

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

**Interim Financial Information**

**For the Period Ended June 30, 2017**

**and Report on Review of Interim Financial Information**

**Performed by the Independent Auditor**

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION  
PERFORMED BY THE INDEPENDENT AUDITOR**

**To the Board of Directors of Pace Development Corporation Public Company Limited**

I have reviewed the accompanying consolidated and separate statements of financial position of Pace Development Corporation Public Company Limited and its subsidiaries, and of Pace Development Corporation Public Company Limited as at June 30, 2017, and the consolidated and separate statements of comprehensive income for the three-month and six-month periods ended June 30, 2017, and consolidated and separate statements of changes in shareholders' equity and cash flows for the six-month period ended June 30, 2017 and condensed explanatory notes ("interim financial information"). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my reviews.

***Scope of Reviews***

Except as discussed in Basis for Disclaimer of Conclusion on the Consolidated Statement of Comprehensive Income / Basis for Qualified Conclusion on the Consolidated Statement of Financial Position paragraph, I conducted my reviews in accordance with Thai Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion on the reviewed interim financial information.

***Basis for Disclaimer of Conclusion on the Consolidated Statement of Comprehensive Income /***

***Basis for Qualified Conclusion on the Consolidated Statement of Financial Position***

As discussed in Note 1 to the interim financial statements, the Pace Development Corporation Group engaged an independent financial advisory firm to measure fair values of investments in Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. by using income approach method and discounted cash flow to present value. Based on a report of the independent financial advisory firm dated May 12, 2017, the fair values of such investments amounted to Baht 8,231 million and the Pace Development Corporation Group recorded such investments in the consolidated statement of financial position as at June 30, 2017 amounting to Baht 8,231 million and recognized effect from loss of control in subsidiaries in the consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2017 amounting to Baht 8,856.6 million. However, as a limitation by circumstance, I cannot reach a conclusion as a result of my review on the report of such independent financial advisory firm on the estimation of income of observation deck based on the facts that the construction is not completed so there is no actual commercial operations to be compared and this is the new business in Thai market.

***Disclaimer of Conclusion on the Consolidated Statements of Comprehensive Income***

Because of the significant uncertainties of the estimation of income of observation deck as described in the Basis for Disclaimer of Conclusion on the Consolidated Statements of Comprehensive Income paragraph could have material effects on the consolidated statements of comprehensive income, I was unable to reach a conclusion on a result of my reviews on the consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2017.

***Qualified Conclusion on the Consolidated Statement of Financial Position***

Based on my review, except for the effect of adjustments, if any, as might have been affected to the consolidated statement of financial position as at June 30, 2017 from the matter described in the Basis for Qualified Conclusion on the Consolidated Statement of Financial Position paragraph, nothing has come to my attention that causes me to believe that the accompanying consolidated statement of financial position does not present fairly, in all material respects, in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting".

***Conclusion on the Separate Interim Financial Information***

Based on my review, nothing has come to my attention that causes me to believe that the accompanying separate interim financial information for the period ended June 30, 2017 does not present fairly, in all material respects, in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting".

***Emphases of Matter***

Without qualifying my conclusion, I draw attention to:

- a) Note 1 to the interim financial statements that the consolidated interim financial information for the three-month and six-month periods ended June 30, 2017 has been prepared based on loss of control of the Pace Development Corporation Group in two related parties after the incremental of share capital to new investors by consideration of the actual joint operation in such two related parties and a letter from an authorized director of such two related parties who is the representative of a new major investor dated August 15, 2017. The treatment on this matter which started for the consolidated interim financial information for the three-month and six-month periods ended June 30, 2017 was approved by the Audit Committee's meeting and the Board of Directors' meeting held on August 15, 2017, together with the consent of an independent advisory firm.
- b) Note 1 to the interim financial statements that the consolidated interim financial information for the three-month and six-month periods ended June 30, 2017 included financial information for the three-month and six-month periods then ended of a subsidiary, which has been prepared based on quantitative information of construction area of each project.
- c) Notes 3 and 13 to the interim financial statements that since the second quarter of 2017, the Pace Development Corporation Group changed their valuation method of land from cost model to revaluation model based on the appraisal report of an independent appraisal firm.

(Ms. Wimolsri Jongudomsombut)

Certified Public Accountant, Registration No. 3899

Baker Tilly Audit and Advisory Services (Thailand) Ltd.

Bangkok

August 15, 2017

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2017

ASSETS

	Notes	In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
		"Unaudited"		"Unaudited"	
		"Reviewed"	"Audited"	"Reviewed"	"Audited"
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6, 21	2,183,508	692,455	317,732	186,195
Savings deposit with specific purpose	5, 6	-	-	1,549,177	-
Short-term investments	7	9,802	44,695	9,802	44,695
Trade and unbilled trade account receivables					
- Related companies	5	5,398	50,203	-	-
- Other companies - net	8	366,124	43,140	-	-
Inventories - net	9, 21	274,530	296,008	-	-
Real estate projects for sales under development	5, 12, 13, 14, 19, 21, 26	9,282,887	10,553,946	2,978,456	2,424,584
Advance payments for construction		220,916	338,848	29,207	94,705
Short-term loans to subsidiaries and interest receivables	5	-	-	-	2,513,091
Advances to and other current receivables from subsidiaries and related parties	5	54,119	6,715	170,646	126,144
Refundable value added tax		69,523	238,179	1,536	1,470
Other current assets		346,885	149,694	24,448	4,916
<b>Total Current Assets</b>		<b>12,813,692</b>	<b>12,413,883</b>	<b>5,081,004</b>	<b>5,395,800</b>
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiaries	1, 5, 10, 21	-	-	2,641,791	2,935,144
Investments in joint ventures	1, 5, 10, 11, 26	8,372,871	227,911	293,353	-
Restricted savings deposit and current account	5, 21, 26	130,311	291,043	39,565	39,312
Accrued management fee income	5	101,266	-	265,642	240,000
Interest receivables from subsidiaries and related company	5	257,631	824	1,440,290	1,739,833
Long-term loans to subsidiaries and related company - net	5	1,909,274	75,244	9,494,259	8,172,461
Rights to use assets - net	15, 26	12,637	46,259	-	-
Advance payment for purchase of land	26	100,000	-	100,000	-
Advance payments for construction		455,386	778,419	228,455	276,220
Deferred loan arrangement fee		-	8,200	-	-
Real estate projects for sales under development	5, 12, 13, 14, 19, 21, 26	3,704,377	3,319,460	3,125,131	2,832,807
Property, plant and equipment - net	3, 4, 5, 12, 13, 19, 21, 26	3,204,846	7,301,903	88,192	74,116
Properties for lease - net	5, 12, 14, 21	-	691,198	663,667	674,799
Goodwill - net	16	3,184,082	3,665,421	-	-
Other intangible assets - net	17	2,117,729	2,292,178	4,471	5,568
Deferred income tax assets - net	18	433,060	564,043	254,188	175,727
Other non-current assets - net	5	228,785	155,175	19,954	11,104
<b>Total Non-Current Assets</b>		<b>24,212,255</b>	<b>19,417,278</b>	<b>18,658,958</b>	<b>17,177,091</b>
<b>TOTAL ASSETS</b>		<b>37,025,947</b>	<b>31,831,161</b>	<b>23,739,962</b>	<b>22,572,891</b>

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2017

LIABILITIES AND SHAREHOLDERS' EQUITY

	Notes	In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
		"Unaudited"		"Unaudited"	
		"Reviewed"	"Audited"	"Reviewed"	"Audited"
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term borrowings from financial institutions	12, 13, 19, 21	1,768,761	1,141,024	1,156,352	500,000
Short-term borrowings	20	3,921,998	4,444,981	3,921,998	4,346,221
Trade account payables - Other companies		1,937,289	1,660,243	582,351	462,651
Payable for purchase of land		101,412	101,412	101,412	101,412
Other current payables to related companies	5	90,449	23,077	11,599	2,213
Other current payables		42,730	32,855	-	-
Current portion of long-term borrowings from financial institutions	5, 6, 10, 12, 13, 14, 21, 26	6,096,099	9,235,365	2,512,718	1,120,277
Current portion of liabilities under finance lease contracts		5,500	6,135	2,900	3,387
Current portion of debentures	23	3,614,478	1,393,515	3,614,478	1,393,515
Short-term borrowings from related parties and accrued interest	5	42,680	-	-	-
Advances and deposits received from customers	5, 26	2,180,804	3,011,073	311,509	258,333
Current income tax payable		1,199	9,164	-	-
Current portion of deferred revenue		6,920	2,699	-	-
Accrued expenses	5	574,583	467,963	100,530	82,886
Accrued construction costs		93,274	48,743	-	-
Other current liabilities		308,136	316,877	99,850	79,741
<b>Total Current Liabilities</b>		<b>20,786,312</b>	<b>21,895,126</b>	<b>12,415,697</b>	<b>8,350,636</b>
<b>NON-CURRENT LIABILITIES</b>					
Deposits received from customers	5	1,820,360	1,572,437	1,743,085	1,500,269
Other non-current payables to related companies	5	432,782	-	-	-
Interest payable to related company	5	10,350	-	-	-
Long-term borrowings from related companies	5, 6, 10, 12	499,792	-	-	-
Long-term borrowings from financial institutions - net	5, 6, 10, 12, 13, 14, 21, 26	1,694,785	2,513,505	1,212,969	2,128,260
Long-term borrowings from other persons	22	30,000	30,000	30,000	30,000
Liabilities under finance lease contracts - net		4,586	6,029	4,151	5,448
Debentures - net	23	2,299,717	3,300,863	2,299,717	3,300,863
Deferred income tax liabilities	18	2,246,389	691,201	-	-
Non-current provision for employee benefit		20,081	17,482	17,307	15,025
Other non-current liabilities		282,670	115,305	-	-
<b>Total Non-Current Liabilities</b>		<b>9,341,512</b>	<b>8,246,822</b>	<b>5,307,229</b>	<b>6,979,865</b>
<b>Total Liabilities</b>		<b>30,127,824</b>	<b>30,141,948</b>	<b>17,722,926</b>	<b>15,330,501</b>

PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 STATEMENT OF FINANCIAL POSITION  
 AS AT JUNE 30, 2017

LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)

		In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
		"Unaudited"		"Unaudited"	
Notes		"Reviewed"	"Audited"	"Reviewed"	"Audited"
<b>SHAREHOLDERS' EQUITY</b>					
Share capital					
- Authorized share capital, ordinary share					
	4,078,028,197 shares at Baht 1 par value	<u>4,078,028</u>	<u>4,078,028</u>	<u>4,078,028</u>	<u>4,078,028</u>
- Issued and paid share capital, ordinary share					
	3,758,028,197 shares at Baht 1 per share	3,758,028	3,758,028	3,758,028	3,758,028
Share premium on ordinary shares					
		3,846,808	3,846,808	3,846,808	3,846,808
Other reserve					
		234,718	463,168	-	-
Discount on increase in shareholding in subsidiaries					
		(676,370)	(1,064,004)	-	-
Discount on business combination under common control					
		(324,475)	(324,475)	-	-
Other components of equity					
3, 13		289,861	173,620	-	-
Retained earnings (Deficit)					
- Appropriated for legal reserve					
		15,643	15,643	15,643	15,643
- Deficit					
		<u>(262,234)</u>	<u>(5,179,576)</u>	<u>(1,603,443)</u>	<u>(378,089)</u>
<b>Equity Attributable to Owners of the Parent</b>					
		6,881,979	1,689,212	6,017,036	7,242,390
Non-controlling interests					
25		16,144	1	-	-
<b>Shareholders' Equity - Net</b>					
		<u>6,898,123</u>	<u>1,689,213</u>	<u>6,017,036</u>	<u>7,242,390</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
		<u>37,025,947</u>	<u>31,831,161</u>	<u>23,739,962</u>	<u>22,572,891</u>

## STATEMENT OF COMPREHENSIVE INCOME

"REVIEWED"

FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2017

	Notes	In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2017	2016	2017	2016
<b>Revenues</b>					
Revenue from sales of residential condominium units	5	1,692,466	969,280	-	32,829
Revenue from sales of merchandises, foods and beverages	5	801,528	745,008	-	-
Revenue from trademark and trade name fees		9,166	30,639	-	-
Rental and service income	5	-	12,644	-	-
Interest income	5	54,171	587	197,769	151,237
Management fee income	5	13,967	-	28,666	15,725
Other income		7,840	15,152	187	216
<b>Total Revenues</b>		<b>2,579,138</b>	<b>1,773,310</b>	<b>226,622</b>	<b>200,007</b>
<b>Expenses</b>					
Cost of sales of residential condominium units		1,274,445	697,596	-	21,370
Costs of sales of merchandises, foods and beverages		439,155	375,072	-	-
Cost of rental and service		-	25,292	-	-
Selling expenses	5	1,075,034	641,700	7,463	29,461
Administrative expenses	5	1,466,194	464,273	1,034,207	99,654
Management benefit expenses	5	11,098	12,501	10,139	11,597
Loss on foreign exchange - net		1,455	359	41,805	4,181
Finance costs	5	223,615	148,856	173,104	118,256
<b>Total Expenses</b>		<b>4,490,996</b>	<b>2,365,649</b>	<b>1,266,718</b>	<b>284,519</b>
<b>Loss before Share of Loss of Investments in Joint Ventures</b>		<b>(1,911,858)</b>	<b>(592,339)</b>	<b>(1,040,096)</b>	<b>(84,512)</b>
Effect from loss of control in subsidiaries	1	8,856,643	-	-	-
Share of loss of investments in joint ventures	11	(87,380)	(4,876)	-	-
<b>Profit (Loss) before Tax</b>		<b>6,857,405</b>	<b>(597,215)</b>	<b>(1,040,096)</b>	<b>(84,512)</b>
Tax Income (Expense)	18	(1,546,846)	(43,328)	25,896	14,819
<b>Profit (Loss) for the Period</b>		<b>5,310,559</b>	<b>(640,543)</b>	<b>(1,014,200)</b>	<b>(69,693)</b>
<b>Other Comprehensive Income (Loss):</b>					
<b>Item that may be reclassified subsequently to profit or loss:</b>					
Currency translation differences		(27,841)	18,978	-	-
<b>Item that will not be reclassified subsequently to profit or loss:</b>					
Revaluation surplus of land	3, 13	262,524	-	-	-
Income tax relating to other comprehensive income not be reclassified		(52,505)	-	-	-
		210,019	-	-	-
<b>Other Comprehensive Income for the Period - Net of Tax</b>		<b>182,178</b>	<b>18,978</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>		<b>5,492,737</b>	<b>(621,565)</b>	<b>(1,014,200)</b>	<b>(69,693)</b>
<b>Profit (loss) for the period attributable to:</b>					
Owners of the parent		5,310,482	(640,543)	(1,014,200)	(69,693)
Non-controlling interests		77	-	-	-
		<b>5,310,559</b>	<b>(640,543)</b>	<b>(1,014,200)</b>	<b>(69,693)</b>
<b>Total comprehensive income (loss) for the period attributable to:</b>					
Owners of the parent		5,492,660	(621,565)	(1,014,200)	(69,693)
Non-controlling interests		77	-	-	-
		<b>5,492,737</b>	<b>(621,565)</b>	<b>(1,014,200)</b>	<b>(69,693)</b>
<b>Basic Earnings (Loss) per Share Attributable to Owners of the Parent (In Baht)</b>		<b>1.413</b>	<b>(0.196)</b>	<b>(0.270)</b>	<b>(0.021)</b>
<b>Weighted Average Number of Shares (In Thousand Shares)</b>		<b>3,758,028</b>	<b>3,261,678</b>	<b>3,758,028</b>	<b>3,261,678</b>

## STATEMENT OF COMPREHENSIVE INCOME

"REVIEWED"

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

	Notes	In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2017	2016	2017	2016
<b>Revenues</b>					
Revenue from sales of residential condominium units	5	3,453,797	969,280	-	32,829
Revenue from sales of merchandises, foods and beverages	5	1,503,647	1,461,776	-	-
Revenue from trademark and trade name fees		19,483	754,746	-	-
Rental and service income	5	16,732	24,509	-	-
Interest income	5	54,990	691	393,329	294,775
Management fee income	5	13,967	-	57,652	31,229
Other income		12,058	18,885	676	888
<b>Total Revenues</b>		<b>5,074,674</b>	<b>3,229,887</b>	<b>451,657</b>	<b>359,721</b>
<b>Expenses</b>					
Cost of sales of residential condominium units	12	2,516,810	697,596	-	21,370
Costs of sales of merchandises, foods and beverages		788,846	730,096	-	-
Cost of rental and service		28,702	50,299	-	-
Selling expenses	5	1,708,973	1,072,264	22,190	79,045
Administrative expenses	5	2,104,027	916,172	1,276,111	201,202
Management benefit expenses	5	30,176	24,782	28,258	22,973
Loss on foreign exchange - net		1,852	10,626	106,886	9,657
Finance costs	5	394,374	296,437	322,027	231,651
<b>Total Expenses</b>		<b>7,573,760</b>	<b>3,798,272</b>	<b>1,755,472</b>	<b>565,898</b>
<b>Loss before Share of Loss of Investments in Joint Ventures</b>		<b>(2,499,086)</b>	<b>(568,385)</b>	<b>(1,303,815)</b>	<b>(206,177)</b>
Effect from loss of control in subsidiaries	1	8,856,643	-	-	-
Share of loss of investments in joint ventures	11	(90,835)	(4,876)	-	-
<b>Profit (Loss) before Tax</b>		<b>6,266,722</b>	<b>(573,261)</b>	<b>(1,303,815)</b>	<b>(206,177)</b>
Tax Income (Expense)	18	(1,530,435)	264	78,461	39,053
<b>Profit (Loss) for the Period</b>		<b>4,736,287</b>	<b>(572,997)</b>	<b>(1,225,354)</b>	<b>(167,124)</b>
<b>Other Comprehensive Income (Loss):</b>					
<b>Item that may be reclassified subsequently to profit or loss:</b>					
Currency translation differences		(93,778)	(32,402)	-	-
<b>Item that will not be reclassified subsequently to profit or loss:</b>					
Revaluation surplus of land	3, 13	262,524	-	-	-
Income tax relating to other comprehensive income not be reclassified		(52,505)	-	-	-
		210,019	-	-	-
<b>Other Comprehensive Income (Loss) for the Period - Net of Tax</b>		<b>116,241</b>	<b>(32,402)</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>		<b>4,852,528</b>	<b>(605,399)</b>	<b>(1,225,354)</b>	<b>(167,124)</b>
<b>Profit (loss) for the period attributable to:</b>					
Owners of the parent		4,734,844	(572,997)	(1,225,354)	(167,124)
Non-controlling interests		1,443	-	-	-
		4,736,287	(572,997)	(1,225,354)	(167,124)
<b>Total comprehensive income (loss) for the period attributable to:</b>					
Owners of the parent		4,851,085	(605,399)	(1,225,354)	(167,124)
Non-controlling interests		1,443	-	-	-
		4,852,528	(605,399)	(1,225,354)	(167,124)
<b>Basic Earnings (Loss) per Share Attributable to Owners of the Parent (In Baht)</b>		<b>1.260</b>	<b>(0.176)</b>	<b>(0.326)</b>	<b>(0.051)</b>
<b>Weighted Average Number of Shares (In Thousand Shares)</b>		<b>3,758,028</b>	<b>3,261,678</b>	<b>3,758,028</b>	<b>3,261,678</b>



PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

"UNAUDITED"  
"REVIEWED"

Consolidated Financial Statements (In Thousand Baht)														
Notes	Issued and paid-up share capital	Share premium on ordinary shares	Other reserve	Discount on increase in shareholding in subsidiaries	Discount on business combination under common control	Other components of equity			Retained earnings (Deficit)		Equity attributable to			
						Currency translation differences	Revaluation surplus of land	Income tax relating to component of equity	Total other components of equity	Appropriated for legal reserve	Deficit	owners of the parent	Non-controlling interests	Shareholders' equity - net
<b>Balance as at January 1, 2016</b>	3,261,678	2,897,314	-	(1,064,004)	(324,475)	194,622	-	-	194,622	15,643	(2,853,179)	2,127,599	1	2,127,600
Loss for the period	-	-	-	-	-	-	-	-	-	-	(572,997)	(572,997)	-	(572,997)
Other comprehensive loss for the period	-	-	-	-	-	(32,402)	-	-	(32,402)	-	-	(32,402)	-	(32,402)
Total comprehensive loss for the period	-	-	-	-	-	(32,402)	-	-	(32,402)	-	(572,997)	(605,399)	-	(605,399)
Increase in other reserve during the period	-	-	463,168	-	-	-	-	-	-	-	-	463,168	-	463,168
<b>Balance as at June 30, 2016</b>	<u>3,261,678</u>	<u>2,897,314</u>	<u>463,168</u>	<u>(1,064,004)</u>	<u>(324,475)</u>	<u>162,220</u>	<u>-</u>	<u>-</u>	<u>162,220</u>	<u>15,643</u>	<u>(3,426,176)</u>	<u>1,985,368</u>	<u>1</u>	<u>1,985,369</u>
<b>Balance as at January 1, 2017</b>	3,758,028	3,846,808	463,168	(1,064,004)	(324,475)	173,620	-	-	173,620	15,643	(5,179,576)	1,689,212	1	1,689,213
Profit for the period	-	-	-	-	-	-	-	-	-	-	4,734,844	4,734,844	1,443	4,736,287
Other comprehensive income (loss) for the period	3, 13	-	-	-	-	(93,778)	262,524	(52,505)	116,241	-	-	116,241	-	116,241
Total comprehensive income (loss) for the period	-	-	-	-	-	(93,778)	262,524	(52,505)	116,241	-	4,734,844	4,851,085	1,443	4,852,528
Addition in non-controlling interests from increase in preferred shares of subsidiaries	1, 24	-	-	-	-	-	-	-	-	-	-	-	7,783,200	7,783,200
Addition in non-controlling interests from investment in new subsidiary	1	-	-	-	-	-	-	-	-	-	-	-	14,700	14,700
Transaction costs relating to incremental of preferred share in subsidiaries recognized to equity	-	-	-	-	-	-	-	-	-	-	(45,952)	(45,952)	-	(45,952)
Effect from loss of control in subsidiaries	1	-	-	(228,450)	387,634	-	-	-	-	-	228,450	387,634	(7,783,200)	(7,395,566)
<b>Balance as at June 30, 2017</b>	<u>3,758,028</u>	<u>3,846,808</u>	<u>234,718</u>	<u>(676,370)</u>	<u>(324,475)</u>	<u>79,842</u>	<u>262,524</u>	<u>(52,505)</u>	<u>289,861</u>	<u>15,643</u>	<u>(262,234)</u>	<u>6,881,979</u>	<u>16,144</u>	<u>6,898,123</u>

**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017**

"UNAUDITED"

"REVIEWED"

	Separate Financial Statements (In Thousand Baht)				Shareholders' equity - net
	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings (Deficit) Appropriated for legal reserve      Deficit		
<b>Balance as at January 1, 2016</b>	3,261,678	2,897,314	15,643	(135,120)	6,039,515
Total comprehensive loss for the period	-	-	-	(167,124)	(167,124)
<b>Balance as at June 30, 2016</b>	<u>3,261,678</u>	<u>2,897,314</u>	<u>15,643</u>	<u>(302,244)</u>	<u>5,872,391</u>
<b>Balance as at January 1, 2017</b>	3,758,028	3,846,808	15,643	(378,089)	7,242,390
Total comprehensive loss for the period	-	-	-	(1,225,354)	(1,225,354)
<b>Balance as at June 30, 2017</b>	<u>3,758,028</u>	<u>3,846,808</u>	<u>15,643</u>	<u>(1,603,443)</u>	<u>6,017,036</u>

## STATEMENT OF CASH FLOWS

"REVIEWED"

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Profit (loss) for the period	4,736,287	(572,997)	(1,225,354)	(167,124)
Adjustments to reconcile loss for the period to net cash provided by (used in) operating activities:				
Management fee income	(2,600)	-	-25,642	-30,000
Allowance (reversal) allowance for doubtful accounts	909,990	(5)	910,000	-
Reversal allowance for decline in value of inventories	(449)	(426)	-	-
Loss on decline in value of real estate project for sales under development	39,800	-	-	-
Depreciation and amortization	146,241	165,244	23,300	12,743
Gain on sales of short-term investments	(30)	(347)	(30)	(347)
Gain on sales of leasehold improvements and equipment	-	(876)	-	(459)
Write-off leasehold improvements and equipment	-	6,601	-	9
Reversal of unbilled construction payables	-	(12,256)	-	-
Provision for employee benefit	2,599	4,921	2,282	4,397
Unrealized loss (gain) on foreign exchange - net	560	593	107,053	9,326
Unrealized gain on revaluation of short-term investments	(77)	(35)	(77)	(35)
Effect from loss of control in subsidiaries	(8,856,643)	-	-	-
Impairment loss on goodwill	48,314	26,169	-	-
Share of loss of investment in joint venture	90,835	4,876	-	-
Tax expense (income)	1,530,435	(264)	(78,461)	(39,053)
Interest income	(54,990)	(691)	(393,329)	(294,775)
Finance costs	394,374	296,437	322,027	231,651
<b>Decrease (increase) in operating assets:</b>				
Trade and unbilled trade account receivables	(338,657)	19,740	-	-
Inventories	21,927	44,903	-	21,370
Advances to and other receivables from subsidiaries and related parties	(7,825)	23,217	(42,386)	(2,733)
Other account receivables	-	(32,251)	-	-
Refundable value added tax	-25,769	-29,313	(66)	(13)
Real estate projects for sales under development	1,128,351	-423,338	(611,014)	(397,524)
Advance payments for construction	94,756	-104,484	113,263	(144,183)
Advance payment for purchase of land	(100,000)	-	(100,000)	-
Other current assets	-238,326	-85,118	(19,436)	12,728
Other non-current assets	-31,360	-16,715	(912)	3,338
<b>Increase (decrease) in operating liabilities:</b>				
Trade account payables and accrued construction costs	318,006	(80,777)	(52)	(376)
Other payables to related companies	124,357	(49)	9,386	418
Advances and deposits received from customers	(568,734)	404,553	295,992	369,150
Other payables	9,875	756	-	-
Deferred revenue	4,268	(124,260)	-	-
Accrued expenses	127,174	90,142	10,088	40,502
Other current liabilities	43,950	35,091	20,109	10,846
Other non-current liabilities	168,252	4,177	-	-
Tax paid	(47,025)	(3,251)	(8,112)	(403)
<b>Net Cash Used in Operating Activities</b>	<b>(332,134)</b>	<b>(360,033)</b>	<b>(691,371)</b>	<b>(360,547)</b>

## STATEMENT OF CASH FLOWS (Continued)

"REVIEWED"

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
The effect on cash flows from loss of control in subsidiaries	4,998,692	-	-	-
Increase in investments in shares of subsidiaries	-	-	-	(1,000)
Increase in investment in joint venture	-	(218,729)	-	-
Unrecognition royalty income	-	31,109	-	-
Increase in savings deposit with specific purpose	-	-	(1,549,177)	-
Increase in restricted savings deposit and current account	86,983	(42,499)	(253)	(8,155)
Additions in non-controlling interests from investments in new subsidiary	14,700	-	-	-
Increase in short-term investments	-	(585,000)	-	(585,000)
Proceeds from sales of short-term investments	35,000	615,000	35,000	615,000
Increase in short-term loans to subsidiaries	-	-	(1,381,897)	(474,068)
Cash receipts from short-term loans to subsidiaries	-	-	6,000	-
Increase in long-term loans to subsidiaries and related company	(5,262)	(53,214)	(463,054)	(532,200)
Cash receipts in long-term loans to subsidiaries and related company	-	-	1,897,058	40,000
Proceeds from sales of equipment	-	6,386	-	4,619
Purchases of property, plant and equipment - net	(1,012,246)	(192,553)	(25,154)	(16,173)
Purchases of other intangible assets	(12,296)	(4,216)	(175)	(1,572)
Decrease in advance payments for construction	35,179	(109,638)	-	-
Payment of rights to use assets	(16,614)	(11,021)	-	-
Increase in properties for lease	(9,700)	-	-	-
Increase in construction in progress	-	(421,442)	-	(196)
Interest received	4,840	691	809,650	15,901
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>4,119,276</b>	<b>(985,126)</b>	<b>(672,002)</b>	<b>(942,844)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Increase in bank overdrafts and short-term loans from financial institutions	657,453	149,375	671,171	-
Increase in short-term borrowings	1,550,000	2,705,000	1,550,000	2,705,000
Repayment of short-term borrowings	(2,095,000)	(2,185,000)	(1,995,000)	(2,185,000)
Cash receipts from short-term borrowings from subsidiaries and related parties	42,442	-	-	598,000
Repayment of short-term borrowings from subsidiaries	-	-	-	(508,000)
Cash receipts from loans from director	-	85,142	-	-
Repayment of loans from director	-	(85,142)	-	-
Cash receipts from long-term borrowings from related companies (Note 4)	792,274	-	-	-
Cash receipts from long-term borrowings from financial institutions	679,803	1,655,573	466,040	874,178
Cash receipts from debentures	1,219,000	3,123,000	1,219,000	3,123,000
Repayment of long-term borrowings from financial institutions	(4,530,713)	(451,265)	-	-
Repayment of debentures	-	(2,999,500)	-	(2,999,500)
Repayment of liabilities under finance lease contracts	(2,502)	(1,866)	(1,784)	(1,438)
Transaction costs relating to incremental of preferred share in subsidiaries	(45,952)	-	-	-
Payment of loan arrangement fee and debenture underwriting fee	(36,967)	(46,218)	(35,213)	(35,318)
Interest paid	(525,927)	(575,459)	(379,304)	(313,365)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>(2,296,089)</b>	<b>1,373,640</b>	<b>1,494,910</b>	<b>1,257,557</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,491,053</b>	<b>28,481</b>	<b>131,537</b>	<b>(45,834)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>692,455</b>	<b>651,100</b>	<b>186,195</b>	<b>125,200</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>2,183,508</b>	<b>679,581</b>	<b>317,732</b>	<b>79,366</b>

## STATEMENT OF CASH FLOWS (Continued)

"REVIEWED"

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
<b>Non-Cash Transactions</b>				
a) Interest expense recorded as cost of real estate projects for sales under development and property, plant and equipment	10,478	6,233	8,890	3,614
b) Net change in construction payables and accrued construction costs	1,296,022	580,765	582,351	337,897
c) Transfer real estate projects for sales under development to property, plant and equipment	3,168	-	-	-
d) Transfer real estate projects for sales under development to properties for lease	-	-	3,168	-
e) Transfer property, plant and equipment to properties for lease	-	3,473	-	-
f) Transfer furnitures of sales gallery to real estate project for sales under development	-	44,542	-	-
g) Deferred loan arrangement fee and debenture underwriting fee capitalized as a part of real estate projects for sales under development and property, plant and equipment	6,580	16,899	5,814	3,916
h) Short-term borrowings transferred to long-term borrowings from other persons	-	30,000	-	30,000
i) Short-term loans to subsidiaries and interest receivables transferred to long-term loans to subsidiaries and related company	-	-	3,908,844	-
j) Revaluation surplus of land	262,524	-	-	-
k) Leasehold improvements and equipment increased by means of :				
- Finance lease agreements	424	-	-	-
- Net change in payables for purchase of leasehold improvements and equipment	288,341	-	(869)	-
- Cash payments	1,012,246	192,553	25,154	16,173
Total	1,301,011	192,553	24,285	16,173

**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF CASH FLOWS (Continued)**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017**

"UNAUDITED"  
"REVIEWED"

- l) In second quarter of 2017, the Pace Development Corporation Group lost control in 2 subsidiaries. Detail of assets and liabilities of these subsidiaries at the date of lost of control in subsidiaries were summarized below:

	<u>In Thousand Baht</u>
Trade and unbilled trade account receivables	60,489
Advances and other current receivables from subsidiaries	(39,579)
Refundable value added tax	194,425
Other current assets	39,404
Restricted savings deposit and current account	73,749
Accrued management fee income	(98,666)
Interest receivables from subsidiaries and related company	(204,927)
Long-term loans to subsidiaries and related company	(2,742,816)
Rights to use assets - net	47,293
Advance payments for construction	311,030
Property, plant and equipment - net	5,574,693
Properties for lease - net	693,937
Goodwill - net	10,877
Other intangible assets - net	267,963
Deferred income tax assets - net	137,780
Other non-current assets - net	238
Trade account payables	(340,812)
Other current payables to related companies	(54,838)
Advances and deposits received from customers	(13,612)
Accrued expenses	(11,148)
Other current liabilities	(52,691)
Other non-current payables to related companies	430,635
Interest payable to related company	(4,640)
Long-term borrowings from related companies	(292,482)
Other non-current liabilities	(887)
Net Assets	3,985,415
Realized change from increase in shareholding in subsidiaries	387,634
	4,373,049
Add: Effect from loss of control in subsidiaries	8,856,643
Total	13,229,692
Less: Investments in joint ventures	8,231,000
Effect on cash flows from loss of control in subsidiary	4,998,692

## PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Notes to Interim Financial Statements

June 30, 2017 (Unaudited / Reviewed)

#### 1. BASIS FOR PREPARATION OF INTERIM FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

- a) The Company and its subsidiaries (together referred to as “the Pace Development Corporation Group”) maintain their accounting records in conformity with Thai Financial Reporting Standards. Accordingly, the interim financial statements are intended solely to present the financial position, financial performance and cash flows in accordance with Thai Financial Reporting Standards.

The interim financial statements have been prepared to provide an update on the financial statements for the year ended December 31, 2016. They focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2016.

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

- b) 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 Baht 7,783.2 million. The Company and its subsidiaries entered into Subscription Agreements with such 2 investors on January 10, 2017 and entered into First Amendment Subscription Agreements and Shareholders Agreements on January 30, 2017. Under the agreements,
- (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 Baht 192.1 million (divided into 1,170,970 Group B preference shares at Baht 100 per share and 750,030 Group C preference shares at Baht 100 per share). Hence, the share capital will increase from Baht 200 million (ordinary share 2,000,000 shares at Baht 100 par value) to Baht 392.1 million (ordinary share of 2,000,000 shares at Baht 100 par value and preference share of 1,921,000 shares at Baht 100 par value). Such subsidiary registered the capital increase with the Ministry of Commerce on February 28, 2017.
- (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 (ordinary share 1,000,000 shares at Baht 100 par value) to Baht 195 million (ordinary share of 1,000,000 shares at Baht 100 par value and preference share of 950,000 shares at Baht 100 par value). Such subsidiary registered the capital increase with the Ministry of Commerce on February 28, 2017.

In the second quarter of 2017, the Pace Development Corporation Group engaged an independent financial advisory firm to measure fair values of investments in Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. by using income approach method and discounted cash flow to present value. Based on a report of the independent financial advisory firm dated May 12, 2017, the fair values of such investments amounted to Baht 8,231 million and the Pace Development Corporation Group recorded such investments in the consolidated statement of financial position as at June 30, 2017 amounting to Baht 8,231 million and recognized effect from loss of control in subsidiaries in the consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2017 amounting to Baht 8,856.6 million.

The consolidated interim financial statements for the three-month and six-month periods ended June 30, 2017, has been prepared based on loss of control of the Pace Development Corporation Group in two related parties after the incremental of share capital to new investors by consideration of the actual joint operation in such two related parties and a letter from an authorized director of such two related parties who is the representative of a new major investor dated August 15, 2017. The treatment on this matter which started for the consolidated interim financial information for the three-month and six-month periods ended June 30, 2017 was approved by the Audit Committee's meeting and the Board of Directors' meeting held on August 15, 2017, together with the consent of an independent advisory firm.

**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Interim Financial Statements (Continued)**  
**June 30, 2017 (Unaudited / Reviewed)**

The Pace Development Corporation Group measured investments in shares of Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. at fair values by using income approach method and discounted cash flow to present value based on an independent financial advisor's report dated May 12, 2017 of Baht 8,231 million. Such fair values in the independent financial advisor's report were based on the following assumptions:

***Pace Project One Co., Ltd. -Bangkok Edition Hotel***

- Ability of property to generate income over the period of 10 years was based on financial projection of investment period to discounted cash flow.
- Average room rates and occupancy rates from 1<sup>st</sup> year to 10<sup>th</sup> year were determined at 60% - 76% based on the comparison of 5 stars hotel in Bangkok.
- Revenue from visitors at sky bar from 1<sup>st</sup> year to 10<sup>th</sup> year was determined by number of visitors based on the local leading operation.
- Discounted rate was at 8.5% which was estimated based on input from comparable of local companies operating in the same industry.
- Terminal value at the end of the 10<sup>th</sup> year was determined at the return of 8.5% with perpetual growth rate of 2.8% from net cash flows of the 10<sup>th</sup> year.
- Other assumptions were relevant to estimated revenues and expenses.

***Pace Project Three Co., Ltd. -Sky Observation Deck***

- Ability of property to generate income over the period of 10 years was based on financial projection of investment period to discounted cash flow.
- Numbers of visitors from 1<sup>st</sup> year to 10<sup>th</sup> year were determined by number of visitors per day based on comparable of observatories from various countries.
- Discounted rates was at 11% which was estimated based on input from comparable companies in various countries which were operating in the same industry.
- Terminal value at the end of the 10<sup>th</sup> year was determined at the return of 11% with perpetual growth rate of 2.8% from net cash flows of the 10<sup>th</sup> year.
- Other assumptions were relevant to estimated revenues and expenses.

***Pace Project Three Co., Ltd. -Retail Cube***

- Ability of property to generate income over the period of 10 years was based on financial projection of investment period to lease discounted cash flow.
- Occupancy rates from 1<sup>st</sup> year to 10<sup>th</sup> year were determined at 100% based on existing rental agreements.
- Average lease income rates from 1<sup>st</sup> year to 10<sup>th</sup> year were determined based on existing rental agreements. The market monthly rate was complied with the expiration of existing contract.
- Discounted rate was at 8% which was estimated based on input from comparable of local companies operating in the same industry.
- Terminal value at the end of the 10<sup>th</sup> year was determined at the return of 8% with perpetual growth rate of 2.8% from net cash flows of the 10<sup>th</sup> year.
- Other assumptions were relevant to estimated revenues and expenses.



**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Interim Financial Statements (Continued)**  
**June 30, 2017 (Unaudited / Reviewed)**

Hence, the Pace Development Corporation Group deconsolidated above 2 subsidiaries. Detail of assets and liabilities of these subsidiaries at the change of control date were summarized below:

	<u>In Thousand Baht</u>
Trade and unbilled trade account receivables	60,489
Advances to and other current receivables from subsidiaries	(39,579)
Refundable value added tax	194,425
Other current assets	39,404
Restricted savings deposit and current account	73,749
Accrued management fee income	(98,666)
Interest receivables from subsidiaries and related company	(204,927)
Long-term loans to subsidiaries and related company	(2,742,816)
Rights to use assets - net	47,293
Advance payments for construction	311,030
Property, plant and equipment - net	5,574,693
Properties for lease - net	693,937
Goodwill - net	10,877
Other intangible assets - net	267,963
Deferred income tax assets - net	137,780
Other non-current assets - net	238
Trade account payables	(340,812)
Other current payables to related companies	(54,838)
Advances and deposits received from customers	(13,612)
Accrued expenses	(11,148)
Other current liabilities	(52,691)
Other non-current payables to related companies	430,635
Interest payable to related company	(4,640)
Long-term borrowings from related companies	(292,482)
Other non-current liabilities	(887)
Net Assets	<u>3,985,415</u>
Realized Change from increase in shareholding in subsidiaries	<u>387,634</u>
	4,373,049
Add: Effect from loss of control in subsidiaries	<u>8,856,643</u>
Total	13,229,692
Less: Investments in joint ventures	(8,231,000)
Effect on cash flows from deconsolidation of subsidiaries	<u><u>4,998,692</u></u>

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

**Notes to Interim Financial Statements (Continued)**

**June 30, 2017 (Unaudited / Reviewed)**

- c) The interim financial statements for each of the three-month and six-month periods ended June 30, 2017 and 2016 of Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. 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

During the first quarter of 2017, Dean and DeLuca (Thailand) Co., Ltd. invested in Dean & DeLuca Airport Co., Ltd., a new subsidiary of Baht 15.3 million (ordinary share 152,999 shares at Baht 100 par value) resulting the Company had the percentage of indirect shareholding in this subsidiary of 51%. Such subsidiary registered with the Ministry of Commerce on January 5, 2017 with the registered capital of Baht 30 million (ordinary share 300,000 shares at Baht 100 par value).

The consolidated interim financial statements for the three-month and six-month periods ended June 30, 2017 and 2016 and the consolidated financial statements for the year ended December 31, 2016 include the financial statements of the Pace Development Corporation Group as follows:

Subsidiaries	Nature of Business	Type of Holding	Proportionate of Share (%)		
			June 30, 2017	December 31, 2016	June 30, 2016
YLP Company Limited	Property development	Direct	100	100	100
Pace Country Club Co., Ltd.	Property development and management	Direct	100	100	100
Pace Interior Services Co., Ltd.	Interior service	Direct	100	100	100
Pace Creative Agency Co., Ltd.	Designing, advertising and marketing communication	Direct	100	100	100
Pace Management Co., Ltd.	Management services	Direct	99.97	99.97	99.97
Pace Food Retail Co., Ltd.	Investment in equity shares of retailer of premium gourmet and delicatessen business	Direct	100	100	100
Dean and DeLuca (Thailand) Co., Ltd.	Food and beverage	Indirect	100	100	100
Dean & DeLuca Airport Co., Ltd.	Food and beverage	Indirect	51	-	-
Pace Real Estate Co., Ltd.	Investment in equity shares	Direct	100	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	100
Pace Project Three Co., Ltd.	Shopping centre	Direct and indirect	-	100	100

**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Interim Financial Statements (Continued)**  
**June 30, 2017 (Unaudited / Reviewed)**

	Nature of Business	Type of Holding	Proportionate of Share (%)			
			June 30, 2017	December 31, 2016	June 30, 2016	
<b>Dean Group held by Pace Food Retail Co., Ltd.</b>						
- The Companies incorporated in The United States of America						
Dean & DeLuca, Inc.		Indirect	100	100	100	
Dean & DeLuca Brands, Inc.		Indirect	100	100	100	
Dean & DeLuca Marketing, LLC		Indirect	100	100	100	
Dean & DeLuca Atlanta, LLC		Indirect	100	100	100	
Dean & DeLuca Markets, LLC		Indirect	100	100	100	
D&D Cafes of NC, LLC		Indirect	100	100	100	
Dean & DeLuca Georgetown, Inc.		Indirect	100	100	100	
Dean & DeLuca Imports, Inc.		Indirect	100	100	100	
Dean & DeLuca Call Center, Inc.		Indirect	100	100	100	
Dean & DeLuca New York, Inc.	Retailer of premium gourmet and delicatessen business	Indirect	100	100	100	
Dean & DeLuca Espresso, Inc.		Indirect	100	100	100	
Dean & DeLuca Madison Avenue, Inc.		Indirect	100	100	100	
Gaetano & Barteau, Inc.		Indirect	100	100	100	
Dean & DeLuca International, LLC		Indirect	100	100	100	
Dean & DeLuca Brands Hawaii, LLC		Indirect	100	100	100	
Dean & DeLuca Management Co.		Indirect	100	100	100	
Dean & DeLuca, Incorporated		Indirect	100	100	100	
Dean & DeLuca Espresso D.C., Inc.		Indirect	100	100	100	
Dean & DeLuca Productions, LLC		Indirect	100	100	100	
Dean & DeLuca Small Format, LLC		Indirect	100	100	100	
Dean & DeLuca Small Format Lq, LLC		Indirect	100	100	100	
- The Companies incorporated in United Kingdom						
D&D Mount Limited		Food and beverage	Indirect	100	100	100
D&D Fourteen Limited		Food and beverage	Indirect	100	100	100
<b>Joint ventures</b>						
- The Companies incorporated in Thailand						
Pace Project One Co., Ltd.	Hotel	Direct and indirect	51	-	-	
Pace Project Three Co., Ltd.	Shopping centre	Direct and indirect	51.28	-	-	
- The Company incorporated in Japan						
Dean & DeLuca Café Japan Co., Ltd.	Food and beverage	Indirect	50	50	50	

- e) Significant transactions among the Pace Development Corporation Group have been eliminated in these consolidated interim financial statements.
- e) The interim financial statements of the subsidiaries are prepared using consistent significant accounting policies as the Company.
- f) 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 statements of comprehensive income and under equity in the consolidated statements of financial position.

**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Interim Financial Statements (Continued)**  
**June 30, 2017 (Unaudited / Reviewed)**

**2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying interim financial statements have been prepared in accordance with Thai Financial Reporting Standards. Accounting policies that have been applied to the preparation of interim financial statements for each of the three-month and six-month periods ended June 30, 2017 and 2016 are similar to those have been applied to the financial statements for the year ended December 31, 2016, except accounting for land as discussed in Note 3.

The Pace Development Corporation Group disclosed the accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after January 1, 2017, in the notes to financial statements for the year ended December 31, 2016.

The Pace Development Corporation Group's management has assessed the effects of the above accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, and believes that they do not have a significant impact.

**3. CHANGE IN ACCOUNTING POLICY**

*Change in Accounting for Land*

Since the second quarter of 2017, the Pace Development Corporation Group changed the accounting policy on valuation method of land from cost model to revaluation model based on the appraisal report of an independent appraisal firm by following Thai Accounting Standard No. 16 (revised 2016) "Property, Plant and Equipment" of which allows the valuation of property, plant and equipment at appraisal amounts for financial statement reporting purposes.

Land is stated at the revaluation amount. Revaluations are performed by independent professional valuer with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the statement of financial position date.

The Pace Development Corporation Group records the differences incurred from revaluation as follows:

- When an asset's carrying amount is increased as a result of a revaluation, the increase is recognized in other comprehensive income and accumulated in equity under the heading "Revaluation surplus of land". However, the increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.
- When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized in profit or loss. However, the decrease is recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading "Revaluation surplus of land".

The revaluation surplus of land is not available for dividend distribution.

Upon the disposal of the revalued land, the relevant portion of the revaluation surplus of land realized in respect of the previous valuation is released directly to retained earnings or deficit.

**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Interim Financial Statements (Continued)**  
**June 30, 2017 (Unaudited / Reviewed)**

The effects from change in accounting for land in the consolidated interim financial statements are as follows:

	Increase (In Thousand Baht)
<i>Consolidated statement of financial position as at June 30, 2017</i>	
<i>Assets</i>	
Property, plant and equipment - net	262,524
<i>Liabilities</i>	
Deferred tax liabilities	52,505
<i>Shareholders' equity</i>	
Other component of equity	210,019
<i>Consolidated statement of comprehensive income for the three-month and six-month periods ended June 30, 2017</i>	
<i>Other comprehensive income</i>	
Revaluation surplus of land	262,524
Income tax relating to other comprehensive income not be reclassified	(52,505)
Net	<u>210,019</u>

**4. USES OF ESTIMATES AND JUDGEMENTS**

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

In preparing these interim financial statements, the significant judgements made by the management in applying the Pace Development Corporation Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended December 31, 2016.

The consolidated interim financial statements for each of the three-month and six-month periods ended June 30, 2017 and 2016 of Pace Development Corporation Group include financial information of subsidiaries for each of the periods then ended, which were revised based on the new estimation and assumptions that the management used to allocate land, construction costs and common project costs of the subsidiaries according to revised proportion. The management determined the new proportion by considering quantitative information of construction area of each project of such subsidiaries as discussed in Note 1.

**5. TRANSACTIONS WITH RELATED PARTIES**

Significant portions of the Company's and its subsidiaries' assets, liabilities, revenues and expenses arose from transactions with related parties. These parties are related through common shareholdings and/or directorships. The significant transactions with related parties as included in the consolidated interim 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 Interim Financial Statements (Continued)**  
**June 30, 2017 (Unaudited / Reviewed)**

The significant transactions between the Pace Development Corporation Group and their related parties for each of the three-month periods ended June 30, 2017 and 2016 are as follows:

			In Thousand Baht			
			Consolidated		Separate	
			Financial Statements		Financial Statements	
	Relationship	Policy of Pricing	2017	2016	2017	2016
<b>Revenue from sale of residential condominium units</b>						
MFT Development Co., Ltd.	Related company	Contract price	-	9,000	-	9,000
<b>Revenues from sales of foods and beverages</b>						
Related persons	Shareholder	Mutual negotiation	203	-	-	-
Pace Project One Co., Ltd.	Joint venture	Mutual negotiation	3	-	-	-
Pace Project Three Co., Ltd.	Joint venture	Mutual negotiation	17	-	-	-
Fourteen Points Company Limited	Related company	Mutual negotiation	-	369	-	-
Fierce Publishing Company Limited	Related company	Mutual negotiation	-	191	-	-
Total			<u>223</u>	<u>560</u>	<u>-</u>	<u>-</u>
<b>Creative service income</b>						
Pace Project Three Co., Ltd.	Related company	Mutual negotiation	3	-	-	-
Fourteen Points Company Limited	Related company	Mutual negotiation	8	-	-	-
Total			<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Rental and service income</b>						
Fourteen Points Company Limited	Related company	Contract price	-	8,415	-	-
MahaNakhon Bespoke Tailoring Co., Ltd.	Related company	Contract price	-	335	-	-
Total			<u>-</u>	<u>8,750</u>	<u>-</u>	<u>-</u>
<b>Management fee income</b>						
YLP Company Limited	Subsidiary company	Contract price	-	-	600	-
Pace Project One Co., Ltd.	Joint venture	Contract price	12,538	-	12,538	4,079
Pace Project Two Co., Ltd.	Subsidiary company	Contract price	-	-	14,100	9,619
Pace Project Three Co., Ltd.	Joint venture	Contract price	1,428	-	1,428	2,027
Total			<u>13,966</u>	<u>-</u>	<u>28,666</u>	<u>15,725</u>
<b>Interest income</b>						
Pace Country Club Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	8,238	4,682
Pace Food Retail Co., Ltd.	Subsidiary company	MLR+3% p.a. and 7.5% p.a.	-	-	7,105	4,763
Dean & DeLuca, Inc.	Subsidiary company	MLR+3% p.a.	-	-	49,957	6,028
Pace Project One Co., Ltd.	Joint venture	7.5% p.a.	51,287	-	51,287	46,817
Pace Project Two Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	63,680	48,373
Pace Project Three Co., Ltd.	Joint venture	7.5% p.a.	-	-	-	30,382
Pace Real Estate Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	6,392	6,375
Dean and Deluca (Thailand) Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	6,016	2,982
Pace Interior Services Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	2,086	551
Pace Creative Agency Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	299	-
YLP Company Limited	Subsidiary company	7.5% p.a.	-	-	385	-
Grovepark International Limited *	Related company	AFR p.a. **	388	-	-	-
Total			<u>51,675</u>	<u>-</u>	<u>195,445</u>	<u>150,953</u>

**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Interim Financial Statements (Continued)**  
**June 30, 2017 (Unaudited / Reviewed)**

			In Thousand Baht			
			Consolidated		Separate	
			Financial Statements		Financial Statements	
	Relationship	Policy of Pricing	2017	2016	2017	2016
<b>Interest expense (included in real estate projects for sales under development, construction in progress and finance costs)</b>						
Pace Project One Co., Ltd.	Joint venture	7.5% p.a.	4,325	-	-	-
Pace Project Three Co., Ltd.	Joint venture	7.5% p.a.	4,325	-	-	-
YLP Company Limited	Subsidiary company	6.0% p.a.	-	-	-	1,456
Related persons	Subsidiaries' shareholder	7.5% p.a.	365	-	-	-
Total			<u>9,015</u>	<u>-</u>	<u>-</u>	<u>1,456</u>
<b>Other expenses</b>						
Finch & Partners Group *	Related company	Mutual negotiation	36,197	34,523	-	-
Grovepark International Limited	Related company	Contract price	1,551	-	-	-
WM Advisory Co., Ltd. *	Related company	Contract price	5,000	5,000	-	-
Pace Project Three Co., Ltd.	Joint venture	Contract price	9,119	-	4,218	-
Pace Creative Agency Co., Ltd.	Subsidiary company	Mutual negotiation	-	-	109	-
Dean and Deluca (Thailand) Co., Ltd.	Subsidiary company	Mutual negotiation	-	-	275	156
Fourteen Points Company Limited	Related company	Mutual negotiation	2,001	294	1,018	30
Total			<u>53,868</u>	<u>39,817</u>	<u>5,620</u>	<u>186</u>

\* Relatives through the subsidiaries' directors

\*\* Applicable Federal Rate

The monetary management benefit expenses for each of the three-month periods ended June 30, 2017 and 2016 are as follows:

In Thousand Baht				
Description	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Salaries and other benefits	12,458	12,197	11,499	11,293
Meeting allowances	170	304	170	304
Total	<u>12,628</u>	<u>12,501</u>	<u>11,669</u>	<u>11,597</u>

**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Interim Financial Statements (Continued)**  
**June 30, 2017 (Unaudited / Reviewed)**

The significant transactions between the Pace Development Corporation Group and their related parties for each of the six-month periods ended June 30, 2017 and 2016 are as follows:

			In Thousand Baht			
			Consolidated		Separate	
			Financial Statements		Financial Statements	
	Relationship	Policy of Pricing	2017	2016	2017	2016
<b>Revenue from sale of residential condominium units</b>						
Related persons	Shareholder and director's wife	Contract price	294,658	-	-	-
MFT Development Co., Ltd.	Related company	Contract price	-	9,000	-	9,000
Total			<u>294,658</u>	<u>9,000</u>	<u>-</u>	<u>9,000</u>
<b>Revenues from sales of foods and beverages</b>						
Related persons	Shareholder	Mutual negotiation	203	-	-	-
Pace Project One Co., Ltd.	Related company	Mutual negotiation	3	-	-	-
Pace Project Three Co., Ltd.	Related company	Mutual negotiation	17	-	-	-
Fourteen Points Company Limited	Related company	Mutual negotiation	206	394	-	-
Fierce Publishing Company Limited	Related company	Mutual negotiation	427	191	-	-
Verita MHK (Thailand) Ltd.	Related company	Mutual negotiation	11	-	-	-
Total			<u>867</u>	<u>585</u>	<u>-</u>	<u>-</u>
<b>Creative service income</b>						
Pace Project Three Co., Ltd.	Related company	Mutual negotiation	3	-	-	-
Fourteen Points Company Limited	Related company	Mutual negotiation	170	-	-	-
Total			<u>173</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Rental and service income</b>						
Fourteen Points Company Limited	Related company	Contract price	6,538	16,525	-	-
Verita MHK (Thailand) Ltd.	Related company	Contract price	3,347	-	-	-
MahaNakhon Bespoke Tailoring Co., Ltd.	Related company	Contract price	335	670	-	-
Total			<u>10,220</u>	<u>17,195</u>	<u>-</u>	<u>-</u>
<b>Management fee income</b>						
YLP Company Limited	Subsidiary company	Contract price	-	-	1,200	-
Pace Project One Co., Ltd.	Related company	Contract price	12,538	-	26,483	8,094
Pace Project Two Co., Ltd.	Subsidiary company	Contract price	-	-	26,630	19,090
Pace Project Three Co., Ltd.	Related company	Contract price	1,428	-	3,339	4,045
Total			<u>13,966</u>	<u>-</u>	<u>57,652</u>	<u>31,229</u>
<b>Interest income</b>						
Pace Country Club Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	15,516	11,161
Pace Food Retail Co., Ltd.	Subsidiary company	MLR+3% p.a. and 7.5% p.a.	-	-	12,478	8,968
Dean & DeLuca, Inc.	Subsidiary company	MLR+3% p.a.	-	-	85,488	9,498
Pace Project One Co., Ltd.	Related company	7.5% p.a.	51,287	-	102,174	92,495
Pace Project Two Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	124,686	93,354
Pace Project Three Co., Ltd.	Related company	7.5% p.a.	-	-	21,153	60,146
Pace Real Estate Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	12,714	12,750
Dean and Deluca (Thailand) Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	11,397	5,463
Pace Interior Services Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	3,988	551
Pace Creative Agency Co., Ltd.	Subsidiary company	7.5% p.a.	-	-	482	-
YLP Company Limited	Subsidiary company	7.5% p.a.	-	-	385	-
Grovepark International Limited	Related company	AFR p.a.	649	-	-	-
Total			<u>51,936</u>	<u>-</u>	<u>390,461</u>	<u>294,386</u>



**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Interim Financial Statements (Continued)**  
**June 30, 2017 (Unaudited / Reviewed)**

			In Thousand Baht			
			Consolidated		Separate	
			Financial Statements		Financial Statements	
	Relationship	Policy of Pricing	2017	2016	2017	2016
<b>Interest expense (included in real estate projects for sales under development, construction in progress and finance costs)</b>						
Pace Project One Co., Ltd.	Joint venture	7.5% p.a.	4,325	-	-	-
Pace Project Three Co., Ltd.	Joint venture	7.5% p.a.	4,325	-	-	-
YLP Company Limited	Subsidiary company	6.0% p.a.	-	-	-	2,325
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
Apollo Asia Sprint Holding Company Limited *	Joint venture's shareholders	8% p.a.	3,515	-	-	-
Mercer Investments (Singapore) Pte. Ltd. *	Joint venture's shareholders	8% p.a.	1,507	-	-	-
Related persons	Subsidiaries' shareholder	7.5% p.a.	671	-	-	-
Total			<u>14,343</u>	<u>-</u>	<u>-</u>	<u>4,054</u>
<b>Loan arrangement fee (included in construction in progress)</b>						
Apollo Asia Sprint Holding Company Limited *	Joint venture's shareholders	Contract price	3,077	-	-	-
Mercer Investments (Singapore) Pte. Ltd. *	Joint venture's shareholders	Contract price	1,318	-	-	-
Total			<u>4,395</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other expenses</b>						
Finch & Partners Group	Related company	Mutual negotiation	36,736	53,670	-	7,668
Grovepark International Limited	Related company	Contract price	4,135	-	-	-
WM Advisory Co., Ltd.	Related company	Contract price	10,000	10,000	-	-
Pace Project Two Co., Ltd.	Joint venture	Contract price	-	-	-	157
Pace Project Three Co., Ltd.	Related company	Contract price	9,119	-	6,375	-
Pace Creative Agency Co., Ltd.	Subsidiary company	Mutual negotiation	-	-	577	-
Dean and Deluca (Thailand) Co., Ltd.	Subsidiary company	Mutual negotiation	-	-	2,627	1,664
Fourteen Points Company Limited	Related company	Mutual negotiation	3,503	1,160	1,736	377
Total			<u>63,493</u>	<u>64,830</u>	<u>11,315</u>	<u>9,866</u>
<b>Purchase of fixed assets</b>						
WM Imagineer Co., Ltd.**	Related company	Mutual negotiation	-	985	-	-
<b>Prepaid marketing materials</b>						
Finch & Partners Group	Related company	Mutual negotiation	-	22,034	-	-

\* Relatives through the joint ventures' shareholder

\*\* Relatives through the subsidiaries' directors

**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Interim Financial Statements (Continued)**  
**June 30, 2017 (Unaudited / Reviewed)**

The monetary management benefit expenses for each of the six-month periods ended June 30, 2017 and 2016 are as follows:

Description	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Salaries and other benefits	31,142	24,230	29,224	22,421
Meeting allowances	564	552	564	552
Total	<u>31,706</u>	<u>24,782</u>	<u>29,788</u>	<u>22,973</u>

The outstanding balances with related parties in the consolidated financial statements as at June 30, 2017 and December 31, 2016 are as follows:

Description	Consolidated Financial Statements (In Thousand Baht)					Balance as at June 30, 2017
	Balance as at December 31, 2016	Increase	Decrease	Currency translation differences	Effect from loss control in subsidiaries	
<b>Trade and unbilled trade account receivables</b>						
Pace Project One Co., Ltd.	-	3	-	-	2,690	2,693
Pace Project Three Co., Ltd.	-	20	(3)	-	781	798
Fourteen Points Company Limited	45,607	7,412	(682)	-	(52,056)	281
Verita MHK (Thailand) Ltd.	2,426	3,448	(843)	-	(5,025)	6
Fierce Publishing Co., Ltd.	492	914	(3)	-	-	1,403
MahaNakhon Bespoke Tailoring Co., Ltd.	1,678	342	-	-	(2,020)	-
Related person - Shareholder	-	23,774	(23,557)	-	-	217
Total	<u>50,203</u>	<u>35,913</u>	<u>(25,088)</u>	<u>-</u>	<u>(55,630)</u>	<u>5,398</u>
<b>Advances to and other current receivables</b>						
Pace Project One Co., Ltd.	-	12,131	(500)	-	24,089	35,720
Pace Project Three Co., Ltd.	-	168	-	-	15,490	15,658
Pace Development Co., Ltd.	2,890	-	-	(149)	-	2,741
Related person - director	3,825	-	(3,825)	-	-	-
Total	<u>6,715</u>	<u>12,299</u>	<u>(4,325)</u>	<u>(149)</u>	<u>39,579</u>	<u>54,119</u>
<b>Accrued management fee income</b>						
Pace Project One Co., Ltd.	-	1,300	-	-	64,933	66,233
Pace Project Three Co., Ltd.	-	1,300	-	-	33,733	35,033
Total	<u>-</u>	<u>2,600</u>	<u>-</u>	<u>-</u>	<u>98,666</u>	<u>101,266</u>
<b>Long-term loans and interest receivables</b>						
Pace Project One Co., Ltd.						
- Principal	-	-	-	-	2,742,816	2,742,816
- Interest receivable	-	51,287	-	-	204,927	256,214
	-	51,287	-	-	2,947,743	2,999,030
Less: Allowance for doubtful accounts	-	(910,000)	-	-	-	(910,000)
	-	(858,713)	-	-	2,947,743	2,089,030
Grovepark International Limited (directorship)						
- Principal	75,244	5,205	-	(3,991)	-	76,458
- Interest receivable	824	649	-	(56)	-	1,417
	<u>76,068</u>	<u>5,854</u>	<u>-</u>	<u>(4,047)</u>	<u>-</u>	<u>77,875</u>
Net	<u>76,068</u>	<u>(852,859)</u>	<u>-</u>	<u>(4,047)</u>	<u>2,947,743</u>	<u>2,166,905</u>
<b>Other non-current assets - Deposits</b>						
Pace Project Three Co., Ltd.	-	-	-	-	3,527	3,527
<b>Trade account payable</b>						
Finch & Partners Group	-	26,999	(26,999)	-	-	-

**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Interim Financial Statements (Continued)**  
**June 30, 2017 (Unaudited / Reviewed)**

Consolidated Financial Statements (In Thousand Baht)						
	Balance as at December 31,			Currency translation differences	Effect from loss control in subsidiaries	Balance as at June 30, 2017
	2016	Increase	Decrease			
<b>Other current payables</b>						
Pace Project One Co., Ltd.	-	248	-	-	-	248
Pace Project Three Co., Ltd.	-	9,489	(3,625)	-	54,868	60,732
Pace Development Co., Ltd.	3,559	-	-	-	-	3,559
Grovepark International Limited	7,167	4,135	-	(456)	-	10,846
Fourteen Points Company Limited	1,410	3,506	(503)	-	(30)	4,383
Fierce Publishing Co., Ltd.	241	681	(241)	-	-	681
WM Advisory Co., Ltd. (directorship)	10,700	10,000	(10,700)	-	-	10,000
Total	<u>23,077</u>	<u>28,059</u>	<u>(15,069)</u>	<u>(456)</u>	<u>54,838</u>	<u>90,449</u>
<b>Advances received from customers</b>						
Related persons - directors	40,327	-	-	-	-	40,327
Related person - shareholder	327	-	-	-	-	327
Dynasty Apparel Co., Ltd. (directorship)	327	-	-	-	-	327
Verita MHK (Thailand) Ltd. (indirect shareholding by director)	4,164	-	-	-	(4,164)	-
Total	<u>45,145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,164)</u>	<u>40,981</u>
<b>Short-term borrowings and accrued interest</b>						
Related persons - shareholders of subsidiary						
- Principal	-	21,620	-	-	-	21,620
- Accrued interest	-	671	-	-	-	671
	-	22,291	-	-	-	22,291
Related person - director						
- Principal	-	20,822	-	(433)	-	20,389
Total	<u>-</u>	<u>43,113</u>	<u>-</u>	<u>(433)</u>	<u>-</u>	<u>42,680</u>
<b>Other non-current payables</b>						
Pace Project One Co., Ltd.	-	1,596	-	-	315,057	316,653
Pace Project Three Co., Ltd.	-	551	-	-	115,578	116,129
Total	<u>-</u>	<u>2,147</u>	<u>-</u>	<u>-</u>	<u>430,635</u>	<u>432,782</u>
<b>Long-term borrowings and interest payables</b>						
Pace Project One Co., Ltd.						
- Principal	-	95,769	(28,632)	-	182,759	249,896
- Interest payable	-	4,325	-	-	850	5,175
	-	100,094	(28,632)	-	183,609	255,071
Pace Project Three Co., Ltd.						
- Principal	-	95,769	(28,632)	-	182,759	249,896
- Interest payable	-	4,325	-	-	850	5,175
	-	100,094	(28,632)	-	183,609	255,071
Apollo Asia Sprint Holding Company Limited						
- Principal	-	460,600	-	-	(460,600)	-
Mercer Investments (Singapore) Pte. Ltd.						
- Principal	-	197,400	-	-	(197,400)	-
Total	<u>-</u>	<u>858,188</u>	<u>(57,264)</u>	<u>-</u>	<u>(290,782)</u>	<u>510,142</u>

**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Interim Financial Statements (Continued)**  
**June 30, 2017 (Unaudited / Reviewed)**

	Consolidated Financial Statements (In Thousand Baht)					
	Balance as at			Currency	Effect from	Balance as at
	December 31,	Increase	Decrease	translation	loss control	June 30,
	2016			differences	in subsidiaries	2017
<b>Accrued expenses - accrued interest and accrued loan arrangement fee</b>						
Apollo Asia Sprint Holding Company Limited	-	6,592	(3,077)	-	(3,515)	-
Mercer Investments (Singapore) Pte. Ltd.	-	2,825	-	-	(2,825)	-
Total	-	9,417	(3,077)	-	(6,340)	-

The aging analyses of trade account receivables - related companies as at June 30, 2017 and December 31, 2016 are as follows:

	Consolidated Financial Statements (In Thousand Baht)	
	June 30,	December 31,
	2017	2016
Trade account receivables		
Within credit term	777	1,354
Overdue		
- Not over 3 months	396	7,420
- Over 3 months to 6 months	408	10,648
- Over 6 months to 12 months	1,158	19,534
- Over 12 months	328	8,946
Total trade account receivables	3,067	47,902
Unbilled trade account receivables	2,331	2,301
Total	5,398	50,203

**SHORT-TERM BORROWINGS FROM RELATED PARTIES**

Short-term borrowings from certain shareholders of Dean & DeLuca Airport Co., Ltd. are unsecured borrowings. These borrowings bear interest at the rate of 7.5% per annum and will be repayable in January and June 2018.

Short-term borrowing from director of the Company of U.S. Dollars 0.6 million to Dean & DeLuca Inc., a subsidiary, is unsecured and no interest bearing. This borrowing is due upon the lenders' written demand given at least 15 days in advance and will be payable in full amount on May 15, 2018.

**LONG-TERM BORROWINGS FROM RELATED COMPANIES**

On January 30, 2017, Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. entered into Credit Facility Agreements with Apollo Asia Sprint Holding Company Limited (Lender) and Mercer Investments (Singapore) Pte. Ltd. (Co-Lender) for borrowings totalling Baht 658 million which were allocated to Pace Project One Co., Ltd. of Baht 329 million and Pace Project Three Co., Ltd. of Baht 329 million.

On February 28, 2017, such related companies received proceeds from capital increase and borrowings as mentioned above and already repaid all existing borrowings from the financial institutions totalling Baht 2,302.4 million (borrowing of Pace Project One Co., Ltd. of Baht 1,270.3 million and of Pace Project Three Co., Ltd. of Baht 1,032.1 million).

The significant details are follows:

- a) Borrowings are repayable within February 2021.
- b) These borrowings bear interest at the rate of 8% per annum.
- c) The borrower is responsible for withholding tax and other expenses.

**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Interim Financial Statements (Continued)**  
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Pace Development Corporation Group are committed to comply with certain conditions as indicated in the Credit Facility Agreements such as financial ratio and others. The loans are collateralized by the followings:

- mortgage of land and building located or will be constructed on land and properties for lease of Pace Project One Co., Ltd. and of Pace Project Three Co., Ltd. as discussed in Notes 13 and 14,
- mortgage of equipment of Pace Project One Co., Ltd. and of Pace Project Three Co., Ltd. as discussed in Note 13,
- all of the Pace Project One Co., Ltd. and Pace Project Three Co., Ltd.'s shares held by the shareholders as discussed in Note 10,
- conditional assignment of intercompany loan agreements, Managed Services Agreement, construction contracts, management agreement and other agreements with Marriott International Group and Retail Shop Lease Agreement with the customers of Pace Project One Co., Ltd. and Pace Project Three Co., Ltd.,
- pledge of Interest Reserve Account of Pace Project One Co., Ltd. and Pace Project Three Co., Ltd.,
- deposits at banks of the Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. without any restriction use.

**ARRANGEMENT FEE AGREEMENTS**

On February 17, 2017, Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. entered into Arrangement Fee Agreements with Apollo Asia Sprint Holding Company Limited (Lender) and Mercer Investments (Singapore) Pte. Ltd. (Co-Lender). In consideration thereof, such subsidiaries is committed to pay loan arrangement fee calculated from total unpaid loan balances at the rate of 1.225% per quarter for lender and at the rate of 0.525% per quarter for co-lender.

**LONG-TERM BORROWINGS FROM JOINT VENTURES**

On February 17, 2017, Pace Project Two Co., Ltd. (Borrower) entered into Pace Two Intercompany Loan Agreements with Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. (Lenders) for term borrowings totalling Baht 500 million.

The significant details are follows:

- a) Borrowings are repayable within February 2021.
- b) These borrowings bear interest at the rate of 7.5% per annum.

A subsidiary is committed to comply with certain conditions as indicated in the Pace Two Intercompany Loan Agreements. The loans are collateralized by the followings:

- mortgage of land and building located or will be constructed on land and the developing the real estate project of Pace Project Two Co., Ltd. as discussed in Notes 12,
- conditional assignment on main construction contracts and project accounts of Pace Project Two Co., Ltd.,
- conditional assignment on Managed Services Agreement, Unit Lease Purchase Agreement, Agreement to Sell and Purchase of Condominium Unit with the customers of Pace Project Two Co., Ltd.,
- assignment of rights and interests under the guarantee bond of contractors,
- assignment of rights and obligations under the insurances of the project,
- all of the Pace Project Two Co., Ltd.'s shares held by the shareholders as discussed in Note 10,
- pledge of Interest Reserve Account of Pace Project Two Co., Ltd.,
- deposits at bank of Pace Project Two Co., Ltd. without any restriction use,

The securities as above would be became effective upon the occurrence of repayment date of the loans from financial institution of Pace Project Two Co., Ltd. and shall be released from escrow.

**SHAREHOLDERS AGREEMENTS AND SUBSCRIPTION AGREEMENTS**

The Company, Pace Real Estate Co., Ltd., Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. entered to the Subscription Agreements on January 10, 2017 and First Amendment to Subscription Agreements and Shareholders Agreements on January 30, 2017 with Apollo Asia Sprint Holding Company Limited and Goldman Sachs Investments Holdings (Asia) Limited for increment in preferred shares of Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. as discussed in Notes 1 and 10. The significant details are follows:

- a) The Company has call rights to purchase preferred shares of Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. from existing preferred shareholders which will be entitled to purchase preferred shares from both companies at the same time at the aggregate total return calculated as specified in Shareholders Agreements as follows:

	Number of preferred shares (shares)		
	Pace Project One Co., Ltd.	Pace Project Three Co., Ltd.	Total
- Group B preference shares: Call rights on the date 36 months until 48 months after the original issue date of preferred shares (commencing from February 28, 2020 ending February 28, 2021)	1,170,970	579,100	1,750,070
- Group C preference shares: Call rights on the date 18 months after the original issue date of preferred shares (on August 31, 2018)	750,030	370,900	1,120,930
Total	<u>1,921,000</u>	<u>950,000</u>	<u>2,871,000</u>

- b) The preferred shareholders of Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. have rights to purchase ordinary shares from existing ordinary shareholders on a business day after the dates of 18 months and 48 months after the original issue date of preferred shares for Group C preferred shareholders and Group B preferred shareholders, respectively, at the market price less total investments and aggregate total return of preferred shareholders as specified in the Shareholders Agreements by giving of an advance written notice (Note 24).

The Company and above subsidiaries are committed to comply with certain conditions as indicated in the above agreements. In addition, a director of the Company has provide a limited recourse indemnifies pledge the Company's shares held by the director totalling 240.9 million shares.

Subsequently on July 4, 2017 and August 15, 2017, the Company, Pace Project One Co., Ltd., Pace Project Two Co., Ltd., Pace Project Three Co., Ltd. and a director of the Company entered to the Consent Conditions Undertaking and Amendment with Apollo Asia Sprint Holding Company Limited, Goldman Sachs Investments Holdings (Asia) Limited and Mercer Investments (Singapore) Pte. Ltd. as discussed in Note 28.

**MANAGED SERVICES AGREEMENT, COORDINATION AGREEMENT AND SERVICES AGREEMENT**

The Company has provided the services to Pace Project One Co., Ltd., Pace Project Two Co., Ltd. and Pace Project Three Co., Ltd. as indicated in Managed Service Agreements with the service fees of Baht 5 million per month which can be billed after the completion of the MahaNakhon project and the completion of the construction loan repayment of the project.

On February 17, 2017, the Company and above subsidiary and joint ventures entered into the Coordination Agreement to amend the service fees to be Baht 3.9 million per month since March 2017 afterwards.

YLP Company Limited, a subsidiary, has entered into Services Agreement dated April 24, 2017 with the Company, whereby the Company will provide the services as indicated in agreements for the period of 3 year commencing from January 1, 2017 until December 31, 2019. In consideration thereof, such subsidiary is committed to pay service fees of Baht 2.4 million per year.

**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**MANAGED AND INTERIOR SERVICES AGREEMENT**

Pace Interior Services Co., Ltd., a subsidiary, has entered into 2 Managed and Interior Services Agreement for construction management and interior services of MahaNakhon Project dated January 6, 2017 and July 1, 2017 with WM Advisory Co., Ltd., a related company, whereby such related company will provide the services as indicated in agreements starting from January 1, 2017 until December 31, 2017. In consideration thereof, such subsidiary is committed to pay service fees to such related company totalling Baht 20 million.

The outstanding balances with related parties in the separate financial statements as at June 30, 2017 and December 31, 2016 are as follows:

	Separate Financial Statements (In Thousand Baht)			Balance as at June 30, 2017
	Balance as at December 31, 2016	Increase/ Transfers	Decrease/ Transfers	
<b>Short-term loans to and interest receivable</b>				
Pace Country Club Co., Ltd.				
- Principal	381,100	59,500	(440,600)	-
- Interest receivable	21,881	15,516	(37,397)	-
	<u>402,981</u>	<u>75,016</u>	<u>(477,997)</u>	<u>-</u>
Pace Food Retail Co., Ltd.				
- Principal	193,200	105,300	(298,500)	-
- Interest receivable	15,812	9,417	(25,229)	-
	<u>209,012</u>	<u>114,717</u>	<u>(323,729)</u>	<u>-</u>
Dean & DeLuca Inc.				
- Principal	1,446,296	1,029,060	(2,475,356)	-
- Interest receivable	62,712	81,236	(143,948)	-
	<u>1,509,008</u>	<u>1,110,296</u>	<u>(2,619,304)</u>	<u>-</u>
Dean and Deluca (Thailand) Co., Ltd.				
- Principal	270,270	51,475	(321,745)	-
- Interest receivable	17,547	11,397	(28,944)	-
	<u>287,817</u>	<u>62,872</u>	<u>(350,689)</u>	<u>-</u>
Pace Interior Services Co., Ltd.				
- Principal	92,600	25,000	(117,600)	-
- Interest receivable	3,102	3,988	(7,090)	-
	<u>95,702</u>	<u>28,988</u>	<u>(124,690)</u>	<u>-</u>
Pace Creative Agency Co., Ltd.				
- Principal	8,500	9,500	(18,000)	-
- Interest receivable	71	482	(553)	-
	<u>8,571</u>	<u>9,982</u>	<u>(18,553)</u>	<u>-</u>
<b>Total</b>	<u><u>2,513,091</u></u>	<u><u>1,401,871</u></u>	<u><u>(3,914,962)</u></u>	<u><u>-</u></u>

**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**June 30, 2017 (Unaudited / Reviewed)**

	Separate Financial Statements (In Thousand Baht)			
	Balance as at December 31, 2016	Increase/ Transfers	Decrease/ Transfers	Balance as at June 30, 2017
<b>Advances to and other current receivables</b>				
Pace Project One Co., Ltd.	9,661	26,577	(519)	35,719
Pace Project Two Co., Ltd.	8,517	103,397	(91,793)	20,121
Pace Project Three Co., Ltd.	13,911	1,970	(223)	15,658
Pace Real Estate Co., Ltd.	1,296	79	-	1,375
YLP Company Limited	4	1,280	(4)	1,280
Pace Country Club Co., Ltd.	7,619	2,914	-	10,533
Pace Creative Agency Co., Ltd.	417	176	(417)	176
Pace Food Retail Co., Ltd.	1,056	30	-	1,086
Pace Management Co., Ltd.	30	2	-	32
Dean & DeLuca Inc.	83,633	1,033	-	84,666
Total	<u>126,144</u>	<u>137,458</u>	<u>(92,956)</u>	<u>170,646</u>
<b>Accrued management fee income</b>				
Pace Project One Co., Ltd.	61,920	4,313	-	66,233
Pace Project Two Co., Ltd.	146,112	18,264	-	164,376
Pace Project Three Co., Ltd.	31,968	3,065	-	35,033
Total	<u>240,000</u>	<u>25,642</u>	<u>-</u>	<u>265,642</u>
<b>Interest receivables</b>				
Pace Project One Co., Ltd.	612,533	102,174	(458,493)	256,214
Pace Project Two Co., Ltd.	607,343	124,686	-	732,029
Pace Project Three Co., Ltd.	327,112	21,153	(348,265)	-
Pace Real Estate Co., Ltd.	96,789	12,714	-	109,503
Pace Food Retail Co., Ltd.	96,056	28,289	-	124,345
YLP Company Limited	-	385	-	385
Pace Country Club Co., Ltd.	-	37,397	-	37,397
Pace Creative Agency Co., Ltd.	-	553	-	553
Pace Interior Services Co., Ltd.	-	6,972	-	6,972
Dean and Deluca (Thailand) Co., Ltd.	-	28,944	-	28,944
Dean & DeLuca Inc.	-	143,948	-	143,948
Total	<u>1,739,833</u>	<u>507,215</u>	<u>(806,758)</u>	<u>1,440,290</u>
<b>Long-term loans to</b>				
Pace Project One Co., Ltd.	2,735,509	32,750	(25,443)	2,742,816
Pace Project Two Co., Ltd.	3,292,167	366,805	(117,186)	3,541,786
Pace Project Three Co., Ltd.	1,735,929	18,500	(1,754,429)	-
Pace Real Estate Co., Ltd.	341,856	-	-	341,856
Pace Food Retail Co., Ltd.	67,000	298,500	-	365,500
YLP Company Limited	-	45,000	-	45,000
Pace Country Club Co., Ltd.	-	440,600	-	440,600
Pace Creative Agency Co., Ltd.	-	18,000	-	18,000
Pace Interior Services Co., Ltd.	-	111,600	-	111,600
Dean and Deluca (Thailand) Co., Ltd.	-	321,745	-	321,745
Dean & DeLuca Inc.	-	2,475,356	-	2,475,356
Total	<u>8,172,461</u>	<u>4,128,856</u>	<u>(1,897,058)</u>	<u>10,404,259</u>
Less: Allowance for doubtful accounts	<u>-</u>	<u>(910,000)</u>	<u>-</u>	<u>(910,000)</u>
Net	<u>8,172,461</u>	<u>3,218,856</u>	<u>(1,897,058)</u>	<u>9,494,259</u>



**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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	Separate Financial Statements (In Thousand Baht)			Balance as at June 30, 2017
	Balance as at December 31, 2016	Increase/ Transfers	Decrease/ Transfers	
<b>Other current payables</b>				
Pace Project Three Co., Ltd.	-	6,604	(2,140)	4,464
Pace Creative Agency Co., Ltd.	98	617	-	715
Dean and Deluca (Thailand) Co., Ltd.	1,208	2,810	-	4,018
Fierce Publishing Co., Ltd.	241	-	(241)	-
Fourteen Points Company Limited	666	1,736	-	2,402
Total	2,213	11,767	(2,381)	11,599
<b>Advances and deposits received from customers</b>				
Related persons - directors	40,327	-	-	40,327
Related person - shareholder	327	-	-	327
Dynasty Apparel Co., Ltd. (directorship)	327	-	-	327
Total	40,981	-	-	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 July 2017 to March 2018.

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 July 2017 to June 2018.

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 July 2017 to March 2018.

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 July 2017 to March 2018.

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 September 2017 to February 2018.

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 July 2017 to March 2018.

Subsequently on June 30, 2017, the Company changed all repayment periods of above short-term loans to be repayable upon the lenders' demand. Hence, the Company presented remaining loans and interest receivables under non-current assets in the separate financial statements as at June 30, 2017.

**Long-term loans to subsidiaries and joint ventures**

Long-term loans to subsidiaries and joint ventures are unsecured loans. The significant details are follows:

- Loans are due upon the lenders' demand.
- These loans bear interest at the rates of 7.5% per annum for loans dominated in Thai Baht and MLR+3% per annum for loans dominated in U.S. Dollars currency.
- Loans to Pace Project One Co., Ltd., Pace Project Two Co., Ltd., Pace Real Estate Co., Ltd, Pace Country Club Co., Ltd, and YLP Company Limited are to be subordinated to borrowings from the financial institutions as discussed in Notes 19 and 21 and long-term borrowings from Apollo Asia Sprint Holding Company Limited and Mercer Investments (Singapore) Pte. Ltd.

**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Interim Financial Statements (Continued)**  
**June 30, 2017 (Unaudited / Reviewed)**

**6. CASH AND CASH EQUIVALENTS**

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Cash on hand	4,560	4,506	169	129
Cash at banks - current accounts	2,784	2,582	1,216	1,357
Cash at banks - savings accounts	2,176,164	685,367	1,865,524	184,709
Total	2,183,508	692,455	1,866,909	186,195
Less: Savings deposit with specific purpose	-	-	(1,549,177)	-
Net	2,183,508	692,455	317,732	186,195

As at June 30, 2017, savings deposit with specific purpose amounting to Baht 1,549.2 million represented proceeds from loans repayment from Pace Project Three Co., Ltd. for payments of construction costs of Pace Project Two Co., Ltd. in according to Shareholders Agreements as discussed in Note 5 (December 31, 2016: Nil).

**7. SHORT-TERM INVESTMENTS**

	Consolidated Separate Financial Statements (In Thousand Baht)	
	June 30, 2017	December 31, 2016
	Investments in open-end fixed income fund	
- Cost value	9,725	44,583
- Unrealized gain on revaluation	77	112
Fair value	9,802	44,695

**8. TRADE AND UNBILLED TRADE ACCOUNT RECEIVABLES - OTHER COMPANIES - Net**

The aging analyses of trade account receivables - other companies as at June 30, 2017 and December 31, 2016 are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Trade account receivables				
Within credit term	358,499	25,554	-	-
Overdue				
- Not over 3 months	7,216	13,391	-	-
- Over 3 months to 6 months	200	2,197	-	-
- Over 6 months to 12 months	390	450	-	-
Total trade account receivables	366,305	41,592	-	-
Unbilled trade account receivables	-	1,739	-	-
Total	366,305	43,331	-	-
Less: Allowance for doubtful accounts	(181)	(191)	-	-
Net	366,124	43,140	-	-
Doubtful debts (reversal) during the period/year	(10)	(351)	-	351

**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Interim Financial Statements (Continued)**  
**June 30, 2017 (Unaudited / Reviewed)**

**9. INVENTORIES - Net**

	Consolidated Financial Statements (In Thousand Baht)	
	June 30, 2017	December 31, 2016
Inventories in interior service business	41,976	30,042
Inventories in retailer of premium gourmet and delicatessen		
- Cost	237,830	271,691
- Less: Allowance for decline in value of inventories	(5,276)	(5,725)
- Net	232,554	265,966
Total	274,530	296,008
Write-down (reversal) of inventories recognized as a part of cost of sales during the period/year	(449)	343

**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**Notes to Interim Financial Statements (Continued)**  
**June 30, 2017 (Unaudited / Reviewed)**

**10. INVESTMENTS IN SUBSIDIARIES**

As at June 30, 2017 and December 31, 2016, investments in 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	
			June 30,	December 31,	June 30,	December 31,	June 30,	December 31,
			2017	2016	2017	2016	2017	2016
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	1	99.97	99.97	1,000	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 ordinary shares	10.2	10.2	100	100	19,972	19,972
Pace Project One Co., Ltd.	Thailand	Hotel	-	200	-	50	-	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	-	50	-	97,784
Total							<u>2,641,791</u>	<u>2,935,144</u>

All of the Pace Project Two Co., Ltd., Pace Real Estate Co., Ltd., Pace Food Retail Co., Ltd. and Pace Country Club Co., Ltd.'s shares held by the Company and a subsidiary are pledged as collateral for credit facilities of the Company and subsidiaries as discussed in Note 21.

All of the Pace Project One Co., Ltd. and Pace Project Three Co., Ltd.'s shares held by the Company and a subsidiary are pledged as collateral for long-term borrowings from related companies as discussed in Note 5.

At the extraordinary shareholders' meeting of Pace Project One Co., Ltd. held on February 7, 2017, the ex-subsiary's shareholders passed the resolution to increase the ex-subsiary's authorized share capital from Baht 200 million (ordinary share 2,000,000 shares at Baht 100 par value) to Baht 392.1 million (ordinary share of 2,000,000 shares at Baht 100 par value and preference share of 1,921,000 shares at Baht 100 par value.). The ex-subsiary registered the capital increase with the Ministry of Commerce on February 28, 2017.

At the extraordinary shareholders' meeting of Pace Project Three Co., Ltd. held on February 7, 2017, the ex-subsiary's shareholders passed the resolution to increase the ex-subsiary's authorized share capital from Baht 100 million (ordinary share 1,000,000 shares at Baht 100 par value) to Baht 195 million (ordinary share of 1,000,000 shares at Baht 100 par value and preference share of 95,000 shares at Baht 100 par value). The ex-subsiary registered the capital increase with the Ministry of Commerce on February 28, 2017.

Such increases in preference shares of 2 ex-subsiaries were invested by Apollo Asia Sprint Holding Company Limited and Goldman Sachs Investments Holdings (Asia) Limited as discussed in Notes 1 and 5. In the second quarter of 2017, such 2 entities were changed from subsidiaries to be joint ventures as discussed in Note 1.

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**11. INVESTMENTS IN JOINT VENTURES**

As at June 30, 2017 and December 31, 2016, investments in joint ventures are as follows:

Type of Business	Paid-up Share Capital (In Million Baht)		Percentage of Ownership (%)		Separate Financial Statements (In Thousand Baht) Cost Method		
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	
	<i>Joint ventures registered in Thailand</i>						
Pace Project One Co., Ltd.	Hotel	392.1	200	25.50	-	195,569	-
Pace Project Three Co., Ltd.	Shopping centre	195	100	25.64	-	97,784	-
Total						293,353	-

Type of Business	Paid-up Share Capital (In Million)		Percentage of Ownership (%)		Consolidated Financial Statements (In Thousand Baht)				
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	Cost Method		Equity Method		
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	
<i>Joint ventures registered in Thailand</i>									
Pace Project One Co., Ltd.	Hotel	THB 392.1	THB 200	25.50	-	195,569	-	-	-
Pace Project Three Co., Ltd.	Shopping centre	THB 195	THB 100	25.64	-	97,784	-	8,142,411	-
<i>Joint ventures registered in Japan</i>									
Dean & DeLuca Café Japan Co., Ltd.	Food and beverage	Yen 1,700	Yen 1,700	50	50	273,400	273,400	230,460	227,911
Total						566,753	273,400	8,372,871	227,911

In the second quarter of 2017, investments in Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. were changed from subsidiaries to be joint ventures as discussed in Note 1.

The movements of investment in joint venture during the six-month period ended June 30, 2017 accounted for using the equity method were as follows:

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Balance as at January 1, 2017	227,911	-
Share of net loss of investments - at equity method	(90,836)	-
Currency translation differences	4,796	-
Effect from loss of control in subsidiaries	8,231,000	293,353
<b>Balance as at June 30, 2017</b>	<b>8,372,871</b>	<b>293,353</b>

**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**12. REAL ESTATE PROJECTS FOR SALES UNDER DEVELOPMENT**

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Balance as at January 1, 2017	13,873,406	5,257,391
Additions	1,395,545	731,581
Borrowing costs capitalized during the period	231,717	111,975
Capitalized amortization of deferred loan arrangement fee and debenture underwriting fee during the period	6,574	5,808
Transfer to property, plant and equipment (Note 13)	(3,168)	-
Transfer to properties for lease (Note 14)	-	(3,168)
Recognition as cost of sales during the period	(2,477,010)	-
Write-down of real estate project for sales under development during the period	(39,800)	-
<b>Balance as at June 30, 2017</b>	<b>12,987,264</b>	<b>6,103,587</b>
Current	9,282,887	2,978,456
Non-current	3,704,377	3,125,131
<b>Total</b>	<b>12,987,264</b>	<b>6,103,587</b>

**The Company**

As at June 30, 2017 and December 31, 2016, land and construction on land for real estate project, which have carrying values totalling Baht 5,513.7 million and Baht 4,709.1 million, respectively, were pledged as collateral for long-term borrowings from financial institution of the Company and credit facilities of a subsidiary as discussed in Note 21.

**Subsidiaries**

As at June 30, 2017 and December 31, 2016, land and construction on land for real estate project of 2 subsidiaries, which have carrying values totalling Baht 6,883.7 million and Baht 8,616.0 million, respectively, were pledged as collateral for credit facilities from financial institutions of the Company and certain subsidiaries as discussed in Note 21.

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**13. PROPERTY, PLANT AND EQUIPMENT - Net**

The movements of property, plant and equipment - net during the six-month period ended June 30, 2017 were as follows:

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Beginning net book value as at January 1, 2017	7,301,903	74,116
Additions	1,263,048	24,286
Borrowing costs capitalized during the period	56,755	142
Capitalized amortization of deferred loan arrangement fee and debenture underwriting fee during the period	18,085	6
Transfer from real estate projects for sales under development (Note 12)	3,168	-
Revaluation surplus of land (Note 3)	262,524	-
Deductions - net	(4,624)	(74)
Depreciation charge for the period	(76,495)	(10,284)
Currency translation differences	(44,825)	-
Effect from loss of control in subsidiaries	(5,574,693)	-
<b>Ending net book value as at June 30, 2017</b>	<b>3,204,846</b>	<b>88,192</b>

Since the second quarter of 2017, the Pace Development Corporation Group changed the accounting policy on valuation method of land from cost model to revaluation model as discussed in Note 3. As at June 30, 2017, the Pace Development Corporation Group's land are stated at the appraised values (based on report of independent appraisal firm dated August 7, 2017). The excess of appraised values over costs totalling Baht 262.5 million is shown as a part of "Other components of equity" under "Shareholders' equity" in the consolidated interim statement of financial position as at June 30, 2017.

The carrying amounts of land carried under the cost model as at June 30, 2017 are as follows:

	Consolidated Financial Statements (In Thousand Baht)
Revaluation model	547,030
Less: Revaluation surplus of land	(262,524)
Cost model	<u>284,506</u>

As at June 30, 2017 and December 31, 2016, property, plant and equipment of the Pace Development Corporation Group which have carrying values totalling Baht 1,807.8 million and Baht 6,250.0 million, respectively, were pledged as collateral for credit facilities from financial institution of certain subsidiaries as discussed in Note 21 (The Company: Nil).

**PACE DEVELOPMENT CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**June 30, 2017 (Unaudited / Reviewed)**

**14. PROPERTIES FOR LEASE - Net**

The movements of properties for lease - net during the six-month period ended June 30, 2017 were as follows:

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Beginning net book value as at January 1, 2017	691,198	674,799
Additions	9,700	-
Transfer from real estate projects for sales under development (Note 12)	-	3,168
Deduction - net	-	(2,730)
Depreciation charge for the period	(6,961)	(11,570)
Effect from loss of control in subsidiaries	(693,937)	-
<b>Ending net book value as at June 30, 2017</b>	<b>-</b>	<b>663,667</b>

**The Company**

As at June 30, 2017 and December 31, 2016, properties for lease of the Company which have carrying values totalling Baht 663.7 million and Baht 674.8 million, respectively, were pledged as collateral for long-term borrowings from financial institution of the Company and credit facilities of a subsidiary as discussed in Note 21.

**Subsidiary**

As at December 31, 2016, property for lease of a subsidiary which have carrying value totalling Baht 691.2 million was pledged as collateral for credit facilities from financial institutions as discussed in Note 21.

**15. RIGHTS TO USE ASSETS - Net**

The movements of rights to use assets - net during the six-month period ended June 30, 2017 were as follows:

	Consolidated Financial Statements (In Thousand Baht)
Beginning net book value as at January 1, 2017	46,259
Additions	16,614
Amortization charge for the period	(2,943)
Effect from loss of control in subsidiaries	(47,293)
<b>Ending net book value as at June 30, 2017</b>	<b>12,637</b>

On January 25, 2017, Dean & DeLuca Airport Co., Ltd., a subsidiary, has entered into an agreement with King Power Suvarnabhumi Co., Ltd. in connection with the sale operations of food and beverage at the Suvarnabhumi Airport for the period of 3 years 8 months expiring on September 27, 2020. In consideration thereof, the subsidiary has to pay the right to operate and use assets at the agreed amount on the agreement date and is obligated to pay such company the monthly concession fee in an amount not less than the minimum guarantee prescribed for that particular year as specified in the agreement. Hence, the Pace Development Corporation Group recorded such paid fee as a part of "Rights to use assets" in the consolidated statement of financial position as at June 30, 2017.



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**16. GOODWILL - Net**

The movements of goodwill - net during the six-month period ended June 30, 2017 were as follows:

	Consolidated Financial Statements (In Thousand Baht)
Beginning net book value as at January 1, 2017	3,665,421
Additionally provided allowance for impairment loss during the period	(48,314)
Currency translation differences	(165,062)
Effect from loss of control in subsidiaries	(267,963)
<b>Ending net book value as at June 30, 2017</b>	<b>3,184,082</b>

**17. OTHER INTANGIBLE ASSETS - Net**

The movements of other intangible assets - net during the six-month period ended June 30, 2017 were as follows:

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Beginning net book value as at January 1, 2017	2,292,178	5,568
Additions	12,296	175
Amortization charge for the period	(59,648)	(1,272)
Currency translation differences	(116,220)	-
Effect from loss of control in subsidiaries	(10,877)	-
<b>Ending net book value as at June 30, 2017</b>	<b>2,117,729</b>	<b>4,471</b>

**18. DEFERRED INCOME TAX ASSETS (LIABILITY) - Net**

The Pace Development Corporation Group calculated tax income (expense) by using accounting loss multiplied by the applicable tax rate for each of the three-month and six-month periods ended June 30, 2017 and 2016.

Tax income (expense) for each of the three-month periods ended June 30, 2017 and 2016 consisted of:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2017	2016	2017	2016
Current income tax:				
- Interim corporate income tax	(1,149)	(352)	-	-
Deferred income tax:				
- Deferred income tax relating to temporary differences and reversal of temporary differences	(1,545,697)	(42,976)	25,896	14,819
Tax income (expense)	(1,546,846)	(43,328)	25,896	14,819

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Tax income (expense) for each of the six-month periods ended June 30, 2017 and 2016 consisted of:

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2017	2016	2017	2016
Current income tax:				
- Interim corporate income tax	(3,571)	(7,152)	-	-
Deferred income tax:				
- Deferred income tax relating to temporary differences and reversal of temporary differences	(1,526,864)	7,416	78,461	39,053
Tax income (expense)	(1,530,435)	264	78,461	39,053

**Unrecognized Deferred Income Tax Assets**

As at June 30, 2017 and December 31, 2016, the Pace Development Corporation Group did not recognize deferred income tax assets from loss carry forward and certain temporary differences totalling Baht 1,921.1 million (The Company: Baht 182 million) and Baht 1,021.5 million (The Company: Nil), respectively, since it is not probable that future taxable profit will be available against which certain subsidiaries can utilize the benefit therefore.

**19. BANK OVERDRAFTS AND SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS**

	In Thousand Baht					
	Interest rate (% p.a.)		Consolidated		Separate	
	June 30, 2017	December 31, 2016	Financial Statements		Financial Statements	
			June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Bank overdrafts	6.87 - 7.125	7.12 - 7.375	7,568	21,869	1,171	-
Short-term borrowings						
- In Thai Baht	5.0, 5.5	5.5	1,439,500	769,500	1,170,000	500,000
- In U.S. Dollars	1.29467	0.8556	339,814	358,307	-	-
Total			1,779,314	1,127,807	1,170,000	500,000
Less: Deferred loan arrangement fee			(18,121)	(8,652)	(14,819)	-
Net			1,761,193	1,119,155	1,155,181	500,000
Grand Total			1,768,761	1,141,024	1,156,352	500,000

**The Company**

As at June 30, 2017 and December 31, 2016, the Company had an overdraft line amounting to Baht 30 million. Such credit facility is guaranteed by collaterals as discussed in Note 21.

On March 8, 2017, the Company entered into the Credit Facility Agreement to obtain short-term loan facility from a local financial institution using for working capital of the Company amounting to Baht 500 million. This borrowing bears interest at the rate of 5.5% per annum and will be repayable within March 7, 2018. Such credit facilities are guaranteed by collaterals as discussed in Note 21.

On June 29, 2017, the Company obtain unsecured short-term borrowing from a local financial institution using for working capital of the Company of Baht 670 million. This borrowing bears interest at the rate of 5% per annum and fully repaid on July 12, 2017.

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

On May 31, 2016, Dean & DeLuca, Inc. entered into the short-term credit facilities agreement totalling U.S. Dollars 10 million with a financial institution in the United States of America. Such credit facilities have the maturity date within June 2, 2017 and are guaranteed by a standby letter of credit issued by a financial institution in Thailand of credit of U.S. Dollars 10 million as discussed in Note 21. Subsequently on May 30, 2017, such subsidiary entered into the first amendment and waiver to credit agreement to extend the due date to be September 2, 2017.

As at June 30, 2017 and December 31, 2016, short-term borrowing from a financial institution to YLP Company Limited amounting to Baht 269.5 million is guaranteed by collaterals as discussed in Note 21.

As at June 30, 2017 and December 31, 2016, the subsidiaries have overdraft lines totalling Baht 50 million and Baht 90 million, respectively. Such credit facilities of subsidiaries are guaranteed by collaterals as discussed in Note 21.

**20. SHORT-TERM BORROWINGS**

	Interest rate (% p.a.)		In Thousand Baht			
			Consolidated		Separate	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Short-term borrowings	5.6 - 7.75	5.5 - 7.75	3,962,000	4,507,000	3,962,000	4,407,000
Less: Prepaid interest expense			(39,497)	(61,914)	(39,497)	(60,674)
Less: Deferred loan arrangement fee			(505)	(105)	(505)	(105)
Net			<u>3,921,998</u>	<u>4,444,981</u>	<u>3,921,998</u>	<u>4,346,221</u>

**The Company**

As at June 30, 2017, borrowings of Baht 2,497 million are unsecured bills of exchange and borrowings of Baht 1,465 million are secured bills of exchange and repayable during July 2017 to March 2018.

As at December 31, 2016, borrowings of Baht 4,407 million are unsecured bills of exchange and repayable during January to August 2017.

**Subsidiary**

As at December 31, 2016, borrowing of Baht 100 million was secured bill of exchange and repayable in March 2017 (June 30, 2017: Nil).

**21. LONG-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS - Net**

	Interest rate (% p.a.)		In Thousand Baht			
			Consolidated		Separate	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Borrowings from financial institutions						
- In Thai Baht	5.25 - 6.138	5.775 - 6.125	5,122,072	8,972,981	3,754,745	3,288,704
- In U.S. Dollars	5.64678	5.13085	<u>2,718,512</u>	<u>2,866,456</u>	-	-
Total			7,840,584	11,839,437	3,754,745	3,288,704
Less: Deferred loan arrangement fee			(49,700)	(90,567)	(29,058)	(40,167)
			<u>7,790,884</u>	<u>11,748,870</u>	<u>3,725,687</u>	<u>3,248,537</u>
Less: Portion due within one year			(6,096,099)	(9,235,365)	(2,512,718)	(1,120,277)
Net			<u>1,694,785</u>	<u>2,513,505</u>	<u>1,212,969</u>	<u>2,128,260</u>

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

The credit facilities of the Company are as follows:

		(In Million Baht)	
1	Type of credit facilities	Amount	Interest rate
1	Bank overdrafts and short-term loan facilities	1,200.0	Fixed rate and float rate as indicated in each agreement
2	Long-term loan facilities	5,773.3	Float rates as indicated in each agreement
3	Letter of guarantee, letter of credit, trust receipt and aval (sublimit of long-term loan facilities as mentioned in no.2)	600.0	As indicated in each agreement
4	Letter of guarantee	45.0	As indicated in each agreement
	Total	<u>7,018.3</u>	

Unsecured short-term loan facility of Baht 670 million was included as a part of above credit facilities and it was fully repaid on July 12, 2017 as discussed in Note 19.

Credit facilities are collateralized by the following:

- mortgage of land and building located or will be constructed on land and the developing the real estate project of the Company and Pace Project Two Co., Ltd. as discussed in Notes 12 and 14,
- mortgage of land and building located or will be constructed on land of Pace Country Club Co., Ltd. as discussed in Note 13,
- conditional assignment on main construction contracts and project accounts,
- conditional assignment on shareholder loan agreements, Managed Services Agreement, Unit Lease Purchase Agreement, Agreement to Sell and Purchase of Condominium Unit with the customers of Pace Project Two Co., Ltd.,
- assignment of rights and interests under the guarantee bond of contractors,
- assignment of rights and obligations under the insurances of the project,
- all of the Pace Project Two Co., Ltd.'s shares held by the shareholders as discussed in Note 10,
- pledge of Interest Reserve Account of the Company,
- 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,
- 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 Company is committed to comply with certain conditions as indicated in the credit facilities agreements.

**Subsidiaries**

The credit facilities of subsidiaries are as follows:

		(In Million Baht)	
1	Type of credit facilities	Amount	Interest rate
1	Bank overdrafts and short-term loan facilities (short-term loan facilities of Baht 270 million can be amended to long-term loan facilities)	320.0	Float rate as indicated in each agreement
2	Long-term loan facilities	5,599.9	Float rates as indicated in each agreement
3	Letter of guarantee, letter of credit, trust receipt and aval (sublimit of long-term loan facilities as mentioned in no.2)	1,230.0	As indicated in each agreement
4	Letter of guarantee	220.0	As indicated in each agreement
	Total	<u>6,139.9</u>	

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		(In Million U.S. Dollars)	
Purpose		Amount	Interest rate
A	Long term loan facility	80	Float rate as indicated in the agreement
B	Standby letter of credit facility	10	As indicated in each agreement
	Total	<u>90</u>	

Credit facilities are collateralized by the following:

- mortgage of land and building located or will be constructed on land and the developing the real estate project of the Company and subsidiaries as discussed in Notes 12, 13 and 14,
- mortgage of land and building located or will be constructed on land of Pace Country Club Co., Ltd. as discussed in Note 13,
- conditional assignment on main construction contracts and project accounts,
- conditional assignment on Managed Services Agreement, Unit Lease Purchase Agreement, Agreement to Sell and Purchase of Condominium Unit with the customers of Pace Project Two Co., Ltd.,
- assignment of rights and interests under the guarantee bond of contractors,
- assignment of rights and obligations under the insurances of the project,
- all of the Pace Project Two Co., Ltd., Pace Real Estate Co., Ltd., Pace Food Retail Co., Ltd. and Pace Country Club Co., Ltd.'s shares held by the shareholders as discussed in Note 10,
- all of the Dean & DeLuca, Inc.'s shares held by the shareholders,
- pledge of Interest Reserve Account of certain subsidiaries,
- deposits at bank of Pace Project Two Co., Ltd. without any restriction use,
- jointly guarantee by the Company, Pace Food Retail Co., Ltd., 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,
- 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,
- 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.

The Company and subsidiaries are 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.

As at June 30, 2017 and December 31, 2016, a subsidiary could not maintain debt to equity ratio not exceeding 2.5 to 1 indicated in the credit facility agreement with a financial institution. 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 Baht 35.5 million and Baht 43.6 million as at June 30, 2017 and December 31, 2016, respectively, as a part of "Current portion of long-term borrowings from financial institutions" under the current liabilities in the consolidated statements of financial position as at June 30, 2017 and December 31, 2016.

## **22. LONG-TERM BORROWINGS FROM OTHER PERSONS**

As at June 30, 2017 and December 31, 2016, long-term borrowings from other persons represented unsecured borrowings. These borrowings will be repayable in December 2018 with the surcharge of Baht 5.4 million.

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**23. DEBENTURES - Net**

	Consolidated/Separate Financial Statements (In Thousand Baht)	
	June 30, 2017	December 31, 2016
Debtentures	5,942,000	4,723,000
Less: Deferred debenture underwriting fee	(27,805)	(28,622)
	<u>5,914,195</u>	<u>4,694,378</u>
Less: Portion due within one year	(3,614,478)	(1,393,515)
Net	<u>2,299,717</u>	<u>3,300,863</u>

Such debentures represented unsubordinated and unsecured debentures in registered name. The details are as follows:

Issuance and offering date	Amount (In Thousand Baht)		Term of debenture	Maturity date	Fixed interest rate (% per annum)
	June 30, 2017	December 31, 2016			
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	1,100,000	1 year 7 months	October 3, 2017	5.5
March 4, 2016	523,000	523,000	2 years	March 4, 2018	7.0
June 30, 2016	1,500,000	1,500,000	1 year 7 months	January 30, 2018	5.4
May 23, 2017	1,219,000	-	2 years 9 months	February 23, 2020	6.5
Total	<u>5,942,000</u>	<u>4,723,000</u>			

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

**24. NON-CONTROLLING INTERESTS**

Non-controlling interests included share of comprehensive income of Dean & DeLuca Airport Co., Ltd. of Baht 0.08 million and Baht 1.4 million in the consolidated interim financial statement for the three-month and six-month periods ended June 30, 2017, respectively.

Share capital of the Pace Project One Co., Ltd. consisted of ordinary share of 2,000,000 shares (Group A ordinary shares) at Baht 100 par value and preference share of 1,921,000 shares (divided into 1,170,970 Group B preference shares and 750,030 Group C preference shares) at Baht 100 par value, which have rights as indicated in the articles of association as follows:

- a) Each Group B preference shareholder and Group C preference shareholder shall be entitled to receive annual cumulative-fixed dividend at the rate of Baht 26.84 per share. First to each Group B preference shareholder, second to each Group C preference shareholder, and in priority to all ordinary shareholder, but not be entitled to any further right to participate in the profits of the Pace Project One Co., Ltd.
- b) The ordinary shareholder shall have the right to vote at one (1) share for one (1) vote and the Group B and Group C preference shareholder shall have the right to vote at one (1) share for one (1) vote.

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Share capital of the Pace Project Three Co., Ltd. consisted of ordinary share of 1,000,000 shares (Group A ordinary shares) at Baht 100 par value and preference share of 950,000 shares (divided into 579,100 Group B preference shares and 370,900 Group C preference shares) at Baht 100 par value, which have rights as indicated in the articles of association as follows:

- a) Each Group B preference shareholder and Group C preference shareholder shall be entitled to receive annual cumulative-fixed dividend at the rate of Baht 2,144.64 per share and Baht 2,144.77 per share, respectively. First to each Group B preference shareholder, second to each Group C preference shareholder, and in priority to all ordinary shareholders, but not be entitled to any further right to participate in the profits of the Pace Project Three Co., Ltd.
- b) The ordinary shareholders shall have the right to vote at one (1) share for one (1) vote and the Group B and Group C preference shareholders shall have the right to vote at one (1) share for one (1) vote.

Upon liquidation of Pace Project One Co., Ltd. and Pace Project Three Co., Ltd., the net assets available for distribution to all shareholders after payment of all liabilities and expenses of such subsidiaries shall be allocated and paid in the following order:

- first, to each Group B preference shareholder for all unpaid and cumulative dividend, par value and share premium on preference shares (if any),
- second, to each Group C preference shareholder for all unpaid and cumulative dividend, par value and share premium on preference shares (if any),
- third, to each Group A ordinary shareholder.

In the second quarter of 2017, investments in Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. were changed from subsidiaries to be joint ventures as discussed in Note 1, resulting in decrease in non-controlling interests from loss of control in subsidiaries amounting to Baht 7,783.2 million.

## **25. 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 5 reportable segments as follows:

- 1) The property development segment, which develops and sells condominium units.
- 2) The hotel segment, which operates hotel business.
- 3) The shopping centre segment, which develops and leases out shopping centre
- 4) The retailer of premium gourmet and delicatessen business segment
- 5) Others

In the second quarter of 2017, investments in Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. were changed from subsidiaries to be joint ventures as discussed in Note 1, resulting in no hotel and shopping centre business segments onwards.

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 information regarding the Pace Development Corporation Group' operating segments for each of the three-month periods ended June 30, 2017 and 2016 and segment assets and liabilities as at June 30, 2017 and 2016.

	In Million Baht													
	Property development		Hotel		Shopping centre		Premium gourmet and delicatessen		Others		Elimination of inter-segment		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues	1,693	969	-	-	-	20	801	780	-	-	9	(12)	2,503	1,757
Cost of sales	(1,325)	(713)	-	-	-	(26)	(424)	(377)	-	-	35	18	(1,714)	(1,098)
Gross profit (loss)	368	256	-	-	-	(6)	377	403	-	-	44	6	789	659
Other income	230	182	-	-	-	-	9	4	93	101	(256)	(271)	76	16
Other expenses	(1,363)	(286)	-	(5)	-	(2)	(1,225)	(825)	(89)	(105)	123	105	(2,554)	(1,118)
Segment profit (loss)	(765)	152	-	(5)	-	(8)	(839)	(418)	4	(4)	(89)	(160)	(1,689)	(443)
Finance costs													(223)	(150)
Effect from loss of control in subsidiaries													8,857	-
Share of net loss of investment in joint venture													(88)	(5)
Income tax income (expense)													(1,547)	(43)
Profit (loss) for the period													5,310	(641)
Non-controlling interests													1	-
Profit (Loss) attributable to owners of the parent													5,311	(641)
<b>Other information</b>														
Depreciation	20	6	-	-	-	13	25	20	1	-	(10)	2	36	41



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The following table presents revenue and profit information regarding the Pace Development Corporation Group' operating segments for each of the six-month periods ended June 30, 2017 and 2016 and segment assets and liabilities as at June 30, 2017 and 2016.

	In Million Baht												Total	
	Property development		Hotel		Shopping centre		Premium gourmet and delicatessen		Others		Elimination of inter-segment			
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues	3,454	969	-	-	24	40	1,546	2,225	-	-	(30)	(24)	4,994	3,210
Cost of sales	(2,606)	(713)	-	-	(29)	(51)	(798)	(732)	-	-	98	18	(3,335)	(1,478)
Gross profit (loss)	848	256	-	-	(5)	(11)	748	1,493	-	-	68	(6)	1,659	1,732
Other income	455	343	1	-	24	-	16	9	166	137	(581)	(469)	81	20
Other expenses	(1,923)	(545)	(25)	(9)	(6)	(5)	(2,012)	(1,489)	(145)	(150)	266	174	(3,845)	(2,024)
Segment profit (loss)	(620)	54	(24)	(9)	13	(16)	(1,248)	13	21	(13)	(247)	(301)	(2,105)	(272)
Finance costs													(394)	(297)
Effect from loss of control in subsidiaries													8,857	-
Share of net loss of investment in joint venture													(91)	(5)
Income tax income (expense)													(1,531)	1
Profit (loss) for the period													4,736	(573)
Non-controlling interests													(1)	-
Profit (loss) attributable to owners of the parent													4,735	(573)
<b>Other information</b>														
Segment assets	34,099	28,143	-	3,944	-	2,731	10,141	9,377	450	430	(7,664)	(16,551)	37,026	28,074
Segment liabilities	28,421	23,389	-	4,362	-	3,110	9,158	5,750	684	624	(8,135)	(11,147)	30,128	26,088
Depreciation	28	20	-	-	13	24	49	41	2	1	(8)	4	84	90

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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 each of the three-month and six-month periods ended June 30, 2017 and 2016 and total assets as at June 30, 2017 and 2016 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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues and other income										
- Three-month period ended June 30	2,127	1,323	699	733	-	-	(247)	(283)	2,579	1,773
- Six-month period ended June 30	4,341	1,599	1,345	2,124	-	-	(611)	(493)	5,075	3,230
Total assets as at June 30	36,890	37,949	6,961	6,473	820	203	(7,645)	(16,551)	37,026	28,074

**26. OTHERS**

1) As at June 30, 2017 and December 31, 2016, the Pace Development Corporation Group had:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
a) letters of credit opened but not utilized.	-	14,129	-	-
b) letters of guarantee issued by a local financial institution in favor of a government agency, the state enterprises, and customers which were guaranteed by collaterals as discussed in Note 21 (included joint ventures of Baht 10.2 million).	90,517	90,517	21,783	21,783
c) commitments under the agreements and letters of intent for the costs of construction and interior services and purchase of property, plant and equipment (Notes 12 and 13) (included joint ventures of Baht 1,005.0 million). As at December 31, 2016: a portion of Baht 14.1 million were covered by letters of credit which were guaranteed by collaterals as discussed in Note 21 (June 30, 2017: Nil)	5,374,307	4,844,073	1,756,286	2,086,562

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	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
d) commitments 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 and concession fee under the agreements in connection with the sale operations of food and beverage at the Suvarnabhumi Airport with King Power Suvarnabhumi Co., Ltd. (Note 15) (included joint venture of Baht 15 million).	184,226	19,500	-	-
e) commitments under the agreement to purchase and to sell land for new development project.	987,704	-	987,704	-
f) commitments to pay initial license fees under the license and consulting agreements (included joint venture Baht 10.9 million)	10,857	17,961	-	-

- 2) As at June 30, 2017 and December 31, 2016, 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, the Pace Development Corporation Group had commitments under sponsorship agreements with internationally known events in the United States of America. The totals of future minimum lease payments under non-cancellable operating leases and the commitments under the Sponsorship Agreements for each period are as follows:

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Not later than 1 year	1,158,700	986,516	36,106	8,111
Later than 1 year and not later than 5 years	4,198,809	4,290,110	55,820	8,318
Later than 5 years	2,646,102	2,976,358	-	-
Total	<u>8,003,611</u>	<u>8,252,984</u>	<u>91,926</u>	<u>16,429</u>

- 3) As at June 30, 2017 and December 31, 2016, the Pace Development Corporation Group has detail of projects under development as follows:

	June 30, 2017	December 31, 2016
Value of sales already contracted (in Thousand Baht)	<u>17,910,659</u>	<u>17,087,299</u>
As percentage of total sales of project on hand (%)	<u>66.34</u>	<u>64.28</u>

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- 4) As at June 30, 2017 and December 31, 2016, current account amounting to USD 0.8 million (equivalent to Baht 27.9 million and Baht 29.4 million, respectively) was pledged as collateral for letters of credit according to a requirement of leases on the 3 cafes and an office in New York.
- 5) As at June 30, 2017 and 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 60.7 million and Baht 61.6 million, respectively) within March 31, 2019.
- 6) As at June 30, 2017, Dean & DeLuca Airport Co., Ltd., a subsidiary, had commitment to provide a letter of bank guarantee of Baht 19.1 million to King Power Suvarnabhumi Co., Ltd. for guarantee their performance business operation (December 31, 2016: Nil).

**27. 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 for such assets or liabilities, such as uses prices and other relevant information generated by market transactions involving identical or comparable (similar) assets, liabilities, or a group of assets and liabilities, or estimates of future cash flows

As at June 30, 2017, the Pace Development Corporation Group had the following assets that were measured at fair value using different levels of inputs as follows:

	Consolidated Financial Statements (In Thousand Baht)			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Trading investments				
- Open-end fixed income fund	-	9,802	-	9,802
Property, plant and equipment				
- Land at appraisal value	-	-	547,030	547,030
Total	-	9,802	547,030	556,832

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.

Level 3 land at appraisal value are fair valued based on valuation measured by independent valuer which was determined based on market approach.

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**28. EVENTS AFTER THE REPORTING PERIOD**

The Company, Pace Project One Co., Ltd., Pace Project Two Co., Ltd., Pace Project Three Co., Ltd. and a director of the Company entered into the Consent Conditions Undertaking on July 4, 2017 with Apollo Asia Sprint Holding Company Limited, Goldman Sachs Investment Holding (Asia) Limited and Mercer Investments (Singapore) Pte. Ltd. (Investors), and the Amendment to the Undertaking on August 15, 2017 to request a subsidiary to grant its consent to borrow from a local financial institution at the additional amount of Baht 3,000 million. In connection with the consent, the Company committed to acquiring the Series C preference shares issued by Pace Project One Co., Ltd. and Pace Project Three Co., Ltd. from preference shareholders on a definitive date. In consideration thereof, the Pace Development Corporation Group will have the commitment to purchase Series C preference shares totaling Baht 3,038.8 million and aggregate total return. On July 11, 2017, such subsidiary entered into credit facility agreement with such financial institution.

**29. RECLASIFICATION OF ACCOUNTS**

Certain accounts in the 2016 financial statements have been reclassified to conform to the presentation in the 2017 interim financial statements as follows:

	Consolidated financial statement (In Thousand Baht)		
	Before		After
	<u>Reclassification</u>	<u>Reclassification</u>	<u>Reclassification</u>
<i>Statements of financial position</i>			
Land	1,503,387	(1,503,387)	-
Construction in progress	3,915,907	(3,915,907)	-
Leasehold improvements and equipment - net	1,589,595	(1,589,595)	-
Property, plant and equipment - net	-	7,301,903	7,301,903
Properties for lease - net	984,212	(293,014)	691,198
Total	<u>7,993,101</u>	<u>-</u>	<u>7,993,101</u>

	Separate financial statement (In Thousand Baht)		
	Before		After
	<u>Reclassification</u>	<u>Reclassification</u>	<u>Reclassification</u>
<i>Statements of financial position</i>			
Land	276,242	(276,242)	-
Construction in progress	398,557	(398,557)	-
Properties for lease - net	-	674,799	674,799
Total	<u>674,799</u>	<u>-</u>	<u>674,799</u>

**30. APPROVAL OF INTERIM FINANCIAL STATEMENTS**

The Company's directors have authorized these interim financial statements for issue on August 15, 2017.