

**DIGITAL TECH PLANET PUBLIC COMPANY LIMITED**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2018**

## **Independent Auditor's Report**

To the Shareholders and the Board of Directors of Digital Tech Planet Public Company Limited

### **My opinion**

In my opinion, the financial statements of Digital Tech Planet Public Company Limited (the Company) present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### **What I have audited**

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### **Basis for opinion**

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

### **Key audit matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current year. I determine one key audit matter: valuation of assets relating to leasehold rights. The matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

Key audit matter	How my audit addressed the key audit matter
<p><b>Valuation of assets relating to leasehold rights</b></p> <p>Refer to Note 2.10 'Accounting policy - Impairment of assets', Note 13 'Building improvement and equipment, net', and Note 15 'Prepaid of leasehold right' to the financial statements.</p> <p>The Company had a lease contract for the right to use the land belonging to ABC World Building ("lease contract"). The book value of these assets before recognising the provision for impairment of assets was Baht 84.48 million. This represented 39.66% of the Company's total assets as at 31 December 2018.</p> <p>During 2018, the Board of Directors passed a resolution to terminate the lease contract before its maturity date. The termination became effective in January 2019. The Company, therefore, considered the impairment loss on the assets relating to the lease contract.</p> <p>As at 31 December 2018, management considered the recording of a provision for impairment of assets relating to the lease contract at the full amount. This resulted in additional recognition impairment loss of Baht 84.48 million in the statement of comprehensive income, which includes the prepaid of leasehold right and building improvement and equipment in amount of Baht 62.82 million and Baht 21.66 million, respectively. In addition, the Baht 54.09 million liability that arose from recording the rental expense using the straight-line method throughout the duration of the contract was reversed.</p> <p>I focussed on this area because the valuation of assets relating to lease contract is significant to the financial statements. These main assets are possessed by the Company's rental and utilities segment.</p>	<p>I performed the following procedures:</p> <ul style="list-style-type: none"> <li>obtaining and reviewing the approved minutes of the Board of Directors' meeting and the notification to cancel the lease contract</li> <li>testing completeness of the assets and liabilities relating to the lease contract in the financial statements by examining the lease contract, assets register, and related details of balance</li> <li>reading the lease contract and considering the additional commitments resulting from the early lease contract termination</li> <li>testing the calculation of the recoverable amount of the lease contract, and the building improvement and equipment relating to the lease contract</li> <li>assessing the appropriateness of the accounting record in liability reversal from the record of rental expense.</li> </ul> <p>From these procedures, I found management's assessment for the valuation of assets relating to lease contract to be reasonable based on available evidence.</p>

### Emphasis of matter

I draw attention to Note 27 of the financial statements, which describes the equity and paid-up share capital ratio of the Company at 21 percent, the equity for which is less than 50 percent of the paid-up share capital. This financial ratio has meant that the Stock Exchange of Thailand (SET) has posted a C (Caution) sign on the Company's securities. My opinion is not modified in respect of this matter.

### Other information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

## **Responsibilities of the directors for the financial statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee assists the directors in discharging their responsibilities for overseeing the Company's financial reporting process.

## **Auditor's responsibilities for the audit of the financial statements**

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

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

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

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

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

PricewaterhouseCoopers ABAS Ltd.

**Chanchai Chaiprasit**

Certified Public Accountant (Thailand) No. 3760

Bangkok

26 February 2019

**Digital Tech Planet Public Company Limited****Statement of Financial Position****As at 31 December 2018**

	<u>Notes</u>	<u>2018 Baht</u>	<u>2017 Baht</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	12,559,224	13,167,119
Short-term investments	9	111,257,506	-
Trade and other receivables	10	8,106,490	72,407,121
Inventories	11	250,058	776,281,032
Advance payment related to the entire business transfer	11	30,155,900	30,155,900
Other current assets	12	<u>10,221,299</u>	<u>10,643,362</u>
<b>Total current assets</b>		<u>172,550,477</u>	<u>902,654,534</u>
<b>Non-current assets</b>			
Deposit at financial institutions pledged as collateral	26 c)	31,002,684	5,950,000
Building improvement and equipment, net	13	4,988,719	28,886,764
Intangible assets, net	14	1,953,644	16,611,420
Prepaid of leasehold right	15	-	38,480,093
Other non-current assets		<u>2,502,511</u>	<u>42,800</u>
<b>Total non-current assets</b>		<u>40,447,558</u>	<u>89,971,077</u>
<b>Total assets</b>		<u>212,998,035</u>	<u>992,625,611</u>

Director \_\_\_\_\_ Director \_\_\_\_\_

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

Digital Tech Planet Public Company Limited

Statement of Financial Position (Cont'd)

As at 31 December 2018

	Notes	2018 Baht	2017 Baht
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Short-term borrowings from third party	17	-	-
Short-term borrowings from financial institutions	17	-	431,541,494
Trade and other payables	16	19,996,736	122,175,886
Short-term borrowings from related party	17, 24 a)	-	-
Current portion of liabilities under finance lease agreements	17	732,252	341,805
Current portion of long-term borrowings from financial institutions	17	-	-
Income tax payable		12,913,363	-
Provision from onerous contract	15	1,738,995	-
Deposit received		4,863,985	-
Other current liabilities		972,974	1,793,333
<b>Total current liabilities</b>		<b>41,218,305</b>	<b>555,852,518</b>
<b>Non-current liabilities</b>			
Liabilities under finance lease agreements, net	17	-	732,252
Deferred tax liabilities	18	160,956	1,866,756
Employee benefit obligations	19	1,858,395	3,592,363
Other non-current liabilities		-	4,698,124
<b>Total non-current liabilities</b>		<b>2,019,351</b>	<b>10,889,495</b>
<b>Total liabilities</b>		<b>43,237,656</b>	<b>566,742,013</b>
<b>Equity</b>			
Share capital	20		
Authorised share capital			
Ordinary shares, 2,363,575,675 at par value of Baht 0.50 each		1,181,787,838	1,181,787,838
Issued and paid-up share capital			
Ordinary shares, 1,580,400,000 paid-up of Baht 0.50 each		790,200,000	790,200,000
Premium on share capital	20	36,500,000	36,500,000
Surplus from share-based payments	25	61,161,480	-
Retained earnings (deficits)			
Appropriated			
Legal reserve		8,297,905	8,297,905
Unappropriated		(726,399,006)	(409,114,307)
<b>Total equity</b>		<b>169,760,379</b>	<b>425,883,598</b>
<b>Total liabilities and equity</b>		<b>212,998,035</b>	<b>992,625,611</b>

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

**Digital Tech Planet Public Company Limited**  
**Statement of Comprehensive Income**  
**For the year ended 31 December 2018**

	<u>Notes</u>	<u>2018 Baht</u>	<u>2017 Baht</u>
Revenue from sales and services		833,094,213	84,897,843
Cost of sales and services		<u>(888,623,916)</u>	<u>(127,698,745)</u>
<b>Gross loss</b>		<u>(55,529,703)</u>	<u>(42,800,902)</u>
Other income		11,752,554	693,234
Selling expenses		(83,042,340)	(23,232,790)
Administrative expenses		(127,853,273)	(59,363,470)
Finance costs		<u>(42,797,686)</u>	<u>(43,486,667)</u>
<b>Loss before income tax</b>		<u>(297,470,448)</u>	<u>(168,190,595)</u>
Income tax expense	22	<u>(21,890,849)</u>	<u>(773,989)</u>
<b>Net loss for the year</b>		<u><u>(319,361,297)</u></u>	<u><u>(168,964,584)</u></u>
<b>Other comprehensive income (expense):</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Remeasurements of post-employment benefit obligations	19	<u>2,076,598</u>	<u>(154,241)</u>
Total items that will not be reclassified subsequently to profit or loss		<u>2,076,598</u>	<u>(154,241)</u>
<b>Items that will be reclassified subsequently to profit or loss:</b>			
Change in value of available-for-sale investments		<u>-</u>	<u>54,176</u>
Total items that will be reclassified subsequently to profit or loss		<u>-</u>	<u>54,176</u>
<b>Other comprehensive income (expense) for the year, net of tax</b>		<u>2,076,598</u>	<u>(100,065)</u>
<b>Total comprehensive expense for the year</b>		<u><u>(317,284,699)</u></u>	<u><u>(169,064,649)</u></u>
<b>Loss per share</b>			
Basic loss per share	23	<u>(0.2021)</u>	<u>(0.1069)</u>
Weighted average number of ordinary shares outstanding (shares)		<u>1,580,400,000</u>	<u>1,580,400,000</u>

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

Digital Tech Planet Public Company Limited  
Statement of Changes in Equity  
For the year ended 31 December 2018

	Note	Issued and paid-up share capital Baht	Premium on share capital Baht	Surplus from share-based payments Baht	Retained earnings (deficits)		Other component of equity	Total equity Baht
					Appropriated - legal reserve Baht	Unappropriated Baht	Other comprehensive income (expense) Available-for-sale investments Baht	
<b>Opening balance at 1 January 2017</b>		790,200,000	36,500,000	-	8,297,905	(239,995,482)	(54,176)	594,948,247
Total comprehensive income (expense) for the year		-	-	-	-	(169,118,825)	54,176	(169,064,649)
<b>Closing balance at 31 December 2017</b>		<u>790,200,000</u>	<u>36,500,000</u>	<u>-</u>	<u>8,297,905</u>	<u>(409,114,307)</u>	<u>-</u>	<u>425,883,598</u>
<b>Opening balance at 1 January 2018</b>		790,200,000	36,500,000	-	8,297,905	(409,114,307)	-	425,883,598
Surplus from share-based payments	25	-	-	61,161,480	-	-	-	61,161,480
Total comprehensive expense for the year		-	-	-	-	(317,284,699)	-	(317,284,699)
<b>Closing balance at 31 December 2018</b>		<u>790,200,000</u>	<u>36,500,000</u>	<u>61,161,480</u>	<u>8,297,905</u>	<u>(726,399,006)</u>	<u>-</u>	<u>169,760,379</u>

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

**Digital Tech Planet Public Company Limited****Statement of Cash Flows****For the year ended 31 December 2018**

	<b>Notes</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
<b>Cash flows from operating activities</b>			
Loss before income tax		(297,470,448)	(168,190,595)
Adjustments for:			
Allowance for doubtful receivables	10	268,830	-
Depreciation	13, 21	3,235,854	3,548,524
Amortisation	14, 21	5,783,364	5,649,932
Amortisation of prepaid of leasehold right	15, 21	1,936,067	2,581,423
Losses on impairment	13,14,15, 21	96,361,978	9,884,641
Reversal of accrued rental expense	15, 21	(54,092,274)	-
Losses from onerous contract	15	1,738,995	-
Employee benefit obligations		342,630	1,301,797
(Gains) losses on disposal of equipment		(3,270)	17,470
Gains on disposal of short-term investments		(80,583)	(252,077)
Losses on disposal of available-for-sale investments		-	507,327
Fair value adjustment	9	(143,452)	-
Expense from share-based payments	21, 25	61,161,480	-
(Reversal of) loss from deteriorate of inventory	11	(722,471)	722,471
Interest income		(333,674)	(229,514)
Finance costs		42,797,686	43,486,667
Changes in operating assets (increase) decrease			
- Trade and other receivables		61,647,407	(63,441,108)
- Inventories		776,753,445	48,203,664
- Other current assets		422,063	839,810
- Prepaid of leasehold right		(23,700,000)	(15,900,000)
- Other non-current assets		(2,459,710)	410,106
Changes in operating liabilities increase (decrease)			
- Trade and other payables		(48,086,876)	89,442,094
- Other current liabilities		(820,359)	1,268,475
- Deposit received		165,861	724,247
Cash used in operating activities		624,702,543	(39,424,646)
Interest received		136,645	229,514
Cash (paid) received for income tax		(10,683,286)	1,142,229
Net cash generated from (used in) operating activities		614,155,902	(38,052,903)

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

**Statement of Cash Flows (Cont'd)**  
**For the year ended 31 December 2018**

	<b>Notes</b>	<b>2018</b> <b>Baht</b>	<b>2017</b> <b>Baht</b>
<b>Cash flows from investing activities</b>			
Fixed deposit	9	(51,033,472)	-
(Increase) decrease in deposit at financial institutions pledged as collateral	26 c)	(25,052,684)	8,990,000
Purchase of building improvement and equipment	13	(3,148,383)	(1,581,487)
Purchase of intangible assets	14	(851,544)	-
Purchase of short-term investments	9	(105,000,000)	(20,000,000)
Proceeds from disposal of equipment		3,271	6,542
Proceeds from disposal of short-term investments		45,000,000	127,838,855
Proceeds from disposal of available-for-sale investments		-	18,684,158
Net cash (used in) generated from investing activities		<u>(140,082,812)</u>	<u>133,938,068</u>
<b>Cash flows from financing activities</b>			
Payment of front-end fee for short-term borrowing from financial institution	17	(4,156,800)	(13,782,120)
Proceeds from short-term borrowing from financial institution, net	17	-	490,000,000
Payment of short-term borrowing from financial institution	17	(440,000,000)	(290,000,000)
Payment of long-term borrowing from financial institution	17	-	(250,000,000)
Proceeds from short-term borrowing from related party	24 a)	22,000,000	-
Payments of short-term borrowing from related party	24 a)	(22,000,000)	-
Proceed from short-term borrowing from third party	17	38,000,000	-
Payment of short-term borrowing from third party	17	(38,000,000)	-
Payments on liabilities under finance lease agreements	17	(399,252)	(321,412)
Interest paid		<u>(30,124,933)</u>	<u>(33,567,467)</u>
Net cash used in financing activities		<u>(474,680,985)</u>	<u>(97,670,999)</u>
<b>Net decrease in cash and cash equivalents</b>		<b>(607,895)</b>	<b>(1,785,834)</b>
Cash and cash equivalents at the beginning of the year		<u>13,167,119</u>	<u>14,952,953</u>
<b>Cash and cash equivalents at the end of the year</b>		<u><u>12,559,224</u></u>	<u><u>13,167,119</u></u>

**Non-cash transactions:**

The following significant non-cash transactions occurred during the year ended 31 December 2018 and 2017:

Expense from share-based payments	25	61,161,480	-
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The accompanying notes are an integral part of these financial statements.

## **1 General information**

Digital Tech Planet Public Company Limited (“the Company”) is a public limited company which is listed on the Stock Exchange of Thailand (“SET”) and is incorporated and domiciled in Thailand. As at 31 December 2018, the address of the Company’s registered office is as follows:

390 ABC World Tower, 2nd floor Soi Ramkhamhaeng 30, Ramkhamhaeng Rd. Hua-Mak Bangkapi Bangkok.

On 1 February 2019, the Company registered change of new address with the Ministry of Commerce as follows:

973 President Tower, Unit 7B, 7C, 7D, 7I, 7th Floor Ploenchit Rd Lumpini Pathumwan Bangkok.

The principal business operations of the Company are purchasing of real estate for sale, selling online goods and services under ABC points, providing financial services under WeChat and Alipay (E-Payment) and providing rental and rendering services.

These financial statements were authorised for issue by the Board of Directors on 26 February 2019.

## **2 Accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below:

### **2.1 Basis of preparation**

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

An English version of the financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

### **2.2 Revised accounting standards, revised financial reporting standards, and related interpretations**

The Company has applied the revised financial reporting standards which are effective on 1 January 2018 and relevant to the Company. The application of those financial reporting standards does not have significant impact to the Company

The Company has not yet early adopted the new and revised financial reporting standards which are effective on 1 January 2019 and 1 January 2020. The Company’s management is currently assessing the impact of adoption of these standards

### **2.3 Cash and cash equivalents**

In the statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

### **2.4 Short-term Investments**

The Company have short-term investments in 2 categories: trading investments and fixed deposit with original maturities of more than three months. The classification is dependent on the purpose for which the investments were acquired.

## **2 Accounting policies (Cont'd)**

### **2.4 Short-term Investments (Cont'd)**

All investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments are subsequently measured at fair value. The unrealised gains and losses of trading investments are recognised in profit or loss.

Fixed deposit with original maturity of more than 3 months are carried at cost less impairment loss (if any).

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

### **2.5 Trade accounts receivable**

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss within administrative expenses.

### **2.6 Inventories**

Inventories are condominium bought for sales and goods for E-Commerce business. Inventories are stated at the lower of cost and net realisable value. Cost is determined by the specific cost method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

### **2.7 Building improvement and equipment**

Building improvement and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

## 2 Accounting policies (Cont'd)

### 2.7 Building improvement and equipment (Cont'd)

Depreciation on assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Building improvement	20 years
Office equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains or losses on disposals of building improvement and equipment are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

### 2.8 Intangible asset

#### Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised by straight-line method over their estimated useful lives 3 - 5 years.

### 2.9 Leasehold right

Expenditure on acquired leasehold right is capitalised and amortised using the straight line method over the lease period, generally over 30 years.

### 2.10 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2 Accounting policies (Cont'd)

### 2.11 Leases

*Where the Company is the lessee*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of vehicle where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding lease obligations, net of finance charges, are included in other long-term liabilities. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property acquired under finance leases is depreciated over the shorter period of the useful life of the asset or the lease term.

*Where the Company is the lessor*

Assets leased out under operating leases are included in building improvement and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar building improvement and equipment owned by the Company. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

### 2.12 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds, net of transaction costs and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

### 2.13 Current and deferred income taxes

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

## **2 Accounting policies (Cont'd)**

### **2.13 Current and deferred income taxes (Cont'd)**

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### **2.14 Employee benefits**

Company provide various post-employment benefits schemes. The Company has both defined benefit and defined contribution plans.

Company recognises a liability and an expense for bonuses and a provision where contractually obliged or where there is past practice that has created a constructive obligation.

A defined contribution plan is a plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions once the contribution has been paid even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Company pays contributions to a separate fund which is managed by an external fund manager in accordance with the provident fund Act. B.E. 2530. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. They are included in retain earnings in the statement of changes in equity.

Past-service costs are recognised immediately in profit or loss.

### **2.15 Provisions**

Provisions are recognised when Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## **2 Accounting policies (Cont'd)**

### **2.16 Share-based payment**

For equity-settled share-based payment transactions, the Company measure the goods or services received, and the corresponding increase in equity, directly, by referencing to the fair value of the equity instruments granted on the grant date. If the identifiable consideration received (if any) by the entity appears to be less than the fair value of the equity instruments granted, typically this situation indicates that other consideration. The Company measure the unidentifiable goods or services received (or to be received) as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received (or to be received).

### **2.17 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **2.18 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts. Revenue from sales of goods is recognised when ownership are transferred to the buyer. Revenue from rendering services is performed using accrual basis.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the interest rate over the period to maturity, when it is determined that such income will accrue to the Company.

Other income is recognised using accrual basis.

### **2.19 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as board of director that makes strategic decisions.

## **3 Financial risk management**

### **3.1 Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

#### **3.1.1 Interest rate risk**

The interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows. The Company's normal exposure to interest rate risk relates primarily to its borrowings from financial institutions. However, the Company considers that it is not necessary to use derivative financial instruments to hedge such risk, as the management believes that future movements in market interest rates will not materially affect the Company's operating results.

#### **3.1.2 Credit risk**

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that sales of goods and services are made to customers with an appropriate credit history. The Company has policies that limit the amount of credit exposure to any one financial institution.

### **3 Financial risk management (Cont'd)**

#### **3.1 Financial risk factors (Cont'd)**

##### **3.1.3 Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

#### **3.2 Financial instruments**

The Company's financial assets present in statement of financial position comprise cash and cash equivalents, short-term investments, trade and other receivables and available-for-sale investments. The Company's financial liabilities present in statement of financial position comprise short-term borrowings from financial institutions, trade and other payables, and long-term borrowings from financial institutions. The accounting policies are separately disclosed in related topics.

The book values of cash and cash equivalents, trade and other receivables, short-term borrowings from financial institutions, trade and other payables, and long-term borrowings from financial institutions are approximate to their fair values.

The fair value measurement of short-term investments and available-for-sale investments was disclosed in Note 4.

### **4 Fair value estimation**

Fair value of financial assets and liabilities are disclosed in related notes to financial statements.

#### **a) Financial instruments in level 1**

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

#### **b) Financial instruments in level 2**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Specific valuation techniques used to value financial instruments based on Net Assets Values per units quoted by investment management companies.

#### **c) Financial instruments in level 3**

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There were no transfers between levels 1 and 2 during the year.

## **5 Critical accounting estimates, assumption and judgement**

Estimates, assumption and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

### **5.1) Building improvement, equipment and intangible assets**

Management determines the estimated useful lives and residual values for the building improvement, equipment and intangible assets of which are mainly considered by technical ability and economic useful lives. The management will revise the depreciation and amortisation charge where useful lives and residual values are significantly different to previously estimated, or it will write off or write down technically obsolete or assets that have been abandoned or sold.

### **5.2) Estimated impairment of asset**

The Company tests impairment whenever events or changes in circumstances indicate, in accordance with the accounting policy stated in note 2.10.

### **5.3) Deferred tax**

Deferred tax assets come from the estimation of some temporary difference effects which is probable to utilise tax benefit. Management's estimation comes from an assumption based on an available future income and any factors or external exposures which might affect the projected future performance. The Company also considered the utilisation of the past tax losses and assessed the estimation on a conservative basis.

### **5.4) Share-based payment**

Management estimates the fair value of the equity instruments grant on the grant date by referencing to the market price and records the lower of the value of goods or services received with fair value of the equity instruments as share-based payment and surplus from share-based payment at the same amount stated in note 2.16.

## **6 Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

**7 Segment information**

The Company operates in 3 segments which are real estate segment, E-Commerce segment comprise of selling of online goods and services under ABC points and providing financial services under WeChat and Alipay (E-payment), rental and rendering services segment.

Business segments information of the Company for the years ended 31 December 2018 and 2017, respectively are as follows:

	<b>2018</b>			<b>Total Baht</b>
	<b>Real estate segment Baht</b>	<b>E-Commerce segment Baht</b>	<b>Rental and rendering services segment Baht</b>	
Revenue	800,000,000	9,212,868	23,881,345	833,094,213
Impairment loss (Note 13,14,15)	-	(9,725,956)	(84,481,933)	(94,207,889)
Segment result	(55,215,789)	(5,977,497)	(84,641,976)	(145,835,262)
Unallocated costs				(120,590,054)
Operating loss				(266,425,316)
Other income				11,752,554
Finance costs				(42,797,686)
Loss before income tax				(297,470,448)
Income tax expense				(21,890,849)
Net loss for the year				(319,361,297)
<b>As at 31 December 2018</b>				
Inventories (Note 11)	-	250,058	-	250,058
Building improvement and equipment, net (Note 13)				4,988,719
Intangible assets, net (Note 14)				1,953,644
Unallocated assets				205,805,614
Total assets				212,998,035

7 Segment information (Cont'd)

Business segments information of the Company for the years ended 31 December 2018 and 2017, respectively are as follows: (Cont'd)

	2017			Total Baht
	Real estate segment Baht	E-Commerce segment Baht	Rental and rendering services segment Baht	
Revenue	54,000,000	4,692,407	26,205,436	84,897,843
Impairment loss (Note 15)	-	-	(9,884,641)	(9,884,641)
Segment result	67,751	(1,802,025)	(62,146,577)	(63,880,851)
Unallocated costs				(61,516,311)
Operating loss				(125,397,162)
Other income				693,234
Finance costs				(43,486,667)
Loss before income tax				(168,190,595)
Income tax expense				(773,989)
Net loss for the year				(168,964,584)
<b>As at 31 December 2017</b>				
Inventories (Note 11)	776,099,221	181,811	-	776,281,032
Building improvement and equipment, net (Note 13)				28,886,764
Intangible assets, net (Note 14)				16,611,420
Unallocated assets				170,846,395
Total assets				992,625,611

Information about major customers

The Company's major revenues for the year ended 31 December 2018 is from real estate segment of Baht 800 million.

8 Cash and cash equivalents

	2018 Baht	2017 Baht
Cash on hand	35,724	32,646
Deposits held at call with banks	12,523,500	13,134,473
Total cash and cash equivalents	12,559,224	13,167,119

Deposits held at call with banks are saving and current account. The effective interest rate was 0.20% - 1.30% (2017: 0.20% - 0.63%) per annum.

## 9 Short-term investments

The movements in short-term investments during the years are as follows:

	Trading Baht	Fixed deposit maturity within 1 year Baht	Available-for-sale Baht	Total Baht
As at 1 January 2017	-	-	107,586,778	107,586,778
Additions	-	-	20,000,000	20,000,000
Disposals	-	-	(127,157,335)	(127,157,335)
Losses on fair value measurement	-	-	(429,443)	(429,443)
As at 31 December 2017	-	-	-	-
Additions	105,000,000	51,033,472	-	156,033,472
Disposals	(44,919,418)	-	-	(44,919,418)
Gains on fair value measurement	143,452	-	-	143,452
As at 31 December 2018	<u>60,224,034</u>	<u>51,033,472</u>	-	<u>111,257,506</u>

The fair values of the short-term investments are as follows:

	Trading Baht	Fixed deposit maturity within 1 year Baht	Available-for-sale Baht	Total Baht
As at 31 December 2018				
Costs	60,080,582	51,033,472	-	111,114,054
Gains on fair value adjustment	143,452	-	-	143,452
Fair value	<u>60,224,034</u>	<u>51,033,472</u>	-	<u>111,257,506</u>

### Trading investment

The fair value of trading securities are based on Net Asset Value (NAV) per unit price as at the reporting date. The fair values are within level 1 of the fair value hierarchy.

### Fixed deposit maturity within 1 year

As at 31 December 2018, the Company have fixed deposit that are not pledged as collateral, which the deposit date to maturity date are between 6 to 12 months. The effective interest on the fixed deposits was 0.9%-1.7% per annum.

## 10 Trade and other receivables

	2018 Baht	2017 Baht
Trade receivables	1,484,354	1,040,530
Trade receivables (E-payment)	4,975,400	66,672,052
<u>Less</u> Allowance for doubtful accounts	(268,830)	-
Trade receivables, net	6,190,924	67,712,582
Other receivables	374,826	470,504
Prepaid expenses (Note 15)	1,323,456	3,849,889
Others	217,284	374,146
Total trade and other receivables	<u>8,106,490</u>	<u>72,407,121</u>

**10 Trade and other receivables (Cont'd)**

Outstanding trade receivables as at 31 December 2018 and 2017 can be analysed as follows:

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Up to 3 months	6,124,130	67,301,767
3-6 months	130,589	43,303
6-12 months	3,000	348,986
Over 12 months	202,035	18,526
Total trade and other receivables	6,459,754	67,712,582
<u>Less</u> Allowance for doubtful accounts	<u>(268,830)</u>	<u>-</u>
Total trade receivables, net	<u>6,190,924</u>	<u>67,712,582</u>

**11 Inventories**

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Bought condominium for sales	-	776,099,221
Goods for sales (E-Commerce goods)	250,058	904,282
<u>Less</u> Allowance for deteriorate of inventory	<u>-</u>	<u>(722,471)</u>
Total inventories	<u>250,058</u>	<u>776,281,032</u>

The cost of inventories recognised as expense and included in 'cost of sales' amounted to Baht 781,552,248 (2017: Baht 48,838,729).

**Bought condominium for sales**

At the Extraordinary General Meeting of the shareholders No.1/2016, held on 15 June 2016, the shareholders approved the entire business transfer of Orchid View Co., Ltd. amount of Baht 705 million with the historical cost of Baht 25.43 million. On 30 June 2016, the Company registered ownership of land and building from Orchid View Co., Ltd., totaling amount of Baht 708.93 million (including related fees) which is recognised as Bought condominium for sales.

On 30 June 2016, the Company (transferee) made advance payment of income tax and special business tax to Orchid View Co., Ltd. (transferor) amount of Baht 30.16 million. The advance payments is due when Orchid View Co., Ltd. receives tax return according to the entire business transfer transaction. On 19 October 2016, the Company obtaining the confirmed letter in to claim on obtain the tax return. Once Orchid View Co., Ltd. receives tax return and is liquidated, such amount will be rendered to the Company. However, authorized person of Revenue Department of transferor is under investigation to return to the Orchid View Co., Ltd. Management expects that the advance payment will be finalised and received by Quarter 2' 2019.

As at 23 March 2018, the Company entered into the to purchase and to sell agreement of ABOVE 39 condominium, which was received from the entire business transfer of the Orchid View Co., Ltd., at Baht 800 million to third party. On 29 August 2018, the Company completely transferred the ownership. The Company is responsible for the cost of transfer and specific business tax that caused in a net loss before income tax of Baht 56.28 million. The Company used the proceed from the disposal to repay the full amount of short-term borrowings from financial institution and its interest of Baht 447.40 million and to use for working capital.

12 Other current assets

	2018 Baht	2017 Baht
Value Added Tax receivable	7,609,487	7,884,633
Others	2,611,812	2,758,729
Total other current assets	<u>10,221,299</u>	<u>10,643,362</u>

13 Building improvement and equipment, net

	Building improvement Baht	Equipment Baht	Fixtures, furniture and office equipment Baht	Vehicle Baht	Construction -In-Progress Baht	Total Baht
<b>As at 1 January 2017</b>						
Cost	21,856,750	5,462,606	4,202,815	2,616,822	749,000	34,887,993
<u>Less</u> Accumulated depreciation	(228,191)	(1,050,601)	(1,450,951)	(1,054,461)	-	(3,784,204)
Net book amount	<u>21,628,559</u>	<u>4,412,005</u>	<u>2,751,864</u>	<u>1,562,361</u>	<u>749,000</u>	<u>31,103,789</u>
<b>For the year ended 31 December 2017</b>						
Opening net book amount	21,628,559	4,412,005	2,751,864	1,562,361	749,000	31,103,789
Additions	662,627	219,157	473,727	-	-	1,355,511
Transfer in (out)	749,000	-	-	-	(749,000)	-
Disposal	-	-	(24,012)	-	-	(24,012)
Depreciation charge (Note 21)	(1,152,125)	(1,115,630)	(861,968)	(418,801)	-	(3,548,524)
Closing net book amount	<u>21,888,061</u>	<u>3,515,532</u>	<u>2,339,611</u>	<u>1,143,560</u>	<u>-</u>	<u>28,886,764</u>
<b>As at 31 December 2017</b>						
Cost	23,268,377	5,681,763	4,586,183	2,616,822	-	36,153,145
<u>Less</u> Accumulated depreciation	(1,380,316)	(2,166,231)	(2,246,572)	(1,473,262)	-	(7,266,381)
Net book amount	<u>21,888,061</u>	<u>3,515,532</u>	<u>2,339,611</u>	<u>1,143,560</u>	<u>-</u>	<u>28,886,764</u>
<b>For the year ended 31 December 2018</b>						
Opening net book amount	21,888,061	3,515,532	2,339,611	1,143,560	-	28,886,764
Additions	-	30,564	39,159	-	3,078,660	3,148,383
Disposal	-	-	(1)	-	-	(1)
Depreciation charge (Note 21)	(870,174)	(1,137,259)	(809,620)	(418,801)	-	(3,235,854)
Impairment loss (Note 15)	(21,017,887)	(1,801,108)	(991,578)	-	-	(23,810,573)
Closing net book amount	<u>-</u>	<u>607,729</u>	<u>577,571</u>	<u>724,759</u>	<u>3,078,660</u>	<u>4,988,719</u>
<b>As at 31 December 2018</b>						
Cost	23,268,377	5,712,327	4,601,136	2,616,822	3,078,660	39,277,322
<u>Less</u> Accumulated depreciation	(2,250,490)	(3,303,490)	(3,031,987)	(1,892,063)	-	(10,478,030)
<u>Less</u> Provision or impairment loss	(21,017,887)	(1,801,108)	(991,578)	-	-	(23,810,573)
Net book amount	<u>-</u>	<u>607,729</u>	<u>577,571</u>	<u>724,759</u>	<u>3,078,660</u>	<u>4,988,719</u>

Depreciation expense of building improvement amount Baht 870,174 (2017: Baht 1,152,125) was charged in 'cost of rental and services' and depreciation of other fixed assets amount Baht 2,365,680 (2017: Baht 2,396,399) was charged in 'administrative expense'.

Leased assets included above, where the Company is a lessee under a finance lease, comprise vehicle:

	2018 Baht	2017 Baht
Cost of capitalised finance leases	2,616,822	2,616,822
<u>Less</u> Accumulated depreciation	(1,892,063)	(1,473,262)
Net book amount	<u>724,759</u>	<u>1,143,560</u>

14 Intangible assets, net

	Computer software Baht	Software-in- progress Baht	Total Baht
<b>As at 1 January 2017</b>			
Cost	27,467,136	3,536,000	31,003,136
<u>Less</u> Accumulated amortisation	(8,741,784)	-	(8,741,784)
Net book value	<u>18,725,352</u>	<u>3,536,000</u>	<u>22,261,352</u>
<b>For the year ended 31 December 2017</b>			
Opening net book value	18,725,352	3,536,000	22,261,352
Amortisation charge (Note 21)	(5,649,932)	-	(5,649,932)
Closing net book value	<u>13,075,420</u>	<u>3,536,000</u>	<u>16,611,420</u>
<b>As at 31 December 2017</b>			
Cost	27,467,136	3,536,000	31,003,136
<u>Less</u> Accumulated amortisation	(14,391,716)	-	(14,391,716)
Net book value	<u>13,075,420</u>	<u>3,536,000</u>	<u>16,611,420</u>
<b>For the year ended 31 December 2018</b>			
Opening net book value	13,075,420	3,536,000	16,611,420
Additions	-	851,544	851,544
Transfer in (out)	1,730,000	(1,730,000)	-
Amortisation charge (Note 21)	(5,783,364)	-	(5,783,364)
Impairment loss	(7,400,956)	(2,325,000)	(9,725,956)
Closing net book value	<u>1,621,100</u>	<u>332,544</u>	<u>1,953,644</u>
<b>As at 31 December 2018</b>			
Cost	29,197,136	2,657,544	31,854,680
<u>Less</u> Accumulated amortisation	(20,175,080)	-	(20,175,080)
<u>Less</u> Allowance for impairment loss	(7,400,956)	(2,325,000)	(9,725,956)
Net book value	<u>1,621,100</u>	<u>332,544</u>	<u>1,953,644</u>

Amortisation expense of Baht 5,783,364 (2017: Baht 5,649,932) was charged in 'administrative expense'.

**15 Prepaid of leasehold right**

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Prepaid of leasehold right		
- Current portion (Note 10)	2,581,423	2,581,423
- Non-current portion	70,128,667	48,364,734
	<u>72,710,090</u>	<u>50,946,157</u>
<u>Less</u> Provision for impairment loss on leasehold right	<u>(72,710,090)</u>	<u>(9,884,641)</u>
Total prepaid of leasehold right	<u><u>-</u></u>	<u><u>41,061,516</u></u>

The movements in prepaid of leasehold right during the years are as follows:

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
As at 1 January	41,061,516	37,627,580
Additions	23,700,000	15,900,000
Amortisation charge (Note 21)	(1,936,067)	(2,581,423)
Impairment loss	(62,825,449)	(9,884,641)
As at 31 December	<u><u>-</u></u>	<u><u>41,061,516</u></u>

During the period, since the Company has an indication whether that an asset relating to lease and the right to use land belonging to ABC World ("Lease contract") might be impaired from occupancy rate is less than anticipated significantly. The Company has evaluated the impairment from such indicator and on 14 November 2018, the Board of Director has a resolution to approve the termination of lease contract before its maturity date. Management has recognised additional impairment charge of Baht 84.48 million. This was Baht 5.07 million under administrative expense and Baht 79.41 million under cost of sales and services allocating by proportion of sub-lease and business operating area. The asset related to the prepaid of leasehold right were additionally provisioned under trade and other receivables (Note 10), building and improvement and equipment, net (Note 13), and prepaid of leasehold right at Baht 2.58 million, Baht 21.66 million and Baht 60.24 million, respectively. Liabilities that arose from adjusting the straight-line method of rental expense (Note 16) from the beginning were reversed off at Baht 54.09 million, which are under administrative expense at Baht 3.25 million and cost of sales and services at Baht 50.84 million. This is non-cash and non-recurring transaction.

In addition, the mentioned lease is an onerous contract therefore, the Company has recognised a losses on onerous contract at Baht 1.74 million under administrative expense at Baht of 0.11 million and cost of sales and services at Baht 1.63 million.

After the termination of lease contract, the Company has been moved to the new office (Note 1). This results in the recognition of the impairment loss from building improvement and equipment, net (Note 13) amount 2.15 million under administrative expense. The recoverable amount is the fair value less cost of disposals.

**16 Trade and other payables**

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Trade payables	1,031,411	1,567,723
Trade payables (E-payment)	5,421,169	65,988,546
Accrued rental expense (Note 15)	-	41,061,516
Accrued expenses	11,025,612	9,490,487
Advance received for ABC points	498,418	201,241
Unearned revenues	1,366,177	265,647
Retention	-	3,091,963
Other payables	653,949	508,763
Total trade payables and other payables	<u><u>19,996,736</u></u>	<u><u>122,175,886</u></u>

17 Borrowings

	2018 Baht	2017 Baht
<b>Current</b>		
Short-term borrowings from third party	-	-
Short-term borrowings from financial institutions	-	431,541,494
Short-term borrowings from related party (Note 24 a)	-	-
Current portion of liabilities under finance lease agreement	732,252	341,805
Current portion of long-term borrowings from financial institutions	-	-
Total current borrowings	<u>732,252</u>	<u>431,883,299</u>
<b>Non-current</b>		
Liabilities under finance lease agreement, net	-	732,252
Total non-current borrowings	<u>-</u>	<u>732,252</u>
Total borrowings	<u><u>732,252</u></u>	<u><u>432,615,551</u></u>

Movements of borrowings during the year were as follow:

	2018 Baht	2017 Baht
As at 1 January	431,541,494	485,327,701
Additions	38,000,000	490,000,000
Less Front-end fee	(4,156,800)	(13,782,120)
Repayments - principal	(478,000,000)	(540,000,000)
Repayments - interest	(27,641,644)	(9,872,876)
Adjust for B/E discount	-	4,672,299
Adjust for effective interest rate	40,256,950	15,196,490
As at 31 December	<u>-</u>	<u>431,541,494</u>

Liabilities under finance lease agreement - minimum lease payments:

	2018 Baht	2017 Baht
Not later than 1 year	755,712	399,252
Later than 1 year but not later than 5 years	-	755,712
Less Future finance charges on finance leases agreement	<u>(23,460)</u>	<u>(80,907)</u>
Present value of liabilities under finance leases agreement	<u><u>732,252</u></u>	<u><u>1,074,057</u></u>
Finance lease liabilities:		
- Current	732,252	341,805
- Non-current	<u>-</u>	<u>732,252</u>
	<u><u>732,252</u></u>	<u><u>1,074,057</u></u>

The present value of liabilities under finance lease agreement is as follows:

	2018 Baht	2017 Baht
Not later than 1 year	732,252	341,805
Later than 1 year but not later than 5 years	<u>-</u>	<u>732,252</u>
	<u><u>732,252</u></u>	<u><u>1,074,057</u></u>

The Company entered into long-term finance lease agreement with a leasing company to lease vehicle. The lease period of each agreement is 5 years with a purchase option of the vehicle from the lessor at the end of the lease period.

17 Borrowings (Cont'd)

**Borrowing facilities**

The Company has the following undrawn committed borrowing facilities:

	<b>2018 Baht</b>	<b>2017 Baht</b>
Fixed rate		
- expiring within one year	-	10,000,000
- expiring beyond one year	-	-
	<u>-</u>	<u>10,000,000</u>

**Reconciliation of liabilities arising from financial activities**

	<b>31 December 2017 Baht</b>	<b>Cash flow Baht</b>	<b>Other non-cash movement Amortised deferred interest 2018 Baht</b>	<b>31 December 2018</b>
Short-term borrowings from financial institutions	431,541,494	(440,000,000)	8,458,506	-
Liabilities under finance lease agreement	1,074,057	(399,252)	57,447	732,252

18 Deferred income taxes

The analysis of deferred income tax assets and deferred tax liabilities is as follows:

	<b>2018 Baht</b>	<b>2017 Baht</b>
<b>Deferred tax asset:</b>		
to be recovered within 12 months	10,818,455	-
	<u>10,818,455</u>	<u>-</u>
<b>Deferred tax liabilities:</b>		
to be settled within 12 months	(10,928,101)	(760,531)
to be settled after more than 12 months	(51,310)	(1,106,225)
	<u>(10,979,411)</u>	<u>(1,866,756)</u>
<b>Deferred income taxes, net</b>	<u>(160,956)</u>	<u>(1,866,756)</u>

The gross movement in the deferred income tax account is as follows:

	<b>2018 Baht</b>	<b>2017 Baht</b>
As at 1 January	(1,866,756)	(1,092,767)
Recognised to profit or loss (Note 22)	1,705,800	(773,989)
As at 31 December	<u>(160,956)</u>	<u>(1,866,756)</u>

18 Deferred income taxes (Cont'd)

The movement in deferred tax assets and liabilities during the year is as follows:

	Provision for impairment Baht	Change in value of available-for-sale investment Baht	Total Baht	
<b>Deferred tax assets:</b>				
As at 1 January 2017	-	36,210	36,210	
Recognised to profit or loss	-	(36,210)	(36,210)	
As at 31 December 2017	-	-	-	
As at 1 January 2018	-	-	-	
Recognised to profit or loss	10,818,455	-	10,818,455	
As at 31 December 2018	10,818,455	-	10,818,455	
	Reversal of liabilities Baht	Finance lease agreement Baht	Amortisation expense Baht	Total Baht
<b>Deferred tax liabilities</b>				
As at 1 January 2017	-	(71,241)	(1,057,736)	(1,128,977)
Recognised to profit or loss	-	(55,194)	(682,585)	(737,779)
As at 31 December 2017	-	(126,435)	(1,740,321)	(1,866,756)
As at 1 January 2018	-	(126,435)	(1,740,321)	(1,866,756)
Recognised to profit or loss	(10,818,455)	20,263	1,685,537	(9,112,655)
As at 31 December 2018	(10,818,455)	(106,172)	(54,784)	(10,979,411)

19 Employee benefit obligations

	2018 Baht	2017 Baht
Statement of financial position:		
Retirement benefits	1,858,395	3,592,363
Profit or loss charge included in operating profit for:		
Retirement benefits	1,787,105	1,301,797
Remeasurement for:		
Retirement benefits	(2,076,598)	154,241

**19 Employee benefit obligation (Cont'd)**

The movement in the defined benefit obligation during the year is as follows:

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
As at 1 January	3,592,363	2,136,325
Current service cost	946,105	1,256,297
Loss on settlement	817,624	-
Interest cost	23,376	45,500
	<u>5,379,468</u>	<u>3,438,122</u>
Remeasurement		
Losses from change in demographic assumptions	167,604	11,421
(Gains) Losses from change in financial assumptions	(3,636)	52,762
(Gains) Losses from experience	(2,240,566)	90,058
	<u>(2,076,598)</u>	<u>154,241</u>
Accrued payment from plans:		
Accrued Benefit payment	(1,444,475)	-
As at 31 December	<u>1,858,395</u>	<u>3,592,363</u>

The principal actuarial assumptions used were as follows:

	<b>2018</b>	<b>2017</b>
	<b>Percent</b>	<b>Percent</b>
Discount rate	2.63	1.74
Salary growth rate	5.00	4.00
Turnover rate	0.00 - 15.00	0.00 - 36.00

**Sensitivity analysis**

	<b>Change in assumption</b>	<b>Impact on employee benefit obligations</b>			
		<b>Increase in assumption</b>		<b>Decrease in assumption</b>	
		<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Discount rate	1%	Decrease by 8.37%	Decrease by 3.60%	Increase by 9.60%	Increase by 3.86%
Future salary increases	1%	Increase by 9.70%	Increase by 3.52%	Decrease by 8.08%	Decrease by 3.36%
Resignation rate	1%	Decrease by 8.81%	Decrease by 3.83%	Increase by 2.36%	Increase by 0.91%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating retirement benefits liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

19 Employee benefit obligation (Cont'd)

Expected maturity analysis of undiscounted retirement benefits:

	Within 1 year Baht	Between 1 - 3 years Baht	Between 3 - 5 years Baht	Over 5 years Baht	Total Baht
As at 31 December 2017					
Retirement benefits	-	3,131,560	2,905,025	50,085,493	56,122,078
Total	-	3,131,560	2,905,025	50,085,493	56,122,078
As at 31 December 2018					
Retirement benefits	-	-	132,733	39,275,821	39,408,554
Total	-	-	132,733	39,275,821	39,408,554

20 Share capital

	Authorised share capital		Issued and paid-up Shares capital		Premium on share capital
	Shares	Baht	Shares	Baht	Baht
As at 1 January 2017	11,817,878,375	1,181,787,838	7,902,000,000	790,200,000	36,500,000
Reduction of registered shares	(9,454,302,700)	-	(6,321,600,000)	-	-
As at 31 December 2017	2,363,575,675	1,181,787,838	1,580,400,000	790,200,000	36,500,000
Reduction of registered shares	-	-	-	-	-
As at 31 December 2018	2,363,575,675	1,181,787,838	1,580,400,000	790,200,000	36,500,000

At the Extraordinary General Meeting of shareholders No.1/2017 held on 12 July 2017, the shareholders approved change of par value by the reverse stock split from Baht 0.10 each to Baht 0.50 each. As a result, the issued and paid-up share capital of the Company decrease from 7,902,000,000 shares to 1,580,400,000 shares authorised share capital of the Company decrease from 11,871,878,375 shares to 2,363,575,675 shares, respectively including adjust of the exercise price and the exercise ratio. In the regard, the Company registered the change of the authorised share capital with Ministry of Commerce on 20 July 2017.

**The warrants**

Warrant	Exercise price per share	Conversion ratio	Number of warrants offered as at 1 January 2018	Movement of number of warrants offered during the year	Number of warrants offered as at 31 December 2018	Warrant term
DIGI-W1 <sup>(1)</sup>	2.41	1 : 0.0622	658,499,929	-	658,499,929	11 September 2014 - 10 September 2019
DIGI-W2	7.50	1 : 0.20	1,755,998,608	-	1,755,998,608	8 June 2015 - 5 June 2020

<sup>(1)</sup>The Company has changed the exercise per share and conversion ratio for DIGI-W1 which became effective since 26 July 2017

As at 31 December 2018, there were no warrants exercised for both DIGI-W1 and DIGI-W2.

The Stock Exchange of Thailand has revised the initial of the warrant to in line with the change of the Company's name. The change became effective since 13 July 2017.

**21 Expenses by nature**

	<b>2018 Baht</b>	<b>2017 Baht</b>
Changes in inventories of finished goods	781,522,248	48,838,729
Rental expense	49,030,758	53,374,344
(Reversal) of accrued rental expense	(54,092,274)	-
Transfer expenses - real estate	30,026,283	2,746,915
Brokerage expenses	43,400,760	88,416
Employee expenses	29,231,291	35,969,535
Depreciation (Note 13)	3,235,854	3,548,524
Amortisation (Note 14)	5,783,364	5,649,932
Amortisation of leasehold right	1,936,067	2,426,538
Loss from impairment (Note 13,14,15)	96,361,978	9,884,641
Advertising expense	-	6,130,467
Professional fee	6,833,300	6,087,004
Utilities expense	18,636,608	19,858,794
Property tax	5,267,805	4,839,912
Share-based payment (Note 25)	61,161,480	-

**22 Income tax expense**

	<b>2018 Baht</b>	<b>2017 Baht</b>
Current tax for the year	23,596,649	-
Deferred income taxes (Note 18)	(1,705,800)	773,989
<b>Total income tax expense</b>	<b>21,890,849</b>	<b>773,989</b>

The income tax expense on the Company's loss before tax differs from the theoretical amount as follows:

	<b>2018 Baht</b>	<b>2017 Baht</b>
Loss before tax	(297,470,448)	(168,190,595)
Tax calculated at a tax rate of 20%	(59,494,090)	(33,638,119)
Tax effect of:		
Income subject to tax	136,123,498	108,987
Expenses not deductible for tax purpose	20,442,174	1,676,135
Additional deductible expenses	(1,040,959)	(610,335)
Utilisation of previously unrecognised tax losses	(74,139,774)	-
Tax losses for which no deferred income tax asset was recognised	-	33,237,321
Tax charge	<b>21,890,849</b>	<b>773,989</b>

The weighted average applicable tax rate was - 7.36% (2017: - 0.46%).

**23 Loss per share**

Basic loss per share is calculated by dividing the net loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	<u>2018</u>	<u>2017</u>
Net loss attributable to ordinary shareholders of the Company (Baht)	(319,361,297)	(168,964,584)
Weighted average number of ordinary shares outstanding (Shares)	<u>1,580,400,000</u>	<u>1,580,400,000</u>
Basic loss per share (Baht per share)	<u>(0.2021)</u>	<u>(0.1069)</u>

There is no issued ordinary shares during period-ended 31 December 2018 and 2017.

Due to higher exercises price of the warrant (Note 20) than the fair value (calculated from weighted-average share price during the year), weighted average ordinary share has no impact by the warrant.

**24 Related party transactions**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

The Company is majority owned by Rungrongtanin family, Kuwanunt family and Indhararuksakul family which owns 21.42 percent, 20 percent and 11 percent, respectively (2017: 60.32 percent, -, -) of the Company's shares. The remaining 47.58 percent (2017: 39.68 percent) of the shares are widely held. The following material transactions were carried out with related parties:

**a) Short-term borrowing from related party**

	<u>31 December 2018 Baht</u>	<u>31 December 2017 Baht</u>
<b>Short-term borrowing from</b>		
Board of director	-	-
Total	<u>-</u>	<u>-</u>

The movement of short-term borrowing from related party during the year can be analysed as follows:

	<u>Baht</u>
<b>Board of director</b>	
As at 1 January	-
Additions	22,000,000
Repayments	<u>(22,000,000)</u>
As at 31 December	<u>-</u>

The short-term borrowing from related party which maturity date was within 12 months and provided at 5% interest rates per annum with no collateral pledged.

24 Related party transactions (Cont'd)

b) Key management compensation

Key management compensation of the Company for the year ended 31 December 2018 and 2017 are as follows:

	<b>2018 Baht</b>	<b>2017 Baht</b>
Short-term employee benefits	13,693,880	10,481,068
Post-employee benefits	1,284,297	1,033,793
Surplus from share-based payments (Note 25)	61,161,480	-
	<u>76,139,657</u>	<u>11,514,861</u>

25 Share-based payments

As at 12 April and 22 May 2018, the Chief Executive Officer, a major shareholder of the Company disposed his ordinary shares through the Stock Exchange of Thailand by Big Lot Trading. Trading price is lower than the fair value. These transactions fall in-scope of share-based payment, which require the Company to measure the value of the ordinary shares by referring to fair value of shares as described in TFRS 2. Fair value of each ordinary share was calculated by the market approach referring to the closing price as at the transaction date. Fair value per share, trading price per share issued and the number of shares are as follows:

<b>Transaction date</b>	<b>No. of share Share</b>	<b>Fair value Baht per share</b>	<b>Trading price per share Baht per share</b>
12 April 2018	316,080,000	0.41	0.31
22 May 2018	173,844,000	0.57	0.40

The Company recorded expenses related to these transaction in financial statements for the year end 31 December 2018 for Baht 61.16 million in the account "Expense from share-based payments" under administrative expense and recognised "Surplus from share-based payments" in equity at the same amount.

The mentioned major shareholder of the Company has exited the position since 7 June 2018.

26 Commitments

a) Capital expenditure commitments

Capital expenditure as at the statement of financial position date but not recognised in the financial statements is as follows:

	<b>2018 Baht</b>	<b>2017 Baht</b>
Real estate for sale under development	-	7,267,720
Rental area improvement	4,054,487	-

**26 Commitments (Cont'd)**

**b) Commitments**

Commitments under non-cancellable agreements related to operating rental and service agreements as at the statement of financial position date are as follows:

	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
<b>Under operating rental agreement</b>		
Not later than 1 year	9,537,982	38,700,000
Later than 1 year but not later than 5 years	18,213,280	-
	<u>27,751,262</u>	<u>38,700,000</u>
<b>Under services agreement</b>		
Not later than 1 year	279,760	1,697,884
Later than 1 year but not later than 5 years	-	94,594
	<u>279,760</u>	<u>1,792,478</u>
Total	<u><u>28,031,022</u></u>	<u><u>40,492,478</u></u>

**c) Bank guarantees**

As at 31 December 2018, there were outstanding bank guarantees for a complying rental and service agreement amount of Baht 26.5 million and for ordinary business operations amount of Baht 4.5 million totaling of Baht 31 million (2017: Baht 5.95 million). The Company used cash at bank pledged as collateral.

**d) Significant litigations**

On 16 February 2018, the Company was filed a petition at the Bangkok South Civil Court ("the Court") a Civil case No. Por 897/2561 by a contractor who is service provider under Mechanical & Electrical, interior design and painting service contracts for the ABOVE 39 condominium project due to the breach of contract by the Company. The contractor filed a lawsuit against the Company requested the Company to repay the outstanding debts and retention claims plus interest charge at the rate of 7.50% per annum until the date of the lawsuit claim, in a totaling of Baht 21.97 million.

After having Court examination on 24 October 2018, the contractor accepted the repayment from the Company reduced to be Baht 10 million to Baht 14 million. The Court considered that both parties shall be accepted the release of claim and the cases should be compromised. The Court, therefore, defer prosecution witnesses and defendants to testify on 4 December 2018.

On 4 December 2018, the Company and the contractor accepted settlement of claim amount. The court has sentenced such release of claim. Based on settlement agreement, the Company agreed to pay the final claim including VAT amount of Baht 8.5 million and had fully settled to the contractor on 21 December 2018. Such litigation issue has released at the end of the current year.

**27 Equity and paid-up share capital ratio**

The financial statement as at 31 December 2018 shows that the equity is equal to 21 percent of the paid-up share capital. This financial ratio is less than 50 percent which means that the Stock Exchange of Thailand (SET) has posted a C (Caution) sign on the Company's listed securities continuously from the date of the announcement a C sign on 10 August 2018 in accordance with the Regulation of the SET: Measure in case of Events that may affect the Listed Companies' Financial Condition and Business Operation B.E. 2561 (2018). The Company convened a meeting to provide information and decided on a plan and progress to deal with this event with shareholders, investors and concerned parties on 24 August 2018 and 23 November 2018.

**28 Event occurring after the reporting date**

On 14 January 2019, Mr. Jirawud Kuvanant acquired 338,556,100 ordinary shares of the Company, representing 21.42% of total issued and paid-up shares of the Company and also acquired 868,314,297 units of DIGI-W2, representing 10.99% of total issued of DIGI-W2. Such transaction made through Big Lot on the SET from a majority shareholder who was formerly position as Chief Executive Officer of the Company. As resulted from such Big Lot transaction, Mr. Jirawud Kuvanant held 41.42% of total issued and paid-up shares of the Company. Thus, Mr. Jirawud Kuvanant is obliged to Mandatory Tender Offer pursuant to Notification No. Thor. Chor. 12/2554, Re: Rules, Conditions, and Procedures for the Acquisition of Securities for Business Takeovers dated May 13, 2011 (including any amendment thereto).The Tender Offer is made for a period of 25 business days from January 28, 2019 to March 4, 2019.