareholder	Contract price	-	30,000	-	-
Khun Chumpol Techakraisri	Shareholder	Contract price	-	15,000	-	-
Khun Yupa Techakraisri	Shareholder	Contract price	-	44,000	-	-
Khun Sorapoj Techakraisri	Shareholder	Contract price	-	20,000	-	-
MFT Development Co., Ltd.	Related company	Contract price	9,000	-	9,000	-
Total			<u>9,000</u>	<u>109,000</u>	<u>9,000</u>	<u>-</u>
Revenues from sales of foods and beverages						
Fourteen Points Company Limited	Related company	Mutual negotiation	761	946	-	-
Fierce Publishing Company Limited	Related company	Mutual negotiation	460	-	-	-
Verita MHK (Thailand) Ltd.	Related company	Mutual negotiation	31	-	-	-
Total			<u>1,252</u>	<u>946</u>	<u>-</u>	<u>-</u>
Creative service income						
Fourteen Points Company Limited	Related company	Mutual negotiation	259	-	-	-
Fierce Publishing Company Limited	Related company	Mutual negotiation	33	-	-	-
Total			<u>292</u>	<u>-</u>	<u>-</u>	<u>-</u>
Rental and service income						
Fourteen Points Company Limited	Related company	Contract price	29,818	31,312	-	-
Verita MHK (Thailand) Ltd.	Related company	Contract price	2,649	-	-	-
MahaNakhon Bespoke Tailoring Co., Ltd.	Related company	Contract price	1,340	456	-	-
Total			<u>33,807</u>	<u>31,768</u>	<u>-</u>	<u>-</u>
Management fee income						
Dean & DeLuca Inc.	Subsidiary company	Contract price	-	-	-	9,685
Pace Project One Co., Ltd.	Subsidiary company	Contract price	-	-	24,141	15,480
Pace Project Two Co., Ltd.	Subsidiary company	Contract price	-	-	42,751	36,528
Pace Project Three Co., Ltd.	Subsidiary company	Contract price	-	-	8,253	7,992
Total			<u>-</u>	<u>-</u>	<u>75,145</u>	<u>69,685</u>
Interest income						
Pace Country Club Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	24,467	14,174
Pace Food Retail Co., Ltd.	Subsidiary company	MLR+3% p.a. and 7.5% p.a.	-	-	19,257	83,422
Dean & DeLuca Inc.	Subsidiary company	MLR+3% p.a.	-	-	57,300	4,398
Pace Project One Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	192,371	152,553
Pace Project Two Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	207,153	145,730
Pace Project Three Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	124,062	97,192
Pace Real Estate Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	25,639	22,290
Pace Interior Services Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	3,102	-
Dean and Deluca (Thailand) Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	13,434	4,112
Pace Creative Agency Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	71	-
Grovepark International Limited *	Related company	AFR p.a. **	811	-	-	-
Total			<u>811</u>	<u>-</u>	<u>666,856</u>	<u>523,871</u>

* Relatives through the subsidiaries' directors

** Applicable Federal Rate

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
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December 31, 2016

			In Thousand Baht			
			Consolidated		Separate	
			Financial Statements		Financial Statements	
	Relationship	Policy of Pricing	2016	2015	2016	2015
Sales of land and structures						
Pace Country Club Co., Ltd.	Subsidiary company	Contract price	-	-	-	7,500
Interest expense (included in real estate projects for sales under development, construction in progress and finance costs)						
YLP Company Limited	Subsidiary company	5.75% p.a. and 6.00% p.a.	-	-	2,777	-
Pace Creative Agency Co., Ltd.	Subsidiary company	6.05% p.a.	-	-	1,038	-
Pace Food Retail Co., Ltd.	Subsidiary company	6.05% p.a.	-	-	691	-
IBC Thailand Ltd.	Shareholder	7.5% p.a.	-	28,279	-	-
Total			-	28,279	4,506	-
Other expenses						
Finch & Partners Group *	Related company	Mutual negotiation	102,392	32,171	7,668	21,593
Grovepark International Limited *	Related company	Contract price	7,059	-	-	-
WM Advisory Co., Ltd. *	Related company	Contract price	20,000	25,000	-	-
Pace Project Two Co., Ltd.	Subsidiary company	Contract price	-	-	157	1,254
Dean and Deluca (Thailand) Co., Ltd.	Subsidiary company	Mutual negotiation	-	-	2,598	2,678
Lumpini Property Management Co., Ltd.	Related company	Mutual negotiation	-	305	-	-
Fierce Publishing Co., Ltd.	Related company	Mutual negotiation	877	1,810	856	-
Fourteen Points Company Limited	Related company	Mutual negotiation	3,912	4,286	1,435	1,339
Total			134,240	63,572	12,714	26,864
Purchase of land						
Cinkara Property Co., Ltd.	Related company	Contract price	-	216,400	-	216,400
Purchase of fixed assets						
WM Imagineer Co., Ltd. *	Related company	Mutual negotiation	985	870	-	-
Purchase of marketing media						
Finch & Partners Group *	Related company	Mutual negotiation	22,033	-	-	-

* Relatives through the subsidiaries' directors

The monetary management benefit expenses for each of the years ended December 31, 2016 and 2015 are as follows:

In Thousand Baht				
Description	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Salaries and other benefits	50,252	47,964	46,633	44,518
Meeting allowances	1,126	824	1,126	824
Total	51,378	48,788	47,759	45,342

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016

The outstanding balances with related parties as at December 31, 2016 and 2015 in the consolidated financial statements are as follows:

	Consolidated Financial Statements (In Thousand Baht)				
	Balance as at			Currency	Balance as at
	December 31,	Increase	Decrease	translation	December 31,
	2015			differences	2016
Trade and unbilled trade account receivables					
Fourteen Points Company Limited	41,971	32,354	(28,718)	-	45,607
Verita MHK (Thailand) Ltd.	-	3,229	(803)	-	2,426
Fierce Publishing Co., Ltd.	-	527	(35)	-	492
MahaNakhon Bespoke Tailoring Co., Ltd.	471	1,387	(180)	-	1,678
Total	<u>42,442</u>	<u>37,497</u>	<u>(29,736)</u>	<u>-</u>	<u>50,203</u>
Advances and other receivables					
Finch & Partners Group (directorship)	23,144	9,199	(32,343)	-	-
Pace Development Co., Ltd.	2,911	-	-	(21)	2,890
Khun Sorapoj Techakraisri (shareholder)	-	3,825	-	-	3,825
Total	<u>26,055</u>	<u>13,024</u>	<u>(32,343)</u>	<u>(21)</u>	<u>6,715</u>
Long-term loans and interest receivable					
Grovepark International Limited (directorship)					
- Principal	-	74,115	-	1,129	75,244
- Interest receivable	-	811	-	13	824
Total	<u>-</u>	<u>74,926</u>	<u>-</u>	<u>1,142</u>	<u>76,068</u>
Trade account payables					
Fourteen Points Company Limited	44	-	(44)	-	-
Finch & Partners Group	-	83,903	(83,903)	-	-
Total	<u>44</u>	<u>83,903</u>	<u>(83,947)</u>	<u>-</u>	<u>-</u>
Other payables					
Pace Development Co., Ltd.	3,559	-	-	-	3,559
Grovepark International Limited	-	7,059	-	108	7,167
Fourteen Points Company Limited	271	3,912	(2,773)	-	1,410
Fierce Publishing Co., Ltd.	-	915	(674)	-	241
WM Imagineer Co., Ltd. (directorship)	-	1,054	(1,054)	-	-
WM Advisory Co., Ltd. (directorship)	10,000	21,400	(20,700)	-	10,700
Total	<u>13,830</u>	<u>34,340</u>	<u>(25,201)</u>	<u>108</u>	<u>23,077</u>
Advances received from customers					
Khun Sumate Techakraisri (shareholder)	327	-	-	-	327
Khun Chumpol Techakraisri (shareholder)	327	-	-	-	327
Khun Sorapoj Techakraisri (shareholder)	-	40,000	-	-	40,000
Khun Theera Vayakornvichitre (director)	500	-	(500)	-	-
Dynasty Apparel Co., Ltd. (directorship)	327	-	-	-	327
MFT Development Co., Ltd. (directorship)	-	9,000	(9,000)	-	-
Verita MHK (Thailand) Ltd. (indirect shareholding by director)	-	4,164	-	-	4,164
Total	<u>1,481</u>	<u>53,164</u>	<u>(9,500)</u>	<u>-</u>	<u>45,145</u>
Short-term loans from director					
Khun Sorapoj Techakraisri	-	85,142	(85,142)	-	-

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
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	Consolidated Financial Statements (In Thousand Baht)				
	Balance as at December 31, 2015	Increase	Decrease	Currency translation differences	Balance as at December 31, 2016
	Accrued interest				
Khun Sorapoj Techakraisri	386,295	-	(386,295)	-	-
Fourteen Points Holdings	76,873	-	(76,873)	-	-
Total	463,168	-	(463,168)	-	-

The aging analyses of trade account receivables - related companies as at December 31, 2016 and 2015 are as follows:

	Consolidated Financial Statements (In Thousand Baht)	
	2016	2015
Trade account receivables		
Within credit term	1,354	712
Overdue		
- Not over 3 months	7,420	9,056
- Over 3 months to 6 months	10,648	8,546
- Over 6 months to 12 months	19,534	15,892
- Over 12 months	8,946	3,453
Total trade account receivables	47,902	37,659
Unbilled trade account receivables	2,301	4,783
Total	50,203	42,442

DEPOSIT FOR ACQUISITION OF ASSET

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

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

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

Subsequently, on April 22, 2015, the Company made the allocation of newly issued common shares to IBC Thailand Ltd. and IDJ Holding Ltd. under Private Placement Scheme for the purchase of additional investments and loan and accrued interest assignment in Pace Group of 542,722,500 shares at the price of Baht 3.39 per share as discussed in Notes 2 and 9. Thus, such deposit for acquisition of assets of Baht 318.9 million was recorded as a part of purchase of investments and loan and accrued interest assignment.

LONG-TERM LOANS TO RELATED COMPANY

Long-term loans to Grovepark International Limited (incorporated in the Bahamas) are unsecured loans. These loans bear interest at the rate of Applicable Federal Rate (“AFR”) will be payable in full upon the end of the term 60 months (expiring in April 2020) or earlier. The total loan amount will not exceed U.S. Dollars 6.0 million.

SHORT-TERM LOANS FROM DIRECTOR

Short-term loans from director are unsecured loans and no interest bearing.

MANAGED SERVICES AGREEMENT

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

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

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

Dean & DeLuca Inc. has entered into Managed Services Agreement dated January 1, 2015 with the Company, whereby the Company will provide the services as indicated in agreements for the period of one year commencing from January 1, 2015. In consideration thereof, the Dean & DeLuca Inc. is committed to pay service fees of USD 70,500 per quarter.

MEMORANDUM TO SELL AND PURCHASE OF LAND

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

In 2014, the Company made an advance payment for land of Baht 180 million and on March 20, 2015, the Company made an additional payment for land of Baht 36.4 million for the remaining amount and the ownership of such land was transferred to the Company on that date.

DISTRIBUTION AND LICENSE AGREEMENT AND TRADEMARK LICENSE AGREEMENT

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

On November 1, 2014, Pace Development Co., Ltd. (Assignor), a related company, entered into novation agreement to transfer the right and obligation under the Distribution and License Agreement and the Trademark License Agreement to Dean and Deluca (Thailand) Co., Ltd. (Assignee) under conditions as indicated in the Distribution and License Agreement and the Trademark License Agreement with Dean & DeLuca Inc. In consideration thereof, Dean and Deluca (Thailand) Co., Ltd. agreed to pay the novation fee to Pace Development Co., Ltd. of Baht 12.8 million within 3 months after the novation date. Such novation fee was paid on September 24, 2015 and was recorded as a part of "Intangible assets" in the consolidated statements of financial position as at December 31, 2016 and 2015.

INTERIOR DECORATION WORKS TO RESIDENTIAL UNITS (UPPER/SKY RESIDENCE) AGREEMENT

On May 19, 2015, Pace Project Two Co., Ltd. has entered into the Interior Decoration Works to Residential Units (Upper/Sky Residence) Agreement with Pace Interior Services Co., Ltd. for drawing and interior services for the upper and sky residence units of MahaNakhon Project totalling Baht 342.2 million.

MANAGED AND INTERIOR SERVICES AGREEMENTS

Pace Interior Services Co., Ltd., a subsidiary, has entered into 2 Managed and Interior Services Agreements for construction management and interior services of MahaNakhon Project dated January 1, 2016 and July 1, 2016 (2015: July 1, 2015 and August 1, 2015) with WM Advisory Co., Ltd., a related company, whereby such related company will provide the services as indicated in agreements expiring on June 30, 2016 and December 31, 2016, respectively (2015: December 31, 2015). In consideration thereof, such subsidiary is committed to pay service fees to such related company totalling Baht 20 million (2015: Baht 25 million).

CONSULTANCY AGREEMENT

The Company has entered into Consultancy Agreement dated April 1, 2015 with Finch & Partners Group, a related company, whereby the later such related company will provide the services as indicated in agreement for the period of one year expiring on March 31, 2016. In consideration thereof, the Company is committed to pay consultancy fee totalling USD 800,000.

JOINT VENTURE AND TRADEMARK LICENSE AGREEMENTS

On March 24, 2016, Dean & DeLuca International, LLC entered into a Joint Venture Agreement with the current licensee Japan partner, Dean & DeLuca Japan Co., Ltd. for conducting the café business in Japan under the newly formed joint venture namely Dean & DeLuca Café Japan Co., Ltd. as discussed in Note 10.

On March 31, 2016, Dean & DeLuca Brands, Inc. entered into a new Trademark License Agreement with Dean & DeLuca Japan Co., Ltd. Under the Agreement terms, Dean & DeLuca Brands, Inc. terminated the existing fixed-term License and Distribution Agreement and provided a perpetual Trademark License Agreement to Dean & DeLuca Japan Co., Ltd. for all businesses except café business in Japan with the agreed fee of JPY 2,170 million. On the same date, Dean & DeLuca Brands, Inc. granted a perpetual Trademark License Agreement with Dean & DeLuca Café Japan Co, Ltd., a newly formed joint venture, for café business in Japan with the agreed fee of JPY 200 million.

In consideration for these new Trademark License Agreements, Dean & DeLuca Brands, Inc. received by the following means:

	Amount	
	In Million JPY	In Thousand Baht
Cash received for one-time non-refundable royalty payment	1,350	420,670
Remaining prepaid royalty fee from termination of the old License and Distribution Agreement	345	108,749
50% ownership in the newly formed joint venture, Dean & DeLuca Café Japan Co., Ltd. under Share Transfer Agreement	675	210,335
Total	<u>2,370</u>	<u>739,754</u>

On March 31, 2016, Dean & DeLuca International, LLC entered into a Share Transfer Agreement with Dean & DeLuca Japan Co., Ltd. to be transferred 50% shares of Dean & DeLuca Café Japan Co., Ltd. (common share of 13,500 shares at JPY 50,000 per share) as the payment for the consideration of the above Trademark License Agreement.

In this regard, Dean & DeLuca Japan Co., Ltd. transferred 6 existing Café locations based in Tokyo under a Business Transfer Agreement to Dean & DeLuca Café Japan Co., Ltd. with the purchase price of JPY 950 million. Such cafes will be served as the foundation upon which the café business will be expanded across Japan.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
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MEMORANDUMS OF TRANSFER OF ACCRUED INTEREST

On January 25, 2012, the Company entered into 3 memorandums of transfer of accrued interest whereby Khun Sorapoj Techakraisri and Fourteen Points Holdings (Assignors) will transfer accrued interest from loans which have not been transferred as indicated in novation agreements to the Company (Assignee) after 60 days when Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. (Debtors) are granted construction certificate to build, modify and relocate building (Form Or. 6) issued by a government agency relating to the construction MahaNakhon Project. As at March 31, 2016, Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. have been granted such Form Or. 6. However, the Company will recognize income according to these 3 memorandums when the Company receives cash from such debtors.

Subsequently on May 25, 2016, the Company (Assignee) entered into another 3 memorandums with Khun Sorapoj Techakraisri and Fourteen Points Holdings (Assignors) and Pace Project One Co., Ltd., Pace Project Two Co., Ltd., Pace Project Three Co., Ltd. and Pace Real Estate Co., Ltd. (Debtors) to cancel such 3 memorandums of transfer of accrued interest as mentioned above and decrease interest rate to such debtors to be at zero percentage. Hence, the Pace Development Corporation Group recorded such decrease of accrued interest expense totalling Baht 463.2 million as contributions from equity participants as "Other reserve" under the equity in the consolidated statement of financial position as at December 31, 2016.

AGREEMENT TO PURCHASE AND SALE OF CONDOMINIUM UNIT

During the second quarter of 2016, the Company has made an agreement to purchase and sale of condominium unit of Ficus Lane Project with MFT Development Co., Ltd., a related company, at selling price of Baht 9.0 million. Such related company made the payment in full amount and the Company recorded revenue from sale of residential condominium unit in the consolidated and separate statements of comprehensive income for the year ended December 31, 2016.

The outstanding balances with related parties as at December 31, 2016 and 2015 in the separate financial statements are as follows:

	Separate Financial Statements (In Thousand Baht)			Balance as at December 31, 2016
	Balance as at December 31, 2015	Increase	Decrease	
Short-term loans to and interest receivable				
Pace Country Club Co., Ltd.				
- Principal	316,700	210,100	(145,700)	381,100
- Interest receivable	15,457	24,467	(18,043)	21,881
	<u>332,157</u>	<u>234,567</u>	<u>(163,743)</u>	<u>402,981</u>
Pace Food Retail Co., Ltd.				
- Principal	129,200	64,000	-	193,200
- Interest receivable	2,813	12,999	-	15,812
	<u>132,013</u>	<u>76,999</u>	<u>-</u>	<u>209,012</u>
Dean & DeLuca Inc.				
- Principal	110,930	1,398,453	(63,087)	1,446,296
- Interest receivable	4,515	58,197	-	62,712
	<u>115,445</u>	<u>1,456,650</u>	<u>(63,087)</u>	<u>1,509,008</u>
Dean and Deluca (Thailand) Co., Ltd.				
- Principal	130,770	139,500	-	270,270
- Interest receivable	4,113	13,434	-	17,547
	<u>134,883</u>	<u>152,934</u>	<u>-</u>	<u>287,817</u>
Pace Interior Services Co., Ltd.				
- Principal	-	92,600	-	92,600
- Interest receivable	-	3,102	-	3,102
	<u>-</u>	<u>95,702</u>	<u>-</u>	<u>95,702</u>
Pace Creative Agency Co., Ltd.				
- Principal	-	8,500	-	8,500
- Interest receivable	-	71	-	71
	<u>-</u>	<u>8,571</u>	<u>-</u>	<u>8,571</u>
Total	<u>714,498</u>	<u>2,025,423</u>	<u>(226,830)</u>	<u>2,513,091</u>

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016

	Separate Financial Statements (In Thousand Baht)			Balance as at December 31, 2016
	Balance as at December 31, 2015	Increase	Decrease	
Advances to and other receivables				
Pace Project One Co., Ltd.	664	10,868	(1,871)	9,661
Pace Project Two Co., Ltd.	6,364	16,899	(14,746)	8,517
Pace Project Three Co., Ltd.	13,015	1,457	(561)	13,911
Pace Real Estate Co., Ltd.	1,153	143	-	1,296
YLP Company Limited	-	4	-	4
Pace Country Club Co., Ltd.	1,019	6,600	-	7,619
Pace Creative Agency Co., Ltd.	441	417	(441)	417
Pace Food Retail Co., Ltd.	455	4,110	(3,509)	1,056
Pace Management Co., Ltd.	-	30	-	30
Dean & DeLuca Inc.	83,720	11	(98)	83,633
Finch & Partners International Limited	-	7,668	(7,668)	-
Total	106,831	48,207	(28,894)	126,144
Accrued management fee income				
Pace Project One Co., Ltd.	46,440	15,480	-	61,920
Pace Project Two Co., Ltd.	109,584	36,528	-	146,112
Pace Project Three Co., Ltd.	23,976	7,992	-	31,968
Total	180,000	60,000	-	240,000
Interest receivables				
Pace Project One Co., Ltd.	420,162	192,371	-	612,533
Pace Project Two Co., Ltd.	400,190	207,153	-	607,343
Pace Project Three Co., Ltd.	203,050	124,062	-	327,112
Pace Real Estate Co., Ltd.	71,150	25,639	-	96,789
Pace Food Retail Co., Ltd.	89,798	6,258	-	96,056
Total	1,184,350	555,483	-	1,739,833
Long-term loans to				
Pace Project One Co., Ltd.	2,417,359	318,150	-	2,735,509
Pace Project Two Co., Ltd.	2,357,567	1,039,600	(105,000)	3,292,167
Pace Project Three Co., Ltd.	1,578,929	157,000	-	1,735,929
Pace Real Estate Co., Ltd.	341,856	-	-	341,856
Pace Food Retail Co., Ltd.	67,000	-	-	67,000
Total	6,762,711	1,514,750	(105,000)	8,172,461
Other payables				
Pace Project Two Co., Ltd.	-	157	(157)	-
Pace Creative Agency Co., Ltd.	-	553	(455)	98
Dean and Deluca (Thailand) Co., Ltd.	1,323	2,822	(2,937)	1,208
Fierce Publishing Co., Ltd.	-	856	(615)	241
Fourteen Points Company Limited	121	1,435	(890)	666
Total	1,444	5,823	(5,054)	2,213

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	Separate Financial Statements (In Thousand Baht)			Balance as at December 31, 2016
	Balance as at December 31, 2015	Increase	Decrease	
Short-term loans from and accrued interest				
YLP Company Limited				
- Principal	-	100,000	(100,000)	-
- Accrued interest	-	2,777	(2,777)	-
	-	102,777	(102,777)	-
Pace Creative Agency Co., Ltd.				
- Principal	-	299,000	(299,000)	-
- Accrued interest	-	1,038	(1,038)	-
	-	300,038	(300,038)	-
Pace Food Retail Co., Ltd.				
- Principal	-	199,000	(199,000)	-
- Accrued interest	-	691	(691)	-
	-	199,691	(199,691)	-
Total	-	602,506	(602,506)	-
Advances and deposits received from customers				
Khun Sumate Techakraisri (shareholder)	327	-	-	327
Khun Chumpol Techakraisri (shareholder)	327	-	-	327
Khun Theera Vayakornvichitre (director)	500	-	(500)	-
Khun Sorapoj Techakraisri (shareholder)	-	40,000	-	40,000
Dynasty Apparel Co., Ltd. (directorship)	327	-	-	327
MFT Development Co., Ltd. (directorship)	-	9,000	(9,000)	-
Total	1,481	49,000	(9,500)	40,981

Short-term loans to subsidiaries

Short-term loans to Pace Country Club Co., Ltd. are unsecured loans. These loans bear interest at the rate of 7.5% per annum and will be repayable in January to September 2017.

Short-term loans to Dean & DeLuca Inc. are unsecured loans. These loans bear interest at the rate of MLR+3% per annum and will be repayable in January to December 2017.

Short-term loans to Dean and Deluca (Thailand) Co., Ltd. are unsecured loans. These loans bear interest at the rate of 7.5% per annum and will be repayable in January to September 2017.

Short-term loans to Pace Food Retail Co., Ltd. are unsecured loans. These loans bear interest at the rate of 7.5% per annum and will be repayable in January to September 2017.

Short-term loans to Pace Interior Services Co., Ltd. are unsecured loans. These loans bear interest at the rate of 7.5% per annum and will be repayable in January to September 2017.

Short-term loans to Pace Creative Agency Co., Ltd. are unsecured loans. These loans bear interest at the rate of 7.5% per annum and will be repayable in June to September 2017.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
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December 31, 2016

Long-term loans to subsidiaries

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

The Company entered into long-term loan agreements with the Pace Project One Co., Ltd., Pace Project Two Co., Ltd., Pace Project Three Co., Ltd. and Pace Real Estate Co., Ltd. These loans are unsecured loans. The significant details are follows:

- a) Loans are due upon the lenders' written demand given at least 30 days in advance.
- b) Loans are to be subordinated to the loans from the financial institutions as discussed in Note 23.
- c) These loans bear interest at the rate of 7.5% per annum.

5. CASH AND CASH EQUIVALENTS

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Cash on hand	4,506	4,542	129	79
Cash at banks - current accounts	2,582	6,307	1,357	3,853
Cash at banks - savings accounts	685,367	640,251	184,709	121,268
Total	692,455	651,100	186,195	125,200

6. SHORT-TERM INVESTMENTS

	Consolidated/Separate Financial Statements (In Thousand Baht)	
	2016	2015
	Investments in open-end fixed income fund	
- Cost value	44,583	68,819
- Unrealized gain on revaluation	112	93
Fair value	44,695	68,912

7. TRADE AND UNBILLED TRADE ACCOUNT RECEIVABLES - OTHER COMPANIES - Net

The aging analyses of trade account receivables - other companies as at December 31, 2016 and 2015 are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Trade account receivables				
Within credit term	25,554	24,407	-	-
Overdue				
- Not over 3 months	13,391	28,650	-	-
- Over 3 months to 6 months	2,197	2,923	-	-
- Over 6 months to 12 months	450	55	-	-
- Over 12 months	-	350	-	350
Total trade account receivable	41,592	56,385	-	350
Unbilled trade account receivables	1,739	7,523	-	-
Total	43,331	63,908	-	350
Less: Allowance for doubtful accounts	(191)	(542)	-	(350)
Net	43,140	63,366	-	-
Bad debts and doubtful debts during the year (reversal)	(351)	151	350	-

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016

8. INVENTORIES - Net

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Inventories in real estate business	-	21,370	-	21,370
Inventories in interior service business	30,042	2,966	-	-
Inventories in retailer of premium gourmet and delicatessen				
- Cost	271,691	249,320	-	-
- Less: Allowance for decline in value of inventories	(5,725)	(5,382)	-	-
- Net	265,966	243,938	-	-
Total	296,008	268,274	-	21,370
Write-down of merchandises recognized as a part of cost of sales during the year	343	2,731	-	-

Subsidiaries

Details of inventories in retailer of premium gourmet and delicatessen business as at December 31, 2016 and 2015 are as follows:

	Consolidated Financial Statements (In Thousand Baht)	
	2016	2015
Merchandise inventories	252,443	234,024
Raw materials	4,096	3,017
Supplies	15,152	12,279
Total	271,691	249,320
Less: Allowance for decline in value of inventories	(5,725)	(5,382)
Net	265,966	243,938

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016

9. INVESTMENTS IN SHARES OF SUBSIDIARIES - At Cost

As at December 31, 2016 and 2015, investments in shares of subsidiaries are as follows:

	Country of Registration	Type of Business	Paid-up Share Capital (In Million Baht)		Percentage of Ownership (%)		Separate Financial Statements (In Thousand Baht) Cost Method	
			2016	2015	2016	2015	2016	2015
YLP Company Limited	Thailand	Property development	170	170	100	100	170,000	170,000
Pace Country Club Co., Ltd.	Thailand	Property development and management	20	20	100	100	20,000	20,000
Pace Interior Services Co., Ltd.	Thailand	Interior services	20	20	100	100	20,000	20,000
Pace Creative Agency Co., Ltd.	Thailand	Designing, advertising and marketing communication	10	10	100	100	10,000	10,000
Pace Management Co., Ltd.	Thailand	Management services	1	-	99.97	-	1,000	-
Pace Food Retail Co., Ltd.	Thailand	Investment in equity shares of retailer of premium gourmet and delicatessen business	2,205.25	2,205.25	100	100	2,205,250	2,205,250
Pace Real Estate Co., Ltd.	Thailand	Investment in common shares	10.2	10.2	100	100	19,972	19,972
Pace Project One Co., Ltd.	Thailand	Hotel	200	200	50	50	195,569	195,569
Pace Project Two Co., Ltd.	Thailand	Luxury condominium	200	200	50	50	195,569	195,569
Pace Project Three Co., Ltd.	Thailand	Shopping centre	100	100	50	50	97,784	97,784
Total							<u>2,935,144</u>	<u>2,934,144</u>

All of the Pace Project One Co., Ltd., Pace Project Two Co., Ltd., Pace Project Three Co., Ltd., Pace Real Estate Co., Ltd., Pace Food Retail Co., Ltd. and Pace Country Club Co., Ltd.'s shares held by the Company are pledged as collateral for credit facilities of the Company and subsidiaries as discussed in Note 23.

In 2015, the Company has invested in 2 new subsidiaries which are:

- a) Pace Interior Services Co., Ltd. with the registered capital of Baht 1 million (common share 10,000 shares at Baht 100 par value). Such subsidiary registered the incorporation with the Ministry of Commerce on January 6, 2015.
- b) Pace Creative Agency Co., Ltd. with the registered capital of Baht 10 million (common share 100,000 shares at Baht 100 par value). Such subsidiary registered the incorporation with the Ministry of Commerce on November 18, 2015.

At the extraordinary shareholders' meeting of Pace Interior Services Co., Ltd. held on January 21, 2015, the subsidiary's shareholders passed the resolution to increase the subsidiary's authorized share capital from Baht 1 million (divided into 10,000 common shares at Baht 100 par value) to Baht 20 million (divided into 200,000 common shares at Baht 100 par value). The subsidiary registered the increase in authorized share capital with the Ministry of Commerce on January 23, 2015.

On April 22, 2015, the Company additionally purchased 16% shares in Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. from IBC Thailand Ltd. and 32.32% shares in Pace Real Estate Co., Ltd. from IBC Thailand Ltd. and IDJ Holding Ltd. as discussed in Notes 2 and 4. In this regard, the Company recognized discount on increase in shareholding in these subsidiaries totalling Baht 1,064.0 million and presented under equity in the consolidated statement of financial position as at December 31, 2016 and 2015.

On April 29, 2015, the Company purchased 100% common shares in Dean and Deluca (Thailand) Co., Ltd. from Khun Sorapoj Teachakraisri as discussed in Note 2.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
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December 31, 2016

At the extraordinary shareholders' meeting of Dean and DeLuca (Thailand) Co., Ltd. held on May 21, 2015, the subsidiary's shareholders passed the resolution to increase the subsidiary's authorized share capital from Baht 100 million (divided into 1,000,000 common shares at Baht 100 par value) to Baht 261 million (divided into 2,610,000 common shares at Baht 100 par value). The subsidiary registered the increase in authorized share capital with the Ministry of Commerce on June 3, 2015. Hence, the Company additionally invested in such subsidiary of Baht 161 million to maintain the same percentage of ownership in such subsidiary.

At the extraordinary shareholders' meeting of Pace Food Retail Co., Ltd. held on July 10, 2015, the subsidiary's shareholders passed the resolution to increase the subsidiary's authorized share capital from Baht 810.95 million (divided into 8,109,500 common shares at Baht 100 par value) to Baht 1,050.95 million (divided into 10,509,500 common shares at Baht 100 par value). The subsidiary registered the increase in authorized share capital with the Ministry of Commerce on July 20, 2015. Hence, the Company additionally invested in such subsidiary of Baht 240 million to maintain the same percentage of ownership in such subsidiary by share swap with the investment in common shares of Dean and DeLuca (Thailand) Co., Ltd. of 2,610,000 shares at Baht 100 par value on July 10, 2015.

At the extraordinary shareholders' meeting of Pace Food Retail Co., Ltd. held on September 2, 2015, the subsidiary's shareholders passed the resolution to increase the subsidiary's authorized share capital from Baht 1,050.95 million (divided into 10,509,500 common shares at Baht 100 par value) to Baht 2,205.25 million (divided into 22,052,500 common shares at Baht 100 par value). The subsidiary registered the increase in authorized share capital with the Ministry of Commerce on September 3, 2015. Hence, the Company additionally invested in such subsidiary of Baht 1,154.3 million to maintain the same percentage of ownership in such subsidiary.

At the extraordinary shareholders' meeting of Pace Country Club Co., Ltd. held on August 4, 2015, the subsidiary's shareholders passed the resolution to increase the subsidiary's authorized share capital from Baht 1 million (divided into 10,000 common shares at Baht 100 par value) to Baht 20 million (divided into 200,000 common shares at Baht 100 par value). The subsidiary registered the increase in authorized share capital with the Ministry of Commerce on August 5, 2015.

At the extraordinary shareholders' meeting of YLP Company Limited held on November 24, 2015, the subsidiary's shareholders passed the resolution to increase the subsidiary's authorized share capital from Baht 50 million (divided into 500,000 common shares at Baht 100 par value) to Baht 170 million (divided into 1,700,000 common shares at Baht 100 par value). Such subsidiary registered the increase in authorized share capital with the Ministry of Commerce on November 26, 2015.

In 2016, the Company has invested in a new subsidiary namely Pace Management Co., Ltd. with the registered capital of Baht 1 million (common share 10,000 shares at Baht 100 par value). Such subsidiary registered the incorporation with the Ministry of Commerce on April 4, 2016.

10. INVESTMENT IN SHARES OF JOINT VENTURE - At Equity Method

As at December 31, 2016, investment in shares of joint venture has detail as follows (2015: Nil):

Country of Registration	Type of Business	Authorized Share Capital (In Million Yen)	Paid-up Share Capital (In Million Yen)	Percentage of Ownership (%)	Consolidated Financial Statements (In Thousand Baht)	
					Cost Method	Equity Method
Dean & DeLuca						
Café Japan Co., Ltd.	Japan	Food and beverage	2,500	1,700	50	<u>273,400</u> <u>227,911</u>

On March 24, 2016, Dean & DeLuca International, LLC entered into a Joint Venture Agreement with Dean & DeLuca Japan Co., Ltd. to form a joint venture namely Dean & DeLuca Café Japan Co., Ltd. Dean & DeLuca International, LLC has total investment of JPY 675 million, which paid by a part of the total consideration for the perpetual Trademark License to Dean & DeLuca Japan Co., Ltd. and Dean & DeLuca Café Japan Co., Ltd. as discussed in Note 4.

At the extraordinary shareholders' meeting of Dean & DeLuca Café Japan Co., Ltd. held on October 13, 2016, the shareholders of such joint venture approve the call for paid-up share capital from JPY 1,350 million (divided into 27,000 common shares at JPY 50,000 par value) to JPY 1,700 million (divided into 34,000 common shares at JPY 50,000 par value). Hence, the Company additionally invested in such joint venture of JPY 175 million to maintain the same percentage of ownership in such joint venture.

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December 31, 2016

The movements of investment in shares of joint venture during the year ended December 31, 2016 accounted for using the equity method was as follows:

	Consolidated Financial Statements (In Thousand Baht)
Balance as at January 1, 2016	-
Increase in investment	273,400
Unearned royalty income	(31,109)
Share of net loss of investment - at equity method	(3,333)
Currency translation differences	(11,047)
Balance as at December 31, 2016	227,911

11. REAL ESTATE PROJECTS FOR SALES UNDER DEVELOPMENT

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Balance as at January 1, 2015	5,565,472	440,240
Additions	4,460,907	2,179,477
Borrowing costs capitalized during the year	349,232	99,210
Capitalized amortization of deferred loan arrangement fee and debenture underwriting fee during the year	45,070	10,521
Transfer from advance for land	211,000	211,000
Transfer to land (Note 12)	(10,217)	(10,217)
Transfer from construction in progress (Note 13)	6,673	6,673
Balance as at December 31, 2015	10,628,137	2,936,904
Additions	3,717,417	2,157,607
Borrowing costs capitalized during the year	465,841	152,090
Capitalized amortization of deferred loan arrangement fee and debenture underwriting fee during the year	25,553	10,790
Transfer from leasehold improvements, sale gallery and equipment (Note 15)	44,541	-
Recognition as cost of sales during the year	(974,983)	-
Write-down of real estate project for sales under development during the year	(33,100)	-
Balance as at December 31, 2016	13,873,406	5,257,391
Balance as at December 31, 2015		
Current	8,262,492	964,817
Non-current	2,365,645	1,972,087
Total	10,628,137	2,936,904
Balance as at December 31, 2016		
Current	10,553,946	2,424,584
Non-current	3,319,460	2,832,807
Total	13,873,406	5,257,391

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The Company

On July 14, 2016, the Company entered into the Sale and Purchase Agreements of Real Estate Property with Bell Investments Limited and Asension Trading Limited to purchase land at Niseko, Hokkaido, Japan with the purchase values totalling Baht 529.05 million. The payments were made by the allocation of newly issued 176,350,000 common shares under Private Placement Scheme at the price of Baht 3.00 per share as discussed in Note 27. The ownerships of such land were transferred to the Company on July 25, 2016. Such land was appraised by an independent professional valuer as per report dated May 9, 2016 by using market comparison approach with the appraised value of Baht 552.0 million.

The borrowing costs were capitalized as part of the cost of real estate projects for sales under development amounting to Baht 152.1 million in 2016 and Baht 99.2 million in 2015 at the weighted average capitalization rate of the 6.12% per annum and 6.5% per annum, respectively.

As at December 31, 2016 and 2015, land and construction on land for real estate project, which have carrying values totalling Baht 4,709.1 million and Baht 2,936.9 million, respectively, were pledged as collateral for long-term loans from financial institution of the Company and credit facilities of a subsidiary as discussed in Note 23.

Subsidiaries

The borrowing costs were capitalized as part of the cost of real estate projects for sales under development of YLP Company Limited amounting to Baht 14.7 million in 2016 and Baht 1.8 million in 2015 at the weighted average capitalization rate of the 5.57% per annum and 5.75% per annum, respectively.

The borrowing costs were capitalized as part of the cost of real estate projects for sales under development of Pace Project Two Co., Ltd. amounting to Baht 299.0 million in 2016 and Baht 248.2 million in 2015 at the weighted average capitalization rate of the 6.42% per annum and 6.5% per annum, respectively.

As at December 31, 2016 and 2015, land and construction on land for real estate project of 2 subsidiaries, which have carrying values totalling Baht 8,616.0 million and Baht 7,691.2 million, respectively, were pledged as collateral for credit facilities from financial institutions of the Company and certain subsidiaries as discussed in Note 23.

12. LAND

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Balance as at January 1, 2015	1,493,170	271,024
Disposals	-	(4,999)
Transfer real estate projects for sales under development to land (Note 11)	10,217	10,217
Balance as at December 31, 2015 and 2016	1,503,387	276,242

The Company

As at December 31, 2016 and 2015, land of the Company which have carrying value totalling Baht 276.2 million and Baht 271.0 million, respectively, was pledged as collateral for long-term loans from financial institution of the Company and credit facilities of a subsidiary as discussed in Note 23.

Subsidiaries

As at December 31, 2016 and 2015, Land of subsidiaries which have carrying value totalling Baht 1,227.1 million and Baht 1,221.1 million, respectively, was pledged as collateral for credit facilities from financial institutions as discussed in Note 23.

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December 31, 2016

13. CONSTRUCTION IN PROGRESS

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Balance as at January 1, 2015	1,959,775	356,379
Additions	1,134,962	35,443
Borrowing costs capitalized during the year	103,947	14,521
Capitalized amortization of deferred loan arrangement fee and debenture underwriting fee during the year	7,606	499
Transfer to real estate projects for sales under development (Note 11)	(6,673)	(6,673)
Transfer to property for lease (Note 16)	(38,186)	-
Transfer to right to use assets (Note 14)	(8,816)	-
Disposals	-	(1,808)
Balance as at December 31, 2015	3,152,615	398,361
Additions	1,191,375	196
Borrowing costs capitalized during the year	157,249	-
Capitalized amortization of deferred loan arrangement fee and debenture underwriting fee during the year	6,036	-
Transfers to leasehold improvements, sale gallery and equipment (Note 15)	(591,368)	-
Balance as at December 31, 2016	3,915,907	398,557

The Company

The borrowing costs were capitalized as part of the cost of construction in progress amounting to Baht 14.5 million in 2015 at the weighted average capitalization rate of the 6.5% per annum (2016: Nil).

Construction in progress of the Company was pledged as collateral for long-term loans from financial institution of the Company and credit facilities of a subsidiary as discussed in Note 23.

Subsidiaries

The borrowing costs were capitalized as part of the cost of construction in progress of Pace Country Club Co., Ltd. amounting to Baht 7.4 million in 2016 and Baht 8.2 million in 2015 at the weighted average capitalization rate of the 6.72% per annum and 7.5% per annum, respectively.

The borrowing costs were capitalized as a part of the cost of construction in progress of Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. amounting to Baht 149.8 million in 2016 and Baht 81.2 million in 2015 at the weighted average capitalization rate of the 6.37% per annum and 6.5% per annum, respectively.

Construction in progress of subsidiaries was pledged as collateral for credit facilities from financial institutions as discussed in Note 23.

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Notes to Financial Statements (Continued)
December 31, 2016

14. RIGHT TO USE ASSETS - Net

	Consolidated Financial Statements (In Thousand Baht)
Cost	
Balance as at January 1, 2015	-
Additions	27,729
Transfer from construction in progress (Note 13)	<u>8,816</u>
Balance as at December 31, 2015	<u>36,545</u>
Additions	<u>15,613</u>
Balance as at December 31, 2016	<u>52,158</u>
 Accumulated Amortization	
Balance as at January 1, 2015	-
Amortization during the year	<u>765</u>
Balance as at December 31, 2015	<u>765</u>
Amortization during the year	<u>5,134</u>
Balance as at December 31, 2016	<u>5,899</u>
 Net book value	
As at December 31, 2015	<u>35,780</u>
As at December 31, 2016	<u>46,259</u>

On August 18, 2014, Pace Project Three Co., Ltd., a subsidiary, had entered into the linkbridge agreement for the right to connect and use the linkbridge commuting path with Bangkok Mass Transit System Public Company Limited expiring on December 4, 2029 or the expiration date of concession that Bangkok Mass Transit System Public Company Limited derived from the Bangkok Metropolitan Administration. In consideration thereof, such subsidiary has to pay the fee (excluding value added tax) totalling Baht 54.5 million. The subsidiary has made the payment of Baht 20 million on March 31, 2015 and the remaining of Baht 34.5 million will be paid on 46 monthly equal installment amount of Baht 0.75 million per month. The right of linkbridge structures will be transferred to Bangkok Metropolitan Administration, hence, the Pace Development Corporation Group presented such cost of structures as a part of "Right to use assets" in the consolidated statement of financial position.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016

15. LEASEHOLD IMPROVEMENT, SALES GALLERY AND EQUIPMENT - Net

	Consolidated Financial Statements (In Thousand Baht)							
	Sales gallery	Crystal lagoon	Leasehold improvements	Furniture, fixtures and equipment	Media equipment	Vehicles	Assets under installation	Total
Cost								
Balance as at January 1, 2015	262,970	-	178,304	108,953	1,477	21,978	55,052	628,734
Additions	293	-	62,695	93,364	2,489	9,609	37,718	206,168
Disposals and write-off	-	-	(1,024)	(2,673)	-	-	(7,900)	(11,597)
Transfers	-	-	46,753	4,631	-	-	(51,384)	-
Currency translation differences	-	-	11,197	6,699	-	121	2,480	20,497
Balance as at December 31, 2015	263,263	-	297,925	210,974	3,966	31,708	35,966	843,802
Additions	-	1,481	79,672	109,079	1,517	11,267	511,397	714,413
Disposals and write-off	(218,722)	-	(48,128)	(1,651)	(125)	(2,953)	(5,550)	(277,129)
Transfers	(44,541)	520,457	-	233	70,911	1,177	(1,410)	546,827
Currency translation differences	-	-	(814)	76	-	(12)	6,696	5,946
Balance as at December 31, 2016	-	521,938	328,655	318,711	76,269	41,187	547,099	1,833,859
Accumulated Depreciation								
Balance as at January 1, 2015	136,451	-	11,300	23,992	16	6,630	-	178,389
Depreciation charge for the year	78,390	-	68,939	35,242	644	4,838	-	188,053
Disposals and write-off	-	-	(98)	(2,398)	-	-	-	(2,496)
Currency translation differences	-	-	1,491	1,132	-	16	-	2,639
Balance as at December 31, 2015	214,841	-	81,632	57,968	660	11,484	-	366,585
Depreciation charge for the year	3,160	12,736	55,152	54,005	7,269	7,564	-	139,886
Disposals and write-off	(218,001)	-	(41,466)	(781)	(2)	(2,571)	-	(262,821)
Currency translation differences	-	-	277	334	-	3	-	614
Balance as at December 31, 2016	-	12,736	95,595	111,526	7,927	16,480	-	244,264
Net Book Value								
Owned assets	48,422	-	216,293	152,742	3,306	3,389	35,966	460,118
Assets under finance leases	-	-	-	264	-	16,835	-	17,099
As at December 31, 2015	48,422	-	216,293	153,006	3,306	20,224	35,966	477,217
Owned assets	-	509,202	233,060	207,122	68,342	10,180	547,099	1,575,005
Assets under finance leases	-	-	-	63	-	14,527	-	14,590
As at December 31, 2016	-	509,202	233,060	207,185	68,342	24,707	547,099	1,589,595

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	Separate Financial Statements (In Thousand Baht)				
	Leasehold improvements	Furniture, fixtures and office equipment	Vehicles	Assets under installation	Total
Cost					
Balance as at January 1, 2015	12,026	14,391	14,976	32,714	74,107
Additions	140	6,381	5,149	22,302	33,972
Transfers	46,753	4,484	-	(51,237)	-
Disposals and write-off	-	(151)	-	-	(151)
Balance as at December 31, 2015	58,919	25,105	20,125	3,779	107,928
Additions	4,580	5,267	3,500	34,020	47,367
Disposals and write-off	(40,147)	(97)	(2,953)	(3,779)	(46,976)
Balance as at December 31, 2016	23,352	30,275	20,672	34,020	108,319
Accumulated Depreciation					
Balance as at January 1, 2015	3,946	5,037	3,943	-	12,926
Depreciation charge for the year	37,749	4,123	3,133	-	45,005
Disposals and write-off	-	(35)	-	-	(35)
Balance as at December 31, 2015	41,695	9,125	7,076	-	57,896
Depreciation charge for the year	9,802	5,525	3,787	-	19,114
Disposals and write-off	(40,147)	(89)	(2,571)	-	(42,807)
Balance as at December 31, 2016	11,350	14,561	8,292	-	34,203
Net Book Value					
Owned assets	17,224	15,716	-	3,779	36,719
Assets under finance leases	-	264	13,049	-	13,313
As at December 31, 2015	17,224	15,980	13,049	3,779	50,032
Owned assets	12,002	15,651	70	34,020	61,743
Assets under finance leases	-	63	12,310	-	12,373
As at December 31, 2016	12,002	15,714	12,380	34,020	74,116

The gross carrying amounts of the Company's certain equipment totalling approximately Baht 10.6 million and Baht 0.2 million were fully depreciated as at December 31, 2016 and 2015, respectively (of the Pace Development Corporation Group approximately Baht 44.0 million and Baht 13.0 million, respectively), but these items are still in active use.

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16. PROPERTIES FOR LEASE - Net

	Consolidated Financial Statements (In Thousand Baht)				
	Land	Building and building improvement - cube building	Mechanical, electrical and plumbing, lifts and escalator works, and car park system	Interior decoration and landscape	Total
Cost					
Balance as at January 1, 2015	293,482	411,579	262,529	75,131	1,042,721
Transfers from construction in progress (Note 13)	-	7,270	21,486	9,430	38,186
Balance as at December 31, 2015	<u>293,482</u>	<u>418,849</u>	<u>284,015</u>	<u>84,561</u>	<u>1,080,907</u>
Additions	-	312	1,127	4,963	6,402
Balance as at December 31, 2016	<u>293,482</u>	<u>419,161</u>	<u>285,142</u>	<u>89,524</u>	<u>1,087,309</u>
Accumulated Depreciation					
Balance as at January 1, 2015	-	6,272	8,990	10,541	25,803
Depreciation charge for the year	-	8,436	13,894	15,623	37,953
Balance as at December 31, 2015	<u>-</u>	<u>14,708</u>	<u>22,884</u>	<u>26,164</u>	<u>63,756</u>
Depreciation charge for the year	-	8,444	14,397	16,500	39,341
Balance as at December 31, 2016	<u>-</u>	<u>23,152</u>	<u>37,281</u>	<u>42,664</u>	<u>103,097</u>
Net Book Value					
As at December 31, 2015	<u>293,482</u>	<u>404,141</u>	<u>261,131</u>	<u>58,397</u>	<u>1,017,151</u>
As at December 31, 2016	<u>293,482</u>	<u>396,009</u>	<u>247,861</u>	<u>46,860</u>	<u>984,212</u>

Such properties for lease are pledged as collateral for credit facilities from financial institutions as discussed in Note 23.

As at December 31, 2016 and 2015, properties for lease were appraised by an independent professional valuer as per report dated January 31, 2017 and November 18, 2015, respectively, by using income approach. The appraised value was Baht 1,342.7 million and Baht 1,117.9 million, respectively.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
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17. INTANGIBLE ASSETS - Net

Consolidated Financial Statements (In Thousand Baht)							
	Trademark and trade name	Non- competition agreements	Franchise agreements	Customer relationships	Computer softwares	Computer software under installation	Total
Cost							
Balance as at January 1, 2015	1,740,098	3,520	608,916	95,647	11,913	-	2,460,094
Additions	-	-	-	-	42,446	1,892	44,338
Write-off	-	-	-	-	(1,602)	-	(1,602)
Currency translation differences	169,169	342	57,953	9,299	2,276	-	239,039
Balance as at December 31, 2015	1,909,267	3,862	666,869	104,946	55,033	1,892	2,741,869
Additions	-	-	4,000	-	21,587	-	25,587
Write-off	-	-	-	-	(3,716)	-	(3,716)
Transfer	-	-	-	-	1,892	(1,892)	-
Currency translation differences	(13,644)	(28)	(4,674)	(750)	(67)	-	(19,163)
Balance as at December 31, 2016	1,895,623	3,834	666,195	104,196	74,729	-	2,744,577
Accumulated Amortization							
Balance as at January 1, 2015	-	73	8,155	1,992	2,441	-	12,661
Amortization charge for the year	-	917	98,642	24,918	6,076	-	130,553
Write-off	-	-	-	-	(1,134)	-	(1,134)
Currency translation differences	-	56	5,800	1,512	169	-	7,537
Balance as at December 31, 2015	-	1,046	112,597	28,422	7,552	-	149,617
Amortization charge for the year	-	944	101,059	25,659	20,063	-	147,725
Write-off	-	-	-	-	(700)	-	(700)
Currency translation differences	-	7	720	188	233	-	1,148
Balance as at December 31, 2016	-	1,997	214,376	54,269	27,148	-	297,790
Allowance for impairment loss							
Balance as at January 1, 2015 and December 31, 2015	-	-	-	-	-	-	-
Impairment loss during the year	-	-	154,609	-	-	-	154,609
Balance as at December 31, 2016	-	-	154,609	-	-	-	154,609
Net Book Value							
As at December 31, 2015	1,909,267	2,816	554,272	76,524	47,481	1,892	2,592,252
As at December 31, 2016	1,895,623	1,837	297,210	49,927	47,581	-	2,292,178

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	Separate Financial Statements (In Thousand Baht)		
	Computer software	Computer software under installation	Total
Cost			
Balance as at January 1, 2015	2,481	-	2,481
Additions	1,070	1,492	2,562
Balance as at December 31, 2015	3,551	1,492	5,043
Additions	3,570	-	3,570
Transfers	1,492	(1,492)	-
Balance as at December 31, 2016	8,613	-	8,613
Accumulated Amortization			
Balance as at January 1, 2015	695	-	695
Amortization charge for the year	699	-	699
Balance as at December 31, 2015	1,394	-	1,394
Amortization charge for the year	1,651	-	1,651
Balance as at December 31, 2016	3,045	-	3,045
Net Book Value			
As at December 31, 2015	2,157	1,492	3,649
As at December 31, 2016	5,568	-	5,568

The gross carrying amounts of the Pace Development Corporation Group's certain intangible assets totalling approximately Baht 7.3 million were fully amortized as at December 31, 2016, but these items are still in active use (2015: Nil).

18. GOODWILL - Net

	Consolidated Financial Statements (In Thousand Baht)	
	2016	2015
Beginning net book value as at January 1	3,717,293	3,435,182
Currency translation differences	(23,020)	285,406
Additionally provided allowance for impairment loss during the year	(28,852)	(3,295)
Beginning net book value as at December 31	3,665,421	3,717,293

Goodwill derived from arose from business combination by acquisition method of food and beverage business and MahaNakhon Project.

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19. DEFERRED INCOME TAX ASSETS (LIABILITY) - Net

Income tax income (expense) for each of the years ended December 31, 2016 and 2015 consisted of:

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2016	2015	2016	2015
Income tax expense - current tax	(12,278)	(7,880)	-	-
Tax effects from deferred income tax of temporary differences				
- Recognize revenue from sale of residential condominium units	(11,473)	117,780	(2,005)	-
- Loss carry forward	118,239	21,431	66,917	83,947
- Depreciation	(9,553)	16,166	598	488
- Capitalize interest expense as part of land	(56,399)	5,539	1,364	1,381
- Deferred debenture underwriting fee	(290)	76	(290)	76
- Intangible assets - net	37,784	33,310	-	-
- Others	14,910	2,448	1,431	2,357
Income tax income	<u>80,940</u>	<u>188,870</u>	<u>68,015</u>	<u>88,249</u>

Reconciliations between income tax income and accounting loss multiplied by the applicable tax rate for each of the years ended December 31, 2016 and 2015 are as follows:

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2016	2015	2016	2015
Accounting loss before tax	<u>(2,407,337)</u>	<u>(2,057,462)</u>	<u>(310,984)</u>	<u>(452,736)</u>
Income tax rates at 20% for Thai companies and 41.1% in 2016 (2015: 41.0%) for USA companies	720,603	535,637	62,197	90,547
Tax effects from permanent differences				
- Non-deductible expenses	(51,190)	(39,658)	(2,823)	(3,531)
- Write-off deferred income tax assets on expiration of tax loss carry forward	-	(5,065)	-	-
- Expenses relating to increase in share capital	8,641	1,233	8,641	1,233
- Recognition of previously unrecognized tax loss carry forward	19,520	1,380	-	-
- Unrecognition of tax loss carry forward	(505,210)	(259,735)	-	-
- Reversal accrued interest to other reserve (Note 4)	(92,501)	-	-	-
Others	<u>(18,923)</u>	<u>(44,922)</u>	<u>-</u>	<u>-</u>
Income tax income	<u>80,940</u>	<u>188,870</u>	<u>68,015</u>	<u>88,249</u>

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016

The details of deferred income tax assets (liability) - net as at December 31, 2016 and 2015 are as follows:

	Consolidated Financial Statements (In Thousand Baht)				December 31, 2016
	December 31, 2015	Loss for the year	Other comprehensive income for the year	Currency translation differences	
Deferred income tax assets - net					
Recognize revenue from sale of residential condominium units	121,215	(11,473)	-	-	109,742
Loss carry forward	192,256	118,239	-	-	310,495
Depreciation	44,064	(9,553)	-	-	34,511
Capitalize expenses and interest as part of land	152,298	(56,399)	-	-	95,899
Deferred debenture underwriting fee	(5,456)	(290)	-	-	(5,746)
Others	4,232	14,910	-	-	19,142
Net	<u>508,609</u>	<u>55,434</u>	<u>-</u>	<u>-</u>	<u>564,043</u>

	Consolidated Financial Statements (In Thousand Baht)				December 31, 2016
	December 31, 2015	Loss for the year	Other comprehensive income for the year	Currency translation differences	
Deferred income tax liability					
Intangible assets - net	<u>734,812</u>	<u>(37,784)</u>	<u>-</u>	<u>(5,827)</u>	<u>691,201</u>

	Separate Financial Statements (In Thousand Baht)				December 31, 2016
	December 31, 2015	Loss for the year	Other comprehensive income for the year	Currency translation differences	
Deferred income tax assets - net					
Recognize revenue from sale of residential condominium units		2,005	(2,005)	-	-
Loss carry forward	100,183	66,917	-	-	167,100
Depreciation	1,095	598	-	-	1,693
Capitalize interest expense as part of land	5,927	1,364	-	-	7,291
Deferred debenture underwriting fee	(5,456)	(290)	-	-	(5,746)
Others	3,958	1,431	-	-	5,389
Net	<u>107,712</u>	<u>68,015</u>	<u>-</u>	<u>-</u>	<u>175,727</u>

Unrecognized Deferred Income Tax Assets

As at December 31, 2016 and 2015, the Pace Development Corporation Group did not recognize deferred income tax assets from loss carry forward and certain temporary differences totalling Baht 1,021.5 million and Baht 688.1 million, respectively, since it is not probable that future taxable profit will be available against which such subsidiaries can utilize the benefit therefore.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016

20. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	Interest rate (% p.a.)		In Thousand Baht			
			Consolidated		Separate	
	2016	2015	Financial Statements	2015	Financial Statements	2015
Bank overdrafts	7.12 - 7.375 (MOR)	6.25 - 7.5 (Prime+3, MOR)	21,869	49,138	-	-
Short-term loans						
- In Thai Baht	5.5 (MLR-0.75)	5.75 (MLR-0.75)	769,500	269,560	500,000	-
- In U.S. Dollars	0.8556 (LIBOR+0.25)	2.17 (LIBOR+1.5)	358,307	186,195	-	-
Total			1,127,807	455,755	500,000	-
Less: Deferred loan arrangement fee			(8,652)	(1,179)	-	-
Net			1,119,155	454,576	500,000	-
Grand Total			1,141,024	503,714	500,000	-

The Company

As at December 31, 2016 and 2015, the Company had an overdraft line amounting to Baht 30 million. Such credit facility is guaranteed as discussed in Note 23.

On November 25, 2015, the financial institution has extend the repayment period of short-term loans amounting to Baht 235 million and Baht 911.6 million to be repayable on the final maturity date which is the earlier of the date falling 6 months after the project completion date and December 30, 2019. Hence, the Company presented such loans as a part of long-term loans from financial institutions in Note 23.

As at December 31, 2016, short-term loan from a local financial institution of Baht 500 million is unsecured loan and repayable on January 6, 2017 (2015: Nil).

Subsidiaries

On March 17, 2015, Dean & DeLuca, Inc. entered into the credit facilities agreement to obtain short-term credit facilities totalling U.S. Dollars 10 million from a financial institution in the United States of America using for working capital. Such credit facilities have interest rate as indicated in the agreement and are guaranteed by a standby letter issued by a financial institution in Thailand of credit of U.S. Dollars 10 million with the due date of credit line on January 31, 2016. As at December 31, 2015, this subsidiary withdrew short-term loans dominated in U.S. Dollars amounting to U.S. Dollars 5.16 million. Subsequently on January 25, 2016, such subsidiary entered into the first amended and restated credit facilities agreement to extend the due date to be June 2, 2016.

On May 31, 2016, Dean & DeLuca, Inc. entered into the credit facilities agreement to obtain short-term credit facilities totalling U.S. Dollars 10 million from another financial institution in the United States of America using for working capital as a replacement of above credit facilities. Such credit facilities bear interest at the rate as indicated in the agreement with the due date on June 2, 2017 and are guaranteed by a standby letter issued by a financial institution in Thailand of credit of U.S. Dollars 10 million as discussed in Note 23.

As at December 31, 2016 and 2015, short-term loans of YLP Company Limited amounting to Baht 269.5 million and Baht 269.6 million, respectively, are guaranteed by collaterals as discussed in Note 23.

As at December 31, 2016 and 2015, the subsidiaries have overdraft lines amounting to Baht 90 million. Such credit facilities of subsidiaries are guaranteed by collaterals as discussed in Note 23.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016

21. SHORT-TERM LOANS

	Interest rate (% p.a.)		In Thousand Baht			
			Consolidated		Separate	
	2016	2015	Financial Statements		Financial Statements	
			2016	2015	2016	2015
Short-term loans	5.5 - 7.75	5.0 - 7.75	4,507,000	2,787,000	4,407,000	2,787,000
Less : Prepaid interest expense			(61,914)	(59,660)	(60,674)	(59,660)
Less : Deferred loan arrangement fee			(105)	(317)	(105)	(317)
Net			<u>4,444,981</u>	<u>2,727,023</u>	<u>4,346,221</u>	<u>2,727,023</u>

The Company

As at December 31, 2016, the above loans are unsecured bills of exchange and repayable during January to August 2017 (2015: January to September 2016).

Subsidiary

As at December 31, 2016, the above loan is secured bill of exchange and repayable in March 2017 (2015: Nil).

22. ADVANCES AND DEPOSITS RECEIVED FROM CUSTOMERS

Advances received from customers of the Company represent sport club member fees and fees for reservation of the condominium unit of Nimit Luangsuan Project and villa of MahaSamutr Project.

Advances received from customers of Pace Country Club Co., Ltd. represent advance received from customers for sport club member fees of MahaSamutr Project.

Advances and deposits received from customers of Pace Project Two Co., Ltd. represent fees for reservation of the units in the project of such subsidiary whereby the customers may have rights to cancel or terminate such reservations. Such subsidiary will return advances in full amount to customers who cancel or terminate the reservation in according to the specified conditions or will transfer the advances to deposits from the customers when they sign the Unit Lease Purchase Agreement and/or Agreement to Sell and Purchase of Condominium Unit.

Deposits received from customers of Pace Project Three Co., Ltd. represent deposits for rental and services.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016

23. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS - Net

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Loans from financial institutions				
- In Thai Baht	8,972,981	6,482,183	3,288,704	1,146,600
- In U.S. Dollars	2,866,456	2,887,088	-	-
Total	11,839,437	9,369,271	3,288,704	1,146,600
Less : Deferred loan arrangement fee	(90,567)	(53,693)	(40,167)	(2,676)
	11,748,870	9,315,578	3,248,537	1,143,924
Less : Portion due within one year	(9,235,365)	(8,171,654)	(1,120,277)	-
Net	2,513,505	1,143,924	2,128,260	1,143,924

The Company

On November 25, 2015, the Company entered into the credit facilities agreements to obtain credit facilities totalling Baht 4,738.3 million (including refinancing of loans for purchase of land amounting to Baht 1,146.6 million as discussed in Note 20) from a local financial institution for new development projects. On November 14, 2016, such credit facilities were increased to be totalling Baht 4,748.3 million. The credit facilities are as follows:

Credit facility	Purpose	(In Million Baht)	
		Amount	Interest rate
A	Term loan facilities for land cost	1,146.6	MLR minus 0.5% p.a.
B1	Term loan facilities for construction costs	3,526.7	MLR minus 0.5% p.a.
B2	Letter of guarantee, letter of credit, trust receipt and aval (the aggregate of credit facility B1 and B2 shall not exceed Baht 3,526.7 million)	600	Indicated in each agreement
C	Bank overdrafts	30	MOR p.a.
D	Letter of guarantee	45	Indicated in each agreement

Such long-term loans will be repayable on the final maturity date which is the earlier of the date falling 12 months after the project completion date and December 30, 2019.

Credit facilities are collateralized by the following:

- mortgage of land and building located or will be constructed on land, and real estate project for sales under development of the Company as discussed in Notes 11, 12 and 13,
- mortgage of land and building located or will be constructed on land of Pace Country Club Co., Ltd. as discussed in Notes 12 and 13,
- conditional assignment on main construction contracts and project accounts,
- assignment of rights and interests under the guarantee bond of contractors,
- assignment of rights and obligations under the insurances of the project,
- pledge of Interest Reserve Account of the Company,
- a director of the Company is the sponsor to provide the necessary financial supports in any events of cost overrun and cash deficiency of the Company.

The credit facilities for Dean Group are as follows:

On June 16, 2016, the Company has entered into another credit facility agreement with a local financial institution to obtain credit facility for funding, investing and operating expenditure of Dean Group of Baht 1,100 million. Such long-term loans will be repayable on December 31, 2017 and bear interest at MLR per annum.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016

Credit facilities are collateralized by the following:

- mortgage of land for real estate project for sales under development, land and offsite parking land of Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. as discussed in Notes 11, 12 and 16,
- the building located or will be constructed on land of Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. as discussed in Notes 11, 13 and 16,
- conditional assignment on Managed Services Agreement, construction contracts, management agreement and other agreements with Marriott International Group, Unit Lease Purchase Agreement, Agreement to Sell and Purchase of Condominium Unit, and Retail Shop Lease Agreement with the customers of Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd.,
- all of the Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd.'s shares held by the shareholders as discussed in Note 9,
- assignment of rights and obligations under the insurances of the project,
- jointly guarantee by Dean & DeLuca, Inc., Dean & DeLuca New York, Inc., Dean & DeLuca Atlanta, LLC, Dean & DeLuca Markets, LLC, Dean & DeLuca Brands, Inc., Dean & DeLuca International, LLC and Dean & DeLuca Small Format, LLC,
- guarantee by a director of the Company.

The Company and subsidiaries are committed to comply with certain conditions as indicated in the credit facilities agreements.

YLP Company Limited

On October 29, 2015, YLP Company Limited (subsidiary) has entered into credit facility agreements with a local financial institution for the credit facilities totalling Baht 1,100 million for the new development project. The credit facilities are as follows:

Credit facility	Purpose	(In Million Baht)		
		Amount	Interest rate	Final maturity date
A	Term loan facilities for land cost	270	MLR minus 0.5% p.a.	October 29, 2019
B	Short-term loan facilities - Promissory for land cost (the aggregate of credit facility A and B shall not exceed Baht 270 million)	270	MLR minus 0.75% p.a.	October 29, 2019
C	Term loan facilities for construction costs and additional construction costs	820	MLR minus 0.5% p.a.	October 29, 2019
D	Letter of guarantee and aval (the aggregate of credit facility C and D shall not exceed Baht 820 million)	30	Indicated in each agreement	Renewal every 1 year ending October 29, 2019
E	Bank overdrafts	10	MOR p.a.	August 29, 2019

Credit facilities are collateralized by the following:

- mortgage of land and building located or will be constructed on land of the developing the real estate project of subsidiary as discussed in Note 11,
- assignment of rights and interests under the guarantee bond of contractors,
- assignment of rights and obligations under the insurances of the project,
- guarantee by a director of the Company and a related person,
- the Company is the sponsor to provide the necessary financial supports in any events of cash deficiency of subsidiary.

The subsidiary is committed to comply with certain conditions as indicated in the credit facilities agreement such as maintaining of financial ratio, maintaining all of cash at banks - savings accounts at every time not lower than Baht 30 million until the project completion and others.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016

Pace Country Club Co., Ltd.

On November 25, 2015, Pace Country Club Co., Ltd. (subsidiary) entered into the credit facilities agreement to obtain credit facilities totalling Baht 1,248.9 million from a local financial institution for development of sport club project. The credit facilities are as follows:

Credit facility	Purpose	(In Million Baht)	Interest rate	Repayment term
		Amount		
A1	Term loan facilities for hard construction costs	1,208.9	MLR minus 0.5% p.a.	Quarterly installment at the vary rate as specified in the agreement starting from the date of project completion ending September 30, 2022 (as amendment agreement dated June 13, 2016)
A2	Letter of guarantee, letter of credit, trust receipt and aval (the aggregate of credit facility A1 and A2 shall not exceed Baht 1,208.9 million)	200	MLR minus 0.5% p.a.	
B	Bank overdrafts	20	MOR p.a.	
C	Letter of guarantee	20	Indicated in each agreement	

Credit facilities are collateralized by the following:

- mortgage of land and building located or will be constructed on land, and real estate project for sales under development of the Company as discussed in Notes 11, 12 and 13,
- mortgage of land and building located or will be constructed on land of such subsidiary as discussed in Notes 12 and 13,
- conditional assignment on main construction contracts and project accounts
- all of the Pace Country Club Co., Ltd.'s shares held by the shareholders as discussed in Note 9,
- assignment of rights and interests under the guarantee bond of contractors,
- assignment of rights and obligations under the insurances of the project,
- pledge of Interest Reserve Account of the subsidiary,
- guarantee by the Company,
- the Company is the sponsor to provide the necessary financial supports in any events of cost overrun and cash deficiency of subsidiary.

The subsidiary is committed to comply with certain conditions as indicated in the facilities agreement.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016

Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd.

On March 9, 2012, Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. (“the subsidiaries”) have entered into credit facilities agreement with a local financial institution for the credit facilities totalling Baht 5,400 million for the MahaNakhon Project. Subsequently on October 29, 2012, the another local financial institution joined to be a co-lender for these credit facilities of Baht 2,000 million. On May 10, 2013, such subsidiaries entered into an agreement to amended and restated credit facilities agreement with 2 financial institutions with the significant matter of increase in credit facilities from Baht 5,400 million to Baht 5,750 million. On February 6, 2014, such subsidiaries entered into the second amended and restated credit facilities agreement with the significant matter of increase in credit facilities from Baht 5,750 million to Baht 6,550 million. On December 24, 2015, such subsidiaries entered into the third amendment of credit facilities agreement to reduce the credit facilities from Baht 6,550 million to Baht 6,540 million.

On May 15, 2013, the Company’s audit committee and Board of Directors agreed and approved the Company to enter into an agreement to provide financial support to such subsidiaries for any purposes. This includes in case of that the subsidiaries need additional financial support for their real estate development projects. The Company will irrevocably agree to allow Siam Commercial Bank Public Company Limited to deduct the Company’s deposit at Siam Commercial Bank Public Company Limited and transfer to the subsidiaries’ deposit accounts.

On February 6, 2014, Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. have entered into an another credit facilities agreement with a local financial institution to obtain aval and term loan facilities for purchase of land amounting to Baht 532 million.

The credit facilities of Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. for MahaNakhon Project are as follows:

Credit facility	Purpose	(In Million Baht)	
		Amount	Interest rate
A	Hard construction and development costs	5,360	MLR minus 0.25% p.a.
B	Letter of guarantee, letter of credit, trust receipt, aval and hedging (if credit facility A is fully utilized, credit facility B will be zero)	1,000	Indicated in each agreement
C	Bank overdrafts	30	MOR p.a.
D	Letter of guarantee	350	Indicated in each agreement
E	Aval facilities for land cost	468	Indicated in each agreement
F	Term loan facilities for land cost (the aggregate of credit facility E and F shall not exceed Baht 800 million)	800	MLR minus 0.25% p.a.
G	Aval and term loan facilities for land cost	532	MLR minus 0.25% p.a.

Such long-term loans will be repayable on the final maturity date which is the earlier of the date falling 6 months after the project completion date and December 30, 2016 or such subsidiaries have the proceeds from the issuance and/or offering of a Real Estate Investment Trust. Subsequently on June 23, 2016, such financial institution has extended the final maturity date to be September 30, 2017.

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On November 25, 2015, Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd., have entered into another credit facilities agreement and amendment agreement with a local financial institutions to obtain credit facilities of Baht 1,409 million for development of The Edition Hotel project. The credit facilities are as follows:

Credit facility	Purpose	(In Million Baht) Amount	Interest rate	Repayment term
A	Hard and equipment costs to complete hotel project	950	MLR minus 0.25% p.a.	Quarterly installment equally of 12.5% of loan starting from March 30, 2022 ending December 30, 2023
B	Hard and equipment costs to complete hotel project	424	MLR minus 0.25% p.a.	Quarterly installment at the vary rate as specified in the agreement starting from March 30, 2017 ending December 30, 2023
C	Letter of guarantee, letter of credit, trust receipt and aval (if credit facility A is fully utilized, credit facility C will be zero)	200	Indicated in each agreement	
D	Bank overdrafts	20	MOR p.a.	
E	Letter of guarantee	15	Indicated in each agreement	

Subsidiaries are committed to comply with certain conditions as indicated in the facility agreement such as maintaining of financial ratio and others.

Credit facilities are collateralized by the following:

- mortgage of land for real estate project for sales under development, land and offsite parking land of such subsidiaries as discussed in Notes 11, 12 and 16,
- the building located or will be constructed on land of such subsidiaries as discussed in Notes 11, 13 and 16,
- conditional assignment on Managed Services Agreement, construction contracts, management agreement and other agreements with Marriott International Group, Unit Lease Purchase Agreement, Agreement to Sell and Purchase of Condominium Unit, and Retail Shop Lease Agreement with the customers of subsidiaries,
- all of the Pace Project One Co., Ltd., Pace Project Two Co., Ltd., Pace Project Three Co., Ltd. and Pace Real Estate Co., Ltd.'s shares held by the shareholders as discussed in Note 9,
- pledge of Interest Reserve Account of such subsidiaries,
- deposits at bank of such subsidiaries without any restriction use,
- assignment of rights and interests under the guarantee bond of contractors,
- assignment of rights and obligations under the insurances of the project,
- guarantee by a related party for credit facility lines of Baht 532 million,
- the Company and a subsidiary are the sponsors to provide the necessary financial supports in any events of cost overrun and cash deficiency of subsidiaries.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
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Dean Group

The outstanding credit facilities of Dean Group from a local financial institution in Thailand for acquiring a multi-channel retailer of premium gourmet and delicatessen business under “Dean & DeLuca” brand under the credit facilities agreement dated December 2, 2014 are as follows:

Credit facility	Purpose	(In Million	Interest rate	Final maturity date
		U.S. Dollars) Amount		
A	Term loan facility for share acquisition (U.S Dollars)	80	3 month LIBOR plus 4.5% p.a.	June 2, 2017
B	Standby letter of credit facility for Dean & DeLuca, Inc. and its subsidiaries	10	Indicated in each agreement	Indicated in each agreement ending July 3, 2017

The Company and subsidiaries are committed to comply with certain conditions as indicated in the credit facilities agreements.

Credit facilities are collateralized by the following:

- all of the Dean & DeLuca, Inc.’s shares held by the shareholders,
- all of the Pace Food Retail Co., Ltd.’s shares held by the shareholders as discussed in Note 9,
- pledge of Interest Reserve Account of Dean & DeLuca, Inc.,
- guarantee by the Company, Pace Food Retail Co., Ltd., Dean & DeLuca New York, Inc., Dean & DeLuca Atlanta, LLC, Dean & DeLuca Markets, LLC, Dean & DeLuca Brands, Inc., Dean & DeLuca International, LLC and Dean& DeLuca Small Format, LLC.

Dean and Deluca (Thailand) Co., Ltd.

On May 10, 2012, Dean and Deluca (Thailand) Co., Ltd., a subsidiary, had obtained long-term loan credit facility from a local financial institution of Baht 10 million. Such loan is repayable in 48 monthly installments at varying amounts commencing from June 2012, ending in May 2016, and bears interest at the rate of MLR per annum.

On September 22, 2014, such subsidiary had obtained long-term loan credit facility from another local financial institution of Baht 80 million. Such loan is repayable in 60 monthly installments at varying amounts commencing from October 2014 ending in September 2019 and bears interest at the rate of MLR-1% per annum.

The subsidiary is committed to comply with certain conditions as indicated in the credit facilities agreements such as maintaining of financial ratio and others.

As at December 31, 2016 and 2015, such subsidiary could not maintain debt to equity ratio not exceeding 2.5 to 1 indicated in the credit facility agreement with a financial institution. On October 28, 2015, the financial institution has made amendment to the loan agreement that consent such subsidiary to maintain such debt to equity ratio from the financial statement year 2015 onwards. Subsequently on February 9, 2017, such financial institution has made amendment to the loan agreement that consent such subsidiary for maintaining such debt to equity ratio from the financial statement year 2015 only. Up to present, such financial institution is still giving the credit line to the subsidiary with the normal interest rate. Hence, the subsidiary presented such loan totalling amounted to Baht 43.6 million and Baht 59.8 million as a part of “Current portion of long-term loans from financial institutions” under the current liabilities in the consolidated statements of financial position as at December 31, 2016 and 2015, respectively.

Credit facilities are collateralized by the following:

- mortgage of certain residential condominium units of 2 directors,
- the Company’s shares held by a director of 30 million shares,
- shares of the related company held by a related person of 10 million shares,
- guarantee by a director of the Company and a related person.

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2016

24. LONG-TERM LOANS FROM OTHER PERSONS

As at December 31, 2016, long-term loans from other persons represented unsecured loans. These loans will be repayable in December 2018 with the surcharge of Baht 5.4 million.

25. DEBENTURES - Net

	Consolidated/Separate Financial Statements (In Thousand Baht)	
	2016	2015
Debentures	4,723,000	4,599,500
Less : Deferred debenture underwriting fee	(28,622)	(26,963)
	4,694,378	4,572,537
Less : Portion due within one year	(1,393,515)	(2,992,574)
Net	3,300,863	1,579,963

During the year ended December 31, 2016 and 2015, the Company issued unsubordinated and unsecured debentures in registered name from Private Placement to institutional investors and/or high net worth investors and to not more than 10 investors totalling Baht 3,123 million and Baht 1,600 million, respectively. The details are as follows:

Issuance and offering date	Amount (In Thousand Baht)		Term of debenture	Maturity date	Fixed interest rate (% per annum)
	2016	2015			
May 16, 2014	-	793,500	1 year 9 months	February 16, 2016	6.5
June 4, 2014	-	470,000	1 year 9 months	March 4, 2016	7.0
June 20, 2014	-	236,000	1 year 9 months	March 20, 2016	6.5
September 25, 2014	-	1,500,000	1 year 9 months	June 25, 2016	6.5
April 29, 2015	200,000	200,000	3 years	April 29, 2018	6.25
July 23, 2015	500,000	500,000	3 years	July 23, 2018	5.8
July 23, 2015	300,000	300,000	2 years 1 day	July 24, 2017	5.8
August 20, 2015	600,000	600,000	3 years 3 months	November 20, 2018	6.0
March 3, 2016	1,100,000	-	1 year 7 months	October 3, 2017	5.5
March 4, 2016	523,000	-	2 years	March 4, 2018	7.0
June 30, 2016	1,500,000	-	1 year 7 months	January 30, 2018	5.4
Total	4,723,000	4,599,500			

The Company is committed to comply with certain conditions as indicated in the prospectus such as maintaining of financial ratio and others.

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Notes to Financial Statements (Continued)
December 31, 2016

26. PROVISION FOR EMPLOYEE RETIREMENT BENEFITS

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2016	2015	2016	2015
Employee retirement benefit as at January 1	9,241	6,126	7,869	5,065
Current service costs	9,280	2,944	8,290	2,546
Interest expense	599	365	504	307
Payment during the year	(1,638)	-	(1,638)	-
Actuarial gains	-	(194)	-	(49)
Employee retirement benefit as at December 31	<u>17,482</u>	<u>9,241</u>	<u>15,025</u>	<u>7,869</u>

Expenses recognized in the statement of comprehensive income for each of the years ended December 31, 2016 and 2015 are as follows:

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2016	2015	2016	2015
In loss for the year :				
Current service costs	9,280	2,944	8,290	2,546
Interest expense	599	365	504	307
In other comprehensive income for the year :				
Actuarial gains	-	(194)	-	(49)
Total	<u>9,879</u>	<u>3,115</u>	<u>8,794</u>	<u>2,804</u>

Actuarial assumptions:

	The Company	Subsidiaries
Discount rate	3.12% per annum	3.12% - 4.41% per annum
Future salary increase rate	6.00% per annum	4.32% - 7.00% per annum
Employee turnover rate	0% - 28% per annum	0% - 28% per annum
Mortality rate	100% of Thai Mortality Table Year 2008	100% of Thai Mortality Table Year 2008
Disability rate	10% of Thai Mortality Table Year 2008	10% of Thai Mortality Table Year 2008

27. SHARE CAPITAL

At the extraordinary shareholders' meeting of the Company held on January 8, 2015, the shareholders of the Company approved the increase in authorized share capital from Baht 2,054,265,670 (divided into 2,054,265,670 common shares at Baht 1 par value) to Baht 3,196,988,170 (divided into 3,196,988,170 common shares at Baht 1 par value). The Company registered the increase in authorized share capital with the Ministry of Commerce on January 14, 2015.

On April 22, 2015, the Company called IBC Thailand Ltd. and IDJ Holding Ltd. to pay up the newly issued common shares under Private Placement Scheme of 542,722,500 shares at the price of Baht 3.39 per share for the purchase of additional investments and transfer of loan and accrued interest assignment in Pace Project One Co., Ltd., Pace Project Two Co., Ltd., Pace Project Three Co., Ltd. and Pace Real Estate Co., Ltd. as discussed in Notes 2, 4 and 9. The Company registered the increase in share capital with the Ministry of Commerce on April 23, 2015.

At the annual general shareholders' meeting held on April 27, 2015, the shareholders approved the decrease in authorized share capital from Baht 3,196,988,170 (divided into 3,196,988,170 common shares at Baht 1 par value) to Baht 2,596,988,170 (divided into 2,596,988,170 common shares at Baht 1 par value) and the increase in authorized share capital from Baht 2,596,988,170 (divided into 2,596,988,170 common shares at Baht 1 par value) to Baht 3,261,678,197 (divided into 3,261,678,197 common shares at Baht 1 par value). The Company registered the decrease and increase in authorized share capital with the Ministry of Commerce on April 28, 2015 and April 29, 2015, respectively.

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On April 29, 2015, the Company called Khun Sorapoj Techakraisri to pay up the newly issued common shares under Private Placement Scheme at the price of 64,690,027 shares at the price of Baht 3.71 per share for purchase of common shares and transfer of loan assignment in Dean and Deluca (Thailand) Co., Ltd. as discussed in Notes 2 and 9. The Company registered the increase in share capital with the Ministry of Commerce on May 1, 2015.

At the Board of Directors' meeting of the Company held on April 27, 2015, it determined that shareholders whose name appears on the share register book as of May 11, 2015 (Record Date) to be entitled to subscribe for the Company's newly issued common shares in the Rights Offering and to close the share register book to gather the names of the shareholders who are entitled to subscribe for the Company's newly issued common shares in the Rights Offering on May 12, 2015 as details below.

Number of Shares Offered:	Not exceeding 600,000,000 shares
Offering Price:	Baht 1 per share
Allotment ratio:	1 existing common share being entitled to subscribe to 0.22542 new common shares

In this regard, the Company already received the proceeds from increase in share capital from its shareholders of 600,000,000 shares at Baht 1 per share. The Company registered the increase in share capital with the Ministry of Commerce on June 2, 2015.

The Company incurred expenses relating to above share allocation and offering totalling Baht 6.2 million which were presented as a deduction from the premium on common shares.

At the extraordinary shareholders' meeting of the Company held on July 5, 2016, the shareholders approved:

- the increase in authorized share capital from Baht 3,261,678,197 (divided into 3,261,678,197 common shares at Baht 1 par value) to Baht 4,078,028,197 (divided into 4,078,028,197 common shares at Baht 1 par value). The Company registered the increase in authorized share capital with the Ministry of Commerce on July 6, 2016,
- the allocation of newly issued 176,350,000 common shares to Bell Investments Limited and Asension Trading Limited under Private Placement Scheme for the purchase of land at Niseko, Hokkaido, Japan at the price of Baht 3.00 per share,
- the allocation of newly issued not exceeding 320,000,000 common shares under Private Placement Scheme at the price not less than 90% of market price by General Mandate,
- the allocation of newly issued not exceed 320,000,000 common shares with the par value of Baht 1 to offer to the existing shareholders in proportion to their shareholding (Rights Offering) by General Mandate.

On July 26, 2016, the Company already received the proceeds from increase in share capital of 320,000,000 shares at Baht 1 par value under Private Placement Scheme at the price of Baht 3.00 per share. The Company registered the increase in paid-up capital with the Ministry of Commerce on July 27, 2016.

On July 28, 2016, the newly issued 176,350,000 common shares under Private Placement Scheme at the price of Baht 3.00 per share were made for payment of purchase land at Niseko, Hokkaido, Japan as discussed Note 11. The Company registered the increase in paid-up capital with the Ministry of Commerce on July 29, 2016.

The Company incurred expenses relating to above share allocation and offering totalling Baht 43.2 million which were presented as a deduction from the premium on common shares.

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

Weighted average number of shares (basic) for each of years ended December 31, 2016 and 2015 are as follows:

	In Million Shares			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Number of shares outstanding as at January 1	3,261.7	2,054.3	3,261.7	2,054.3
Effect of shares issued during the year	216.1	772.9	216.1	772.9
Weighted average number of shares (basic)	3,477.8	2,827.2	3,477.8	2,827.2

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28. LEGAL RESERVE

Under the provisions of the Public Company Limited Act B.E. 2535, the Company is required to appropriate at least 5% of its annual net profit (after deduction of the deficit brought forward, if any) as reserve fund until the reserve fund reaches 10% of the authorized share capital. The legal reserve is not available for dividend distribution.

29. EXPENSES BY NATURE

Significant expenses by nature for each of the years ended December 31, 2016 and 2015 are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2016	2015	2016	2015
Costs of sales of residential condominium units	1,029,454	85,185	21,370	-
Change in inventories	(22,371)	(16,689)	-	-
Purchase of inventories	1,643,793	1,588,330	-	-
Employee benefit expenses	1,570,494	1,258,172	333,771	267,854
Management benefit expenses	51,378	48,788	47,759	45,342
Selling, marketing and advertising expenses	729,309	249,070	85,753	83,049
Commission expenses	56,850	175,509	15,479	88,238
Depreciation and amortization	332,474	357,713	21,114	46,052
Professional and consulting fees	383,145	225,992	13,042	24,183
Rental, service and utilities expenses	686,919	547,341	22,830	15,656
Impairment loss on intangible assets and goodwill	183,462	3,295	-	-
Bank charges and credit card fee	82,579	74,572	775	1,487
Other expenses	505,143	388,630	40,698	72,984
Total expenses	<u>7,232,629</u>	<u>4,985,908</u>	<u>602,591</u>	<u>644,845</u>

30. REGISTERED PROVIDENT FUND

The Company and certain subsidiaries have established a contributory registered provident fund in accordance with the Provident Fund Act B.E. 2530 based on the approval from the Ministry of Finance on October 1, 2011 for the Company and various date for certain subsidiaries. Under the plan, members contribute to the fund at 2% and 3% of the employees' basic salaries. The Company and certain subsidiaries contributes to the fund at 2% to 4% of the employees' basic salaries, depending on the length of employment. The Company and certain subsidiaries appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Ministerial Regulation No. 2 (B.E. 2532) issued under the Provident Fund Act B.E. 2530.

The Company's contribution for the years 2016 and 2015, which were charged to the statement of comprehensive income, amounted to Baht 4.8 million and Baht 3.8 million, respectively.

The subsidiaries' contribution for the years 2016 and 2015, which were charged to the statement of comprehensive income, amounted to Baht 2.5 million and Baht 1.7 million, respectively.

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31. OPERATING SEGMENTS

Operating segment information is reported in a manner consistent with the internal reports of the Pace Development Corporation Group that are regularly reviewed by the Board of Directors in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Pace Development Corporation Group is organized into business units based on their businesses and has 6 reportable segments as follows:

- 1) The property development segment, which develops and sells condominium units.
- 2) The investment segment, which invests in shares of Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd.
- 3) The hotel segment, which operates hotel business.
- 4) The shopping centre segment, which develops and leases out shopping centre
- 5) The services segment
- 6) The retailer of premium gourmet and delicatessen business segment

In presenting information on the basis of geographic segments, segment revenue is based on the geographic location of entity's country of domicile. The Pace Development Corporation Group comprises the following main geographic segments as follows:

- 1) Thailand
- 2) United States of America
- 3) Japan

The Board of Director monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

Inter-segment revenues and expenses are eliminated on consolidation.

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The following table presents revenue and profit (loss) information regarding the Pace Development Corporation Group' operating segments for each of the years ended December 31, 2016 and 2015 and segment assets and liabilities as at December 31, 2016 and 2015:

	In Million Baht															
	Property development		Investment in equity shares		Hotel		Shopping centre		Services		Premium gourmet and delicatessen		Elimination of inter-segment		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenues	1,375	109	-	-	-	-	81	72	236	24	4,027	3,348	(282)	(64)	5,437	3,489
Cost of sales	(1,054)	(85)	-	-	-	-	(104)	(95)	(239)	(24)	(1,654)	(1,604)	268	32	(2,783)	(1,776)
Gross profit (loss)	321	24	-	-	-	-	(23)	(23)	(3)	-	2,373	1,744	(14)	(32)	2,654	1,713
Other income	761	607	-	-	-	-	-	-	2	-	24	229	(757)	(813)	30	23
Other expenses	(1,014)	(983)	-	-	(45)	(17)	(21)	(20)	(37)	(36)	(3,410)	(2,263)	77	109	(4,450)	(3,210)
Segment profit (loss)	68	(352)	-	-	(45)	(17)	(44)	(43)	(38)	(36)	(1,013)	(290)	(694)	(736)	(1,766)	(1,474)
Finance costs	(587)	(461)	(26)	(24)	(115)	(112)	(140)	(135)	(4)	-	(337)	(386)	571	534	(638)	(584)
Share of net loss of investment in joint venture	-	-	-	-	-	-	-	-	-	-	(3)	-	-	-	(3)	-
Income tax income	34	135	-	-	-	-	21	28	-	-	26	26	-	-	81	189
Loss for the year	(485)	(678)	(26)	(24)	(160)	(129)	(163)	(150)	(42)	(36)	(1,327)	(650)	(123)	(202)	(2,326)	(1,869)
Equity holders of the former shareholder of subsidiary															-	38
Non-controlling interests															-	46
Loss attributable to owners of the parent															(2,326)	(1,785)
Other information																
Segment assets	33,363	25,542	250	250	4,388	3,336	2,900	2,596	164	171	9,901	9,166	(19,135)	(15,129)	31,831	25,932
Segment liabilities	27,401	20,734	440	470	4,901	3,843	3,360	2,966	211	178	7,503	5,399	(13,674)	(9,785)	30,142	23,805
Depreciation	33	126	-	-	-	-	48	40	3	1	88	60	7	(1)	179	226

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Geographical segment

The Pace Development Corporation Group has expanded its investment and operating in foreign countries. All significant revenue from sales for the years ended December 31, 2016 and 2015 and total assets as at December 31, 2016 and 2015 on the basis of geography are presented in this information. Segment revenue is based on the geographical location of customers and segment total assets are based on the geographical location of the assets.

	In Million Baht									
	Thailand		United States of America		Japan		Elimination of inter-segment		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenues and other income	2,710	1,240	3,796	3,149	-	-	(1,039)	(877)	5,467	3,512
Total assets	43,935	34,600	6,803	6,461	228	-	(19,135)	(15,129)	31,831	25,932

32. DISCLOSURE OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities carried on the consolidated statement of financial position include cash and cash equivalents, short-term investments, trade account receivables, advances and other receivables from subsidiaries and related companies, accrued management fee income, refundable value added tax, restricted savings deposit and current account, short-term and long-term loans to subsidiaries and related company, interest receivables from subsidiaries, bank overdrafts and short-term loans from financial institutions, short-term loans, trade account payables, payable for purchase of land, other payables to related companies, other account payables, deposit received from customers, accrued interest from related parties, long-term loans from financial institutions, liabilities under finance lease contracts, debentures and long-term loans from others. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies in Note 3.

Liquidity Risk

Liquidity risk arises from the problem in raising funds adequately and in time to meet commitments as indicated in the consolidated financial statements. Based on the assessment of the Pace Development Corporation Group's current financial position and results of operations, the Pace Development Corporation Group does not face liquidity risk.

Foreign Currency Risk

The Pace Development Corporation Group has certain transactions in foreign currency, giving rise to exposure risk from changes in foreign exchange rates. However, the Pace Development Corporation Group did not have hedging agreement to protect against such risk.

Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle their financial and contractual obligations to the Pace Development Corporation Group as and when they fall due. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. Management does not anticipate material losses from its debt collection.

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Interest Rate Risk

Interest rate risk arises from the fluctuation of market interest rates, which may have an impact to current and future operations of the Pace Development Corporation Group. The Pace Development Corporation Group's exposure to interest rate risk relates primarily to their deposits at financial institutions, short-term and long-term loans to subsidiaries, interest receivables from subsidiaries, bank overdrafts and short-term loans from financial institutions, short-term loans, accrued interest from related parties, long-term loans from financial institutions, liabilities under finance lease contracts, debentures and long-term loans from others, which bear interest. However, since most of the Pace Development Corporation Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rates. The management considers that the interest rate risk is minimal, hence, the Pace Development Corporation Group has no hedging agreement to protect against such risk.

Significant financial assets and liabilities as at December 31, 2016 and 2015, classified by type of interest rates are summarized in the table below:

	2016 (Consolidated Financial Statements)				In Thousand Baht		Effective interest rates (% p.a.)
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	
	Within 1 year	1- 5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	685,367	7,088	692,455	0.37% - 0.40%
Short-term investments	-	-	-	-	44,695	44,695	-
Trade account receivables	-	-	-	-	89,494	89,494	-
Advances and other receivables							
from related companies	-	-	-	-	6,715	6,715	-
Refundable value added tax	-	-	-	-	238,179	238,179	-
Restricted savings deposit and current account	-	-	-	243,660	47,383	291,043	0.375%
Interest receivables from related company	-	-	-	-	811	811	-
Long-term loans to related company	-	-	-	75,257	-	75,257	2.26%
Total	-	-	-	1,004,284	434,365	1,438,649	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	500,000	-	-	641,024	-	1,141,024	0.86% - 7.38%
Short-term loans	4,444,981	-	-	-	-	4,444,981	5.50% - 7.75%
Trade account payables	-	-	-	-	1,660,243	1,660,243	-
Payable for purchase of land	-	-	-	-	101,412	101,412	-
Other payables to related companies	-	-	-	-	23,077	23,077	-
Other account payables	-	-	-	-	32,855	32,855	-
Deposit received from customers	-	-	-	-	8,485	8,485	-
Long-term loans from financial institutions - net	-	-	-	11,748,870	-	11,748,870	5.13% - 6.30%
Long-term loans from other persons	-	30,000	-	-	-	30,000	6.00%
Liabilities under finance lease contracts - net	6,135	6,029	-	-	-	12,164	5.42% - 15.00%
Debentures – net	1,393,515	3,300,863	-	-	-	4,694,378	5.40% - 7.00%
Total	6,344,631	3,336,892	-	12,389,894	1,826,072	23,897,489	

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	2015 (Consolidated Financial Statements)					In Thousand Baht	Effective interest rates (% p.a.)
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	
	Within 1 year	1- 5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	640,251	10,849	651,100	0.10% - 1.45%
Short-term investments	-	-	-	-	68,912	68,912	-
Trade account receivables	-	-	-	-	94,044	94,044	-
Advances to and other receivables from related companies	-	-	-	-	26,056	26,056	-
Refundable value added tax	-	-	-	-	158,077	158,077	-
Restricted savings deposit and current account	-	-	-	188,754	37,948	226,702	0.375%
Total	-	-	-	829,005	395,886	1,224,891	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	503,714	-	503,714	2.17% - 7.50%
Short-term loans	2,727,023	-	-	-	-	2,727,023	5.00% - 7.75%
Trade account payables	-	-	-	-	1,041,719	1,041,719	-
Payable for purchase of land	-	-	-	-	101,412	101,412	-
Other payables to related companies	-	-	-	-	13,830	13,830	-
Other account payables	-	-	-	-	20,922	20,922	-
Deposit received from customers	-	-	-	-	10,328	10,328	-
Long-term loans from financial institutions - net	-	-	-	9,315,578	-	9,315,578	4.60% - 6.85%
Liabilities under finance lease contracts - net	3,848	9,729	-	-	-	13,577	5.75% - 15.00%
Accrued interest from related parties	-	-	-	-	463,168	463,168	-
Debentures – net	2,992,574	1,579,963	-	-	-	4,572,537	5.80% - 7.00%
Total	5,723,445	1,589,692	-	9,819,292	1,651,379	18,783,808	

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	2016 (Separate Financial Statements)					In Thousand Baht		Effective interest rates (% p.a.)
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total		
	Within 1 year	1- 5 years	Over 5 years					
Financial assets								
Cash and cash equivalents	-	-	-	184,709	1,486	186,195	0.375% - 0.40%	
Short-term investments	-	-	-	-	44,695	44,695	-	
Short-term loans to subsidiary and interest receivable	945,670	-	-	1,446,296	121,125	2,513,091	7.50% - 9.275%	
Advance to and other receivables from subsidiaries	-	-	-	-	126,144	126,144	-	
Accrued management fee income	-	-	-	-	240,000	240,000	-	
Refundable value added tax	-	-	-	-	1,470	1,470	-	
Restricted saving deposit and current account	-	-	-	39,313	-	39,313	0.375%	
Interest receivable from subsidiaries	-	-	-	-	1,739,833	1,739,833	-	
Long-term loans to subsidiaries	-	-	8,105,461	67,000	-	8,172,461	7.50% - 9.275%	
Total	945,670	-	8,105,461	1,737,318	2,274,753	13,063,202		
Financial liabilities								
Short-term loan from financial institution	500,000	-	-	-	-	500,000	5.55%	
Short-term loans	4,346,221	-	-	-	-	4,346,221	5.00% - 7.75%	
Trade account payables	-	-	-	-	462,652	462,652	-	
Payable for purchase of land	-	-	-	-	101,412	101,412	-	
Other payables to related company	-	-	-	-	2,213	2,213	-	
Long-term loans from financial institution - net	-	-	-	3,248,537	-	3,248,537	5.78%, 6.30%	
Long-term loans from other persons	-	30,000	-	-	-	30,000	6.00%	
Liabilities under finance lease contracts - net	3,387	5,447	-	-	-	8,834	5.43% - 15.00%	
Debentures – net	1,393,515	3,300,863	-	-	-	4,694,378	5.40% - 7.00%	
Total	6,243,123	3,336,310	-	3,248,537	566,277	13,394,247		

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	2015 (Separate Financial Statements)				In Thousand Baht		Effective interest rates (% p.a.)
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	
	Within 1 year	1- 5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	121,268	3,932	125,200	0.375% - 0.75%
Short-term investments	-	-	-	-	68,912	68,912	-
Short-term loans to subsidiary and interest receivable	576,670	-	-	110,930	26,898	714,498	7.50%, 9.52%
Advance to and other receivables from subsidiaries	-	-	-	-	106,832	106,832	-
Accrued management fee income	-	-	-	-	180,000	180,000	-
Refundable value added tax	-	-	-	-	1,118	1,118	-
Restricted saving deposit and current account	-	-	-	17,016	-	17,016	0.375%
Interest receivable from subsidiaries	-	-	-	-	1,184,350	1,184,350	-
Long-term loans to subsidiaries	-	-	6,762,711	-	-	6,762,711	7.50%
Total	576,670	-	6,762,711	249,214	1,572,042	9,160,637	
Financial liabilities							
Short-term loans	2,727,023	-	-	-	-	2,727,023	5.00% -7.75%
Trade account payables	-	-	-	-	271,501	271,501	-
Payable for purchase of land	-	-	-	-	101,412	101,412	-
Other payables to related company	-	-	-	-	1,444	1,444	-
Long-term loans from financial institution - net	-	-	-	1,143,924	-	1,143,924	6.03% - 6.50%
Liabilities under finance lease contracts - net	2,911	6,465	-	-	-	9,376	5.75% - 15.00%
Debentures – net	2,992,574	1,579,963	-	-	-	4,572,537	5.80% - 7.00%
Total	5,722,508	1,586,428	-	1,143,924	374,357	8,827,217	

Fair Value of Financial Instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction. The following methods and assumptions are used to estimate the fair value of each class of financial instruments by Pace Development Corporation Group.

The fair value of cash and cash equivalents, short-term investments, restricted savings deposit and current account and long-term loans to subsidiaries and related company - the aggregate carrying values are insignificantly different from their aggregate fair value because these financial assets have floating interest rates, which approximate market rates.

Trade account receivables, short-term loans to subsidiaries and interest receivables, advances to and other receivables from subsidiaries and related companies and refundable value added tax - the carrying value approximate their fair values due to the relatively short-term maturity of these financial assets.

Accrued management fee income - the fair value could not be calculated appropriately because the collection period could not be determined.

Bank overdrafts and short-term loans from financial institutions - the carrying values approximate their fair values because these financial liabilities have floating interest rate, which approximate market rates.

Short-term loans, trade account payables, payable for purchase of land, other payables to related companies and other account payables - the carrying value approximate their fair values due to the relatively short-term maturity of these financial liabilities.

Long-term loans financial institutions - the carrying values approximate their fair values because these financial liabilities have floating interest rates, which approximate market rates.

Long-term loans from other persons, liabilities under finance lease contracts and debentures carrying interest at fixed rates - the fair value could not be calculated appropriately because the market floating rate could not be determined.

33. AGREEMENTS

- a) On March 16, 2009, a subsidiary entered into an International Services Agreement with Global Hospitality Licensing S.A.R.L. (“GHL”), whereby the latter will provide certain services in support of the hotel outside Thailand. On December 21, 2009, the subsidiary entered into an amendment agreement with the term of 35 years commencing from the effective date and shall automatically be renewed for additional two periods of 5 years each unless either party gives the other party at least 300 days written termination notice prior to the expiration of the initial or renewal term. In consideration thereof, the subsidiary is committed to pay the service fee as specified in the agreement.
- b) On March 16, 2009, a subsidiary entered into a License and Royalty Agreement with Global Hospitality Licensing S.A.R.L. (“GHL”), whereby the latter will grant the jointly controlled entity the right and license to use the EDITION trademark in Thailand. On December 21, 2009, the subsidiary entered into an amendment agreement with the term of 35 years commencing from the effective date and shall automatically be renewed for additional two periods of 5 years each unless either party gives the other party at least 300 days written termination notice prior to the expiration of the initial or renewal term. In consideration thereof, the subsidiary is committed to pay the license and royalty fees at the rates specified in the agreement.
- c) On March 16, 2009, a subsidiary entered into a Management Agreement with Luxury Hotels & Resorts (Thailand) Limited, whereby the latter will manage and operate the hotel. On December 21, 2009, the subsidiary entered into an amendment agreement with the term of 35 years commencing from the effective date and shall automatically be renewed for additional two periods of 5 years each unless either party gives the other party at least 300 days written termination notice prior to the expiration of the initial or renewal term. In consideration thereof, the subsidiary is committed to pay the fees at the rates specified in the agreement.
- d) On March 16, 2009, a subsidiary entered into a Residential Marketing License Agreement with Global Hospitality Licensing S.A.R.L. (“GHL”), whereby the latter will grant the subsidiary the license to use The Ritz-Carlton Residences, Bangkok as license marks. The term is commencing from the effective date until the earlier of December 31, 2015 or the closing of all residential units. In consideration thereof, the subsidiary is committed to pay the license fee at the rate specified in the agreement. Subsequently on December 29, 2015, such subsidiary entered into First Amended and Restated Residential Marketing License Agreement to revise the residential structure from long-term leasehold to be condominium for sales and extend the effective term to the earlier of June 30, 2017 or the closing of all residential units.
- e) On March 16, 2009, a subsidiary entered into a Management Agreement with Luxury Hotels & Resorts (Thailand) Limited, whereby the latter will manage, operate and maintain the residential project. On December 21, 2009, the subsidiary entered into an amendment agreement with the termination term of 35 years commencing from the effective date and shall automatically be renewed for additional two periods of 5 years each unless either party gives the other party at least 300 days written termination notice prior to the expiration of the initial or renewal term. In consideration thereof, the subsidiary is committed to pay the fees at the rates as specified in the agreement. Subsequently on December 29, 2015, such subsidiary entered into First Amended and Restated Management Agreement to revise the residential structure from long-term leasehold to be condominium for sales and update project timeline.

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34. OTHERS

1) As at December 31, 2016 and 2015,

	In Thousand Baht	
	2016	2015
a) Certain subsidiaries had letters of credit opened but not utilized.	14,129	277,496
b) The Company had letters of guarantee issued by a local financial institution in favor of the state enterprises and a government agency which were guaranteed as discussed in Note 23.	21,783	-
c) Certain subsidiaries had letters of guarantee issued by a local financial institution in favour of customers and a state enterprise which were guaranteed as discussed in Note 23.	68,734	107,284
d) the Company had commitments under the agreements and letter of intent for the cost of construction (Note 11).	2,086,562	1,876,651
e) Certain subsidiaries had commitments under the agreements for the costs of construction and interior services. As at December 31, 2016 and 2015, a portion of Baht 14.1 million and Baht 277.5 million, respectively, were covered by letters of credit which were guaranteed as discussed in Note 23.	2,693,340	1,659,214
f) A subsidiary had commitment under the linkbridge agreement to pay the consideration fee for the right to connect and use the linkbridge commuting path with Bangkok Mass Transit System Public Company Limited.	19,500	28,500
g) Certain subsidiaries had commitments under the agreements for purchase of fixed assets (Note 15)	64,171	3,047
h) A subsidiary had commitments to pay initial license fees under the license and consulting agreements.	17,961	-

2) As at December 31, 2016 and 2015, the Pace Development Corporation Group had commitments under various operating lease agreements covering the retail rental agreements, warehouse and office premises for the periods from 12 months to 193 months. In addition, on May 22, 2016, Dean & DeLuca, Inc. entered into a six years agreement to become the Title Sponsor of DEAN & DELUCA Invitational, an internationally televised PGA Tour event, beginning in May 2016. The totals of future minimum lease payments under non-cancellable operating leases and the commitment under the Title Sponsor Agreement for each period are as follows:

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements	Financial Statements	Financial Statements	Financial Statements
	2016	2015	2016	2015
Not later than 1 year	986,516	334,269	8,111	9,466
Later than 1 year and not later than 5 years	4,290,110	1,061,347	8,318	16,429
Later than 5 years	2,976,358	1,140,081	-	-
Total	8,252,984	2,535,697	16,429	25,895

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- 3) As at December 31, 2016 and 2015, the Pace Development Corporation Group has detail of projects under development as follows:

	<u>2016</u>	<u>2015</u>
Value of sales already contracted (in Thousand Baht)	<u>17,087,299</u>	<u>14,514,261</u>
As percentage of total sales of project on hand (%)	<u>64.28</u>	<u>65.72</u>

- 4) As at December 31, 2016, current account amounting to USD 0.82 million (equivalent to Baht 29.4 million) was pledged as collateral for letters of credit according to a requirement of leases on the 3 cafes and an office in New York. As at December 31, 2015, current account amounting to USD 0.58 million (equivalent to Baht 20.9 million) was pledged as collateral for letters of credit according to a requirement of leases on the 4 cafes in New York.
- 5) As at December 31, 2016, the Pace Development Corporation Group had commitment for additional investments in Dean & DeLuca Café Japan Co., Ltd., joint venture, totalling JPY 200 million (equivalent to Baht 61.6 million) within March 31, 2019 (2015: Nil).

35. EVENTS AFTER THE REPORTING PERIOD

- 1) Dean & DeLuca Airport Co., Ltd., a new subsidiary, was registered with the Ministry of Commerce on January 5, 2017 with the registered capital of Baht 30 million (common share 300,000 shares at Baht 100 par value). On January 10, 2017, Dean and Deluca (Thailand) Co., Ltd. has invested in such subsidiary of Baht 15.3 million (common share 153,000 shares at Baht 100 par value) resulting the Company had the percentage of indirect shareholding in this subsidiary of 51%.
- 2) At the Board of Directors' meeting of the Company held on January 10, 2017, the Board of Directors has resolved to approve the proposed investment by 2 new investors, namely Apollo Asia Sprint Holding Company Limited and Goldman Sachs Investments Holdings (Asia) Limited in 2 subsidiaries which were Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. totalling of Baht 7,783.2 million. The Company and its subsidiaries entered into Subscription Agreement with such 2 investors on January 10, 2017.
- 3) On January 30, 2017, the Company and subsidiaries entered into Amendment Subscription Agreement and Shareholder Agreement. Under the agreements, share capital of such subsidiaries will increase as follows:
- (a) Share capital of Pace Project One Co., Ltd. will increase by issuing 1,921,000 new preference shares at the offering price of Baht 100 per share with totalling amounting to Baht 192.1 million. Hence, the share capital will increase from Baht 200 million (common share 2,000,000 shares at Baht 100 per share) to Baht 392.1 million (common share of 2,000,000 shares at Baht 100 par value and preference shares of 1,921,000 shares at Baht 100 par value).
- (b) Share capital of Pace Project Three Co., Ltd. will increase by issuing 950,000 new preference shares at the offering price totalling Baht 7,591.1 million (divided into 579,100 Group B preference shares at Baht 7,990.45 per share and 370,900 Group C preference shares at Baht 7,990.91 per share). Hence, the share capital will increase from Baht 100 million (common share 1,000,000 shares at Baht 100 per share) to Baht 195 million (common share of 1,000,000 shares at Baht 100 par value and preference shares of 950,000 shares at Baht 100 par value).
- 4) On January 30, 2017, the Company and 2 subsidiaries entered into Credit Facilities Agreements with Apollo Asia Sprint Holding Company Limited (Lender) and Mercer Investments (Singapore) Pte. Ltd. (Co-Lender) for term loan totalling Baht 658 million which were separated to Pace Project One Co., Ltd. of Baht 329 million and Pace Project Three Co., Ltd. of Baht 329 million.

36. CAPITAL MANAGEMENT

The primary objective of the Pace Development Corporation Group's capital management is to ensure that it has sustained good cash flows management and preserves the ability to continue its business as a going concern by the projection of cash flows for the projects.

The Company manages its capital position with reference to their debt-to-equity ratio in order to comply with a covenant of the debenture of bondholders. However, the Bondholders' meetings held on February 12, 2015 and February 25, 2015 approved to amend the covenant calculation period from December 31, 2014 to June 30, 2015. At the Bondholders' meetings held on February 5, 2016 and February 16, 2016 approved to release the covenant calculation as at December 31, 2015. Subsequently the Bondholders' meetings held on January 31, 2017, approved to release the covenant calculation as at December 31, 2016.

Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. (the Pace Group) manage their capital position with reference to their debt-to-equity ratio in order to comply with a condition in a facility agreement with local financial institutions. Debt means, solely for the purpose of calculating the debt-to-equity ratio, the interest bearing debts excluding shareholder loans of the Pace Group. Equity means the aggregate of share capital, legal reserve and shareholder loans of the Pace Group. As at December 31, 2016, debt-to-equity ratio in their financial statements was 0.63 to 1 (As at December 31, 2015: 0.77 to 1).

No changes were made in the Pace Development Corporation Group's objectives, policies or processes during the years ended December 31, 2016 and 2015.

37. FAIR VALUE MEASUREMENT

The Pace Development Corporation Group uses the market approach to measure its 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 a quoted market price is not available.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 Use of unobservable inputs, such as estimates of future cash flows

As at December 31, 2016, the Pace Development Corporation Group had the following assets that were measured at fair value using different levels of inputs as follows:

	Consolidated / Separate Financial Statements (In Thousand Baht)			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Trading investments				
- Open-end fixed income fund	-	44,695	-	44,695

Level 2 investments of marketable securities are fair valued based on net assets value announced by the Asset Management Fund companies at the close of business on the statement of financial position date.

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38. THAI FINANCIAL REPORTING STANDARDS NOT YET ADOPTED

The Pace Development Corporation Group has not adopted revised Thai Financial Reporting Standards (TFRS) that have been issued but are not yet effective at the reporting date only those are relevant to business of the Pace Development Corporation Group, as follows:

TFRS	Topic	Effective date
TFRS 2 (revised 2016)	Share-based Payment	2017
TFRS 3 (revised 2016)	Business Combinations	2017
TFRS 5 (revised 2016)	Non-current Assets held for Sale and Discontinued Operations	2017
TFRS 8 (revised 2016)	Operating Segments	2017
TFRS 10 (revised 2016)	Consolidated Financial Statements	2017
TFRS 11 (revised 2016)	Joint Arrangements	2017
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities	2017
TFRS 13 (revised 2016)	Fair Value Measurement	2017
TAS 1 (revised 2016)	Presentation of financial statements	2017
TAS 2 (revised 2016)	Inventories	2017
TAS 7 (revised 2016)	Statement of Cash Flows	2017
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors	2017
TAS 10 (revised 2016)	Events after the Reporting Period	2017
TAS 11 (revised 2016)	Construction Contracts	2017
TAS 12 (revised 2016)	Income Taxes	2017
TAS 16 (revised 2016)	Property, Plant and Equipment	2017
TAS 17 (revised 2016)	Leases	2017
TAS 18 (revised 2016)	Revenue	2017
TAS 19 (revised 2016)	Employee Benefits	2017
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates	2017
TAS 23 (revised 2016)	Borrowing Costs	2017
TAS 24 (revised 2016)	Related Party Disclosures	2017
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans	2017
TAS 27 (revised 2016)	Separate Financial Statements	2017
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures	2017
TAS 29 (revised 2016)	Financial Reporting in Hyperinflationary Economies	2017
TAS 33 (revised 2016)	Earnings per Share	2017
TAS 34 (revised 2016)	Interim Financial Reporting	2017
TAS 36 (revised 2016)	Impairment of Assets	2017
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets	2017
TAS 38 (revised 2016)	Intangible Assets	2017
TAS 40 (revised 2016)	Investment Property	2017
TAS 104 (revised 2016)	Troubled Debt Restructuring	2017
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities	2017
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation	2017
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2017
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease	2017
TFRIC 5 (revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2017
TFRIC 7 (revised 2016)	Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economies	2017
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment	2017
TFRIC 13 (revised 2016)	Customer Loyalty Programmes	2017
TFRIC 14 (revised 2016)	TAS 19 (revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	2017
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate	2017
TFRIC 17 (revised 2016)	Distributions of Non-cash Assets to Owners	2017
TFRIC 18 (revised 2016)	Transfers of Assets from Customers	2017
TSIC 15 (revised 2016)	Operating Leases-Incentives	2017

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TFRS	Topic	Effective date
TSIC 25 (revised 2016)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	2017
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2017
TSIC 31 (revised 2016)	Revenue - Barter Transactions Involving Advertising Services	2017
TSIC 32 (revised 2016)	Intangible Assets - Web Site Costs	2017
FAP Announcement No. 5/2559	Accounting Guidance for Derecognition of Financial Assets and Financial Liabilities	2017

Management expects to adopt and apply these revised TFRSs in accordance with the FAP's announcement and is presently considering the potential impact on the Pace Development Corporation Group's financial statements of these revised TFRSs.

39. APPROVAL OF FINANCIAL STATEMENTS

The Company's directors have authorized these financial statements for issue on February 28, 2017.