

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**TO THE SHAREHOLDERS AND BOARD OF DIRECTORS**  
**COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED**

We have audited the consolidated financial statements of Country Group Development Public Company Limited and its subsidiaries and the separated financial statements of Country Group Development Public Company Limited as at December 31, 2012, and the related consolidated and the separated statements of comprehensive income, the statement of changes in equity and the statements of cash flows for the years then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Thai Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the related consolidated and the separated statements of the financial statements referred to above present fairly, in all material respects, the financial position of Country Group Development Public Company Limited and its subsidiaries and of Country Group Development Public Company Limited as at December 31, 2012, the results of consolidated and the separated of operations and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

### **The emphasis information and events**

Without qualifying our opinion as discussed in Notes 1 to the financial statements, the Company's financial performance was adversely affected by the current economics crisis resulting loss, accumulated loss and negative cash flows from operation. These matters raise substantial doubt about its ability to continue as a going concern. However, the Company tried to solve these problems as discussed in note 1 to the financial statements. These financial statements are prepared under the going concern basis and do not include any adjustments relating the recoverability and reclassification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not be able to continue as a going concerns.

As discussed in Notes 34 to the financial statements, the Company has recorded loss from impairment of investment in subsidiary too high, in the amount of Baht 74.79 million. The Company revised the consolidated financial statements and retroactive adjustments.

Our opinion on the financial statements do not relate to the above emphasis information and events.

#### **Others**

The consolidated financial statements of Country Group Development Public Company Limited and its subsidiaries and the separated financial statements of Country Group Development Public Company Limited for the year ended December 31, 2011, were audited by another auditor in the same firm, gave an unqualified opinion, which emphasized paragraph about going concern and the Company and subsidiaries adopted the new and revised Thai Financial Reporting Standards issued by the Notification of Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after January 1, 2011 onwards, whose report dated February 24, 2012,

**Dr. Junyaporn Techamontrikul**  
Certified Public Accountant No. 6720  
United Auditing Limited

Bangkok.

February 27, 2013.

FINANCIAL STATEMENTS AND REPORT OF THE INDEPENDENT

CERTIFIED PUBLIC ACCOUNTANTS

COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011



## COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

('Baht)

		CONSOLIDATED		
		As at December 31,	As at December 31,	As at January 1,
		2012	2011	2011
Assets			(Adjustment)	(Adjustment)
<b>Current assets</b>	<b>Note</b>			
Cash and cash equivalents	7	103,309,855	166,033,136	214,131,895
Temporary investment	8	26,673,146	21,475,000	122,451,371
Trade accounts and other receivable	9	173,347,196	76,387,408	33,648,612
Revenues issued unbill		-	-	1,191,896
Other account receivable		-	-	1,200,000
Short-term loan to other person	10	-	15,500,000	-
Inventories		7,489	9,341,361	779,652
Land and cost of under construction project	11	455,889,859	393,765,547	307,253,645
Other current assets		23,653,445	16,299,529	24,423,293
Total current assets		<u>782,880,990</u>	<u>698,801,981</u>	<u>705,080,364</u>
<b>Non - current assets</b>				
Cash at bank with obligation	30.2,30.3	24,062,697	8,232,640	2,596,458
Other long-term investments	12	582,034	564,019	564,019
Property, plant and equipment - net	13	22,176,367	25,623,358	17,112,120
Intangible assets - net	14	1,506,794	2,087,825	1,249,825
Other non-current assets				
Withholding income tax		1,461,835	1,457,996	1,860,356
Deposits and others		5,640,350	5,680,999	5,837,560
Total non - current assets		<u>55,430,077</u>	<u>43,646,837</u>	<u>29,220,338</u>
<b>Total assets</b>		<u><u>838,311,067</u></u>	<u><u>742,448,818</u></u>	<u><u>734,300,702</u></u>

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

## COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION (Continued)

('Baht)

		CONSOLIDATED		
		As at December 31,	As at December 31,	As at January 1,
		2012	2011	2011
Liabilities and equity			(Adjustment)	(Adjustment)
<b>Current liabilities</b>	<b>Note</b>			
Trade accounts and other payable	15	194,729,264	121,095,946	37,385,929
Financial lease liabilities due within 1 year	17	2,751,437	1,527,235	-
Deposit and advance from customer		23,331,904	6,957,328	-
Other current liabilities		19,888,526	19,082,518	30,959,784
Total current liabilities		<u>240,701,131</u>	<u>148,663,027</u>	<u>68,345,713</u>
<b>Non-current liabilities</b>				
Long-term loan	16	80,000,000	-	-
Financial lease liabilities	17	2,569,490	2,672,660	-
Post-employment benefits obligation	18	4,327,708	3,589,878	4,214,740
Provision liabilities from impairment of investment in subsidiary company	34	-	-	-
Other non-current liabilities		20,000	-	43,000
Total non-current liabilities		<u>86,917,198</u>	<u>6,262,538</u>	<u>4,257,740</u>
<b>Total liabilities</b>		<u>327,618,329</u>	<u>154,925,565</u>	<u>72,603,453</u>
<b>Equity</b>				
<b>Share capital</b>	<b>19</b>			
Authorized share capital				
7,557,772,720 ordinary shares of Baht 1.00 each		<u>7,557,772,720</u>	<u>7,557,772,720</u>	
3,802,054,597 ordinary shares of Baht 1.00 each				<u>3,802,054,597</u>
Issued and paid-up share capital				
2,444,820,629 ordinary shares of Baht 1.00 each		2,444,820,629		
2,444,745,629 ordinary shares of Baht 1.00 each			2,444,745,629	
2,443,589,803 ordinary shares of Baht 1.00 each				2,443,589,803
Premium (discount) in share capital	19	(1,322,264,780)	(1,322,227,280)	(1,322,227,280)
Retained earnings (deficit) unappropriated	34	<u>(635,915,100)</u>	<u>(558,105,450)</u>	<u>(479,305,857)</u>
Total parent company		<u>486,640,749</u>	<u>564,412,899</u>	<u>642,056,666</u>
Non-controlling interests		<u>24,051,989</u>	<u>23,110,354</u>	<u>19,640,583</u>
<b>Total equity</b>		<u>510,692,738</u>	<u>587,523,253</u>	<u>661,697,249</u>
<b>Total liabilities and equity</b>		<u>838,311,067</u>	<u>742,448,818</u>	<u>734,300,702</u>

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

## COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

('Baht)

		SEPARATED FINANCIAL STATEMENTS		
		As at December 31,	As at December 31,	As at January 1,
Assets		2012	2011	2011
<b>Current assets</b>	<b>Note</b>			
Cash and cash equivalents	7	14,431,915	57,523,333	132,917,307
Temporary investment	8	26,673,146	21,475,000	122,451,371
Trade accounts and notes receivable - net	9	17,397,150	23,615,224	-
Accrued dividend income		9,535,283	-	-
Short-term loan to other person	10	-	15,500,000	-
Land and cost of under construction project	11	455,889,859	393,765,547	307,253,645
Other current assets		1,761,707	1,794,879	2,618,600
Total current assets		<u>525,689,060</u>	<u>513,673,983</u>	<u>565,240,923</u>
<b>Non - current assets</b>				
Investment in subsidiary companies - net	27.1	65,366,404	65,366,404	65,366,404
Property, plant and equipment - net	13	13,034,719	16,647,330	13,028,174
Intangible assets - net	14	1,469,291	1,999,141	876,178
Other non-current assets				
Withholding income tax		1,461,835	1,457,996	1,860,356
Deposits and others		2,125,291	2,167,698	2,365,221
Total non - current assets		<u>83,457,540</u>	<u>87,638,569</u>	<u>83,496,333</u>
<b>Total assets</b>		<u><u>609,146,600</u></u>	<u><u>601,312,552</u></u>	<u><u>648,737,256</u></u>

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



## COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION (Continued)

('Baht)

		SEPARATED FINANCIAL STATEMENTS		
		As at December 31,	As at December 31,	As at January 1,
Liabilities and equity		2012	2011	2011
<b>Current liabilities</b>	<b>Note</b>			
Trade accounts and other payable	15	30,728,868	43,165,464	681,853
Deposit and advance from customer		23,331,904	6,957,328	-
Other current liabilities		304,390	707,986	7,100,250
Total current liabilities		<u>54,365,162</u>	<u>50,830,778</u>	<u>7,782,103</u>
<b>Non-current liabilities</b>				
Long-term loan	16	80,000,000		-
Post-employment benefits obligation	18	2,492,848	2,159,052	-
Other non-current liabilities		-	-	23,000
Total non-current liabilities		<u>82,492,848</u>	<u>2,159,052</u>	<u>23,000</u>
<b>Total liabilities</b>		<u>136,858,010</u>	<u>52,989,830</u>	<u>7,805,103</u>
<b>Equity</b>				
<b>Share capital</b>	<b>19</b>			
Authorized share capital				
7,557,772,720 ordinary shares of Baht 1.00 each		<u>7,557,772,720</u>	<u>7,557,772,720</u>	
3,802,054,597 ordinary shares of Baht 1.00 each				<u>3,802,054,597</u>
Issued and paid-up share capital				
2,444,820,629 ordinary shares of Baht 1.00 each		2,444,820,629		
2,444,745,629 ordinary shares of Baht 1.00 each			2,444,745,629	
2,443,589,803 ordinary shares of Baht 1.00 each				2,443,589,803
Premium (discount) in share capital	19	(1,322,264,780)	(1,322,227,280)	(1,322,227,280)
Retained earnings (deficit) unappropriated		<u>(650,267,259)</u>	<u>(574,195,627)</u>	<u>(480,430,370)</u>
<b>Total equity</b>		<u>472,288,590</u>	<u>548,322,722</u>	<u>640,932,153</u>
<b>Total liabilities and equity</b>		<u>609,146,600</u>	<u>601,312,552</u>	<u>648,737,256</u>

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

## COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

('Baht)

	Note	CONSOLIDATED		SEPARATED FINANCIAL STATEMENTS	
		2012	2011	2012	2011
<b>Revenues</b>					
Revenues from sales		443,528,801	334,868,573	-	-
Revenues from services		95,460,439	102,368,522	-	-
Other income		8,136,629	7,594,742	1,293,765	2,751,182
Dividend income		-	1,190,000	13,550,139	1,190,000
Gain on sale of temporary investment		7,136,906	2,197,770	7,136,906	2,197,770
Unrealized gain on investment in securities		248,927	-	248,927	-
<b>Total revenues</b>		<b>554,511,702</b>	<b>448,219,607</b>	<b>22,229,737</b>	<b>6,138,952</b>
<b>Expenses</b>	23,24				
Cost of good sold		395,631,734	295,663,053	-	-
Cost of services		65,836,522	68,638,582	-	-
Selling expenses		44,436,582	29,950,536	30,639,212	21,534,779
Administrative expenses		70,294,289	73,018,454	39,465,242	42,103,069
Unrealized loss on investment in securities		-	11,628,523	-	11,628,523
Directors and managements' remuneration	24	44,491,044	36,714,116	25,920,203	21,484,315
<b>Total expenses</b>		<b>620,690,171</b>	<b>515,613,264</b>	<b>96,024,657</b>	<b>96,750,686</b>
<b>Profit (loss) before finance costs and income tax</b>		<b>(66,178,469)</b>	<b>(67,393,657)</b>	<b>(73,794,920)</b>	<b>(90,611,734)</b>
Finance costs		(2,814,716)	(62,191)	(2,276,712)	-
<b>Profit (loss) before income tax</b>		<b>(68,993,185)</b>	<b>(67,455,848)</b>	<b>(76,071,632)</b>	<b>(90,611,734)</b>
Income tax	25	(3,659,969)	(6,343,974)	-	-
<b>Profit (loss) for the periods</b>		<b>(72,653,154)</b>	<b>(73,799,822)</b>	<b>(76,071,632)</b>	<b>(90,611,734)</b>
<b>Other comprehensive income</b>					
Other comprehensive income		-	-	-	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>(72,653,154)</b>	<b>(73,799,822)</b>	<b>(76,071,632)</b>	<b>(90,611,734)</b>
<b>Profit (loss) attributable to :</b>					
Parent company		(77,809,650)	(78,258,534)	-	-
Non-controlling interests		5,156,496	4,458,712	-	-
		<b>(72,653,154)</b>	<b>(73,799,822)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income attributable to</b>					
Parent company		(77,809,650)	(78,258,534)	-	-
Non-controlling interests		5,156,496	4,458,712	-	-
		<b>(72,653,154)</b>	<b>(73,799,822)</b>	<b>-</b>	<b>-</b>
<b>Earnings (loss) per shares</b>	26				
Basic earnings (loss) per shares		(0.03)	(0.03)	(0.03)	(0.04)
Weighted average number of ordinary shares (shares)		2,444,801,314	2,443,730,995	2,444,801,314	2,443,730,995
Diluted earnings per share		(0.03)	(0.03)	(0.03)	(0.04)
Diluted number of ordinary shares (shares)		2,444,801,314	2,506,180,686	2,444,801,314	2,506,180,686

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

## COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

('Baht)

## CONSOLIDATED

Note	The parent company's equity				Non-controlling interests	Total
	Issued and paid-up share capital	Premium (discount) on share capital	Retained earning unappropriated (deficit)	Total parent company		
Beginning balance as at January 1, 2011	2,443,589,803	(1,322,227,280)	(554,098,170)	567,264,353	19,640,583	586,904,936
Effect from change in accounting policy	34	-	74,792,313	74,792,313	-	74,792,313
Beginning balance as at January 1, 2011	2,443,589,803	(1,322,227,280)	(479,305,857)	642,056,666	19,640,583	661,697,249
Changing in non-controlling interests	-	-	(541,059)	(541,059)	541,059	-
<b>Changing in equity</b>						
Increase in share capital	19	1,155,826	-	1,155,826	-	1,155,826
Subsidiary's dividend paid to non-controlling interests	-	-	-	-	(1,530,000)	(1,530,000)
Total comprehensive income for the periods	-	-	(78,258,534)	(78,258,534)	4,458,712	(73,799,822)
<b>Ending balance as at December 31, 2011</b>	<b>2,444,745,629</b>	<b>(1,322,227,280)</b>	<b>(558,105,450)</b>	<b>564,412,899</b>	<b>23,110,354</b>	<b>587,523,253</b>
Beginning balance as at January 1, 2012	2,444,745,629	(1,322,227,280)	(558,105,450)	564,412,899	23,110,354	587,523,253
<b>Changing in equity</b>						
Increase in share capital	19	75,000	(37,500)	37,500	-	37,500
Subsidiary's dividend paid to non-controlling interests	-	-	-	-	(4,214,861)	(4,214,861)
Total comprehensive income for the periods	-	-	(77,809,650)	(77,809,650)	5,156,496	(72,653,154)
<b>Ending balance as at December 31, 2012</b>	<b>2,444,820,629</b>	<b>(1,322,264,780)</b>	<b>(635,915,100)</b>	<b>486,640,749</b>	<b>24,051,989</b>	<b>510,692,738</b>

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

COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

('Baht)

	Note	SEPARATED FINANCIAL STATEMENTS			
		Issued and paid-up share capital	Premium (discount) on share capital	Retained earning unappropriated (deficits)	Total
Beginning balances as at January 1, 2011		2,443,589,803	(1,322,227,280)	(483,583,893)	637,778,630
<b>Changing in equity</b>					
Increase in share capital	19	1,155,826	-	-	1,155,826
Total comprehensive income for the periods		-	-	(90,611,734)	(90,611,734)
<b>Ending balance as at December 31, 2011</b>		<b>2,444,745,629</b>	<b>(1,322,227,280)</b>	<b>(574,195,627)</b>	<b>548,322,722</b>
Beginning balances as at January 1, 2012		2,444,745,629	(1,322,227,280)	(574,195,627)	548,322,722
<b>Changing in equity</b>					
Increase in share capital	19	75,000	(37,500)	-	37,500
Total comprehensive income for the periods		-	-	(76,071,632)	(76,071,632)
<b>Ending balance as at December 31, 2012</b>		<b>2,444,820,629</b>	<b>(1,322,264,780)</b>	<b>(650,267,259)</b>	<b>472,288,590</b>

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



## COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

('Baht)

	CONSOLIDATED		SEPARATED FINANCIAL STATEMENTS	
	2012	2011	2012	2011
<b>Cash flows from investing activities</b>				
(Increase) decrease in cash at bank with obligation	(15,830,056)	(5,636,183)	-	-
Cash paid for purchase building in progress and other fixed assets	(5,290,757)	(13,816,332)	(471,443)	(6,600,106)
Cash received from sale furniture and office equipment	3,795,791	4,583,106	35,000	-
Cash paid for purchase intangible assets	(27,550)	(1,707,100)	(24,000)	(1,667,300)
<b>Net cash provided by (used in) investing activities</b>	<b>(17,352,572)</b>	<b>(16,576,509)</b>	<b>(460,443)</b>	<b>(8,267,406)</b>
<b>Cash flows from financing activities</b>				
Loan from financial institute	80,000,000.00	-	80,000,000	-
Cash paid for financial lease liabilities	(2,578,969)	-	-	-
Cash received from increase in share capital	37,500	1,155,826	37,500	1,155,826
Cash paid for dividend to non-controlling interests	(4,214,861)	(1,530,000)	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>73,243,670</b>	<b>(374,174)</b>	<b>80,037,500</b>	<b>1,155,826</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(62,723,281)</b>	<b>(48,098,759)</b>	<b>(43,091,418)</b>	<b>(75,393,974)</b>
Cash and cash equivalents at the beginning of the periods	166,033,136	214,131,895	57,523,333	132,917,307
<b>Cash and cash equivalents at the ending of the periods</b>	<b>103,309,855</b>	<b>166,033,136</b>	<b>14,431,915</b>	<b>57,523,333</b>

COUNTRY GROUP DEVELOPMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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**1. Going concern**

The Company has continuous loss for many year. There are accumulated loss and negative cash flow from operation which raise substantial doubt about its ability to continue as a going concern. However, the Company's managements have contacted with several financial institutes for project financing which has been interested from many financial institutions. In third quarter 2012, the Company signed the project financing with one financial institute in the amount of Baht 868 million (see note 16 ) for the condominium project which is in progress of construction and continue to sell since second quarter 2011.

These financial statements are prepared with generally accepted accounting principles under the going concern basis.

If the Company is unable to continue as a going concern, it may be required to dispose its assets or pay liabilities which is not the normal course of business and at the amounts that different from those stated in the financial statements. These financial statements do not include any adjustments relating the recoverability and reclassification of recorded assets amounts or to the amounts and classification of liabilities that might be necessary should the Company not be able to continue as a going concerns.

**2. The Company and subsidiaries operations**

**2.1 The Company operation**

Country Group Development Public Company Limited ("the Company") is incorporated in Thailand on March 29, 1995 and has registered its office at 1 Q-House Lumpini Building, 11<sup>th</sup> floor, room no. 1103, South Sathorn Road, Tung Mahamek, Sathorn and Bangkok. Its main business is a holding company and real estate.

The Company was listed on the Stock Exchange of Thailand on May 7, 1997. In December 2006, the Company submitted a filing to the Stock Exchange of Thailand and was listed on the Market for Alternative Investment ("MAI") and commenced trading on June 25, 2007.

## 2.2 Subsidiaries operation

A-HOST Company Limited is incorporated in Thailand on August 20, 1999 and has registered its head office at 979/53-55, SM Tower, 21<sup>st</sup> Floor, Phaholyotin road, Samsennai, Phayathai, Bangkok. Its main business is to sale and to provide rendering service related to computer software.

Avision Company Limited is incorporated in Thailand on September 15, 2004 and has registered its head office at 979/52 SM Tower 21<sup>st</sup> Floor, Phaholyothin road, Samsennai, Phayathai, Bangkok. Its main business is to sale and to provide rendering service related to computer software.

ABCs Company Limited is incorporated in Thailand on January 10, 2008 and has registered its head office at 99/28, Software Park Building, 7<sup>th</sup> Floor, Unit D, Chaengwattana road, Khlong Gleua, Pakkred, Nonthaburi. Its main business is to sale and to provide rendering service related to computer software.

## 3. Basis of preparation and presentation of the financial statements

3.1 The consolidated financial statements and separated statements are prepared in conformity with financial reporting standards and practices generally accepted accounting in Thailand. The format financial statement presentation is compliance with Thai Accounting Standard No.1 (revised 2009) "Presentation of Financial Statement", which is effective for financial statements for the accounting periods beginning on or after January 1, 2011 onwards and prepared in accordance with the Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statements B.E. 2554".

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

3.3 This consolidated financial statements are included the financial statements of Country Group Development Public Company Limited and its subsidiaries in Thailand as follows:

Subsidiaries	Location	Type of business	Percentage of holding (%)		
			As at December 31,		
			2012	2011	
Direct					
A-HOST Company Limited	Thailand	Sale and provide rendering service related to computer software	83.64	83.64	
Indirect					
Avision Company Limited	Thailand	Sale and provide rendering service related to computer software	40.98	40.98	
ABCs Company Limited	Thailand	Sale and provide rendering service related to computer software	75.28	75.28	



- The consolidated financial statements' company included financial statements of two indirect subsidiaries in interim consolidated financial statements since the Company has power both directly and indirectly, to control their financial and operating policies so as to obtain benefits from their activities of two subsidiaries.

3.4 The consolidated financial statement is the consolidation between the Company's and its subsidiaries' accounts. Thereby, inter-company sales and balance as well as profit or loss that has not occur-yet are eliminated from this financial statement. Accounting policy for subsidiaries will change according to head offices in order to consolidated the information about non-controlling interests which is the separated account in the consolidated statements of financial position and the statement of comprehensive income.

3.5 Assets, liabilities and operating results of subsidiaries are included in the consolidated financial statements from the date that control commences.

#### 4. New and revised Thai Financial Reporting Standards announced but not effective

The Federation of Accounting Professions has issued the Notifications regarding the Thai Financial Reporting Standards ,Thai Accounting Standards (TAS), and Thai Accounting Standards and Thai Financial Reporting Standards Interpretation (TSI) which will become effective for the financial statements for the accounting periods beginning on or after January 1, 2013 and 2014 onwards as follows;

		Effective date
<b>Thai Financial Reporting Standards</b>		
TFRS 8	Operating Segments	January 1, 2013
<b>Thai Accounting Standards</b>		
TAS 12	Income Taxes	January 1, 2013
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	January 1, 2013
<b>Thai Accounting Standards Interpretation</b>		
TSI 10	Government Assistance - No Specific Relation to Operating Activities	January 1, 2013
TSI 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets	January 1, 2013
TSI 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	January 1, 2013
TSI 29	Disclosure of Service Concession	January 1, 2014
<b>Thai Financial Reporting Standards Interpretation</b>		
TFRI 4	Determining whether an a agreement contains a lease or not	January 1, 2014
TFRI 12	Service Concession Agreement	January 1, 2014
TFRI 13	Benefits to Customer	January 1, 2014

The Company and subsidiaries management anticipates to adopt the accounting standards that affect to the Company's financial statements when they become effective. The management are now evaluating the impact to financial statement for the year those accounting standards will be started.

## **5. Summary of significant accounting policies**

5.1 The Company and subsidiaries recognize their revenue and expenses, as follows:

5.1.1 Revenue from sale is recognized in the statement of income when the significant risks and rewards of ownership have been passed to the buyer.

5.1.2 Service income is principally based on services rendered and completion of work.

5.1.3 Dividend income is recognized in the statement of income when the right to receive the dividend is established. Dividend from investments in marketable securities will recognize at the announcement dividend date.

5.1.4 Other incomes and expenses are recognized based on an accrual basis.

5.2 Cash and cash equivalents consist of cash on hand and cash at financial institutions except cash at financial institutions which maturity of refund over 3 months and cash at bank with obligation.

5.3 Account receivables are presented on anticipated realizable value, the Company and subsidiary record the allowance for doubtful accounts by historical uncollected experiences, condition of economic and the account receivable's ability for the repayment. Doubtful accounts record to statement of income.

5.4 Land and cost of under construction project

- Land and cost of under development project are stated at cost or net realizable value whichever is lower. The project cost consists of : cost of land, development cost, construction cost, miscellaneous expenses of the project and interest expenses. Interest expenses will be stopped to recognize as cost whenever the construction project have been completed or stop development.

5.5 The subsidiaries are stated the value their inventories at cost (specific cost) or net realizable value, whichever is lower and net realizable value estimated selling price in normal business conditions less selling expenses.

## 5.6 Investment

- a) Investments in subsidiaries in the separated financial statements are stated at cost less allowance for impairment (if any). The Company recognized loss from impairment of investment in subsidiaries in the statement of income without the goodwill amortization. Subsidiaries represent those companies held not less than 50% of the equity or controlled directly or indirectly by the Company.
- b) Investments in non-marketable equity securities held for long-term investment, which are classified as other investments, are stated at cost net of allowance for impairment (if any). Loss of impairment recognized in the statement of income.
- c) Investments in marketable securities held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in the statement of income. The fair value of financial instruments classified as held-for-trading is determined as the quoted bid price at the balance sheet date. If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment. On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain (loss) that was reported in equity is recognized in the statement of income.
- d) Temporary investment is investment in debt securities held-to-maturity are presented at amortized cost net of allowance for impairment (if any). In case the securities have impairment, impairment losses recognized to expenses, no interest expense in the statement of income. The difference between cost and redemption value of an investment in debt securities is amortized by straight line over the remaining period of the investment, which is credited or charged to interest income and is added to or subtracted from the carrying amount of the securities.

5.7 Building and equipments of the Company and subsidiaries are stated at cost less accumulated depreciation. Depreciation is calculated on a straight – line basis over the following estimated useful lives:

Land improvement	5	Years
Building and building improvement	5	Years
Furniture and fixtures	3 and 5	Years
Office equipment	3 and 5	Years
Vehicles	5	Years

5.8 The Company and subsidiaries recorded intangible asset as follow:

5.8.1 The Company and subsidiaries are recorded computer software as intangible asset and is stated at costs less accumulated amortization and allowance for impairment (if any). Amortization is charged to the statement of income. Amortization intangible asset are calculated by the straight-line method following the expected periods of economic useful lives of intangible assets for 5 years.

5.8.2 Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of net assets acquired. Negative goodwill arising on acquisition represents the excess of the fair value of the net assets acquired over the cost of acquisition. Goodwill and negative goodwill, carried in the financial statements that arose from a business combination for which the agreement date was before January 1, 2008, are stated at net cost less accumulated amortization and allowance for impairment as at December 31, 2007, Goodwill arising from a business combination for which the agreement date begins on or after January 1, 2008, are stated at cost less accumulated impairment losses. Negative goodwill is recognized as income in the statement of income in the year of the business combination.

5.9 Employee benefits

5.9.1 Short-term benefits

- The Company records the payment to workmen's compensation fund as expenses throughout the accounting period.
- The Company records the payment to provident fund as expenses throughout the accounting period.

#### 5.9.2 Long-term benefits

The Company and subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate.

The obligation under the defined benefit plan is determined by calculated with estimated about post-employment benefits obligation under Labor, Protection Act from the actuarial estimates, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate.

Actuarial gains and losses arising from post-employment benefits are recognized in full in other comprehensive income.

5.10 The Company and subsidiaries are recorded foreign currency transactions at the following exchange rates:

- Foreign currency transactions are translated into Baht at exchange rates prevailing at the date of transactions.
- Assets and liabilities denominated in foreign currencies outstanding at the balance sheet date are translated into Baht at the exchange rates determined by the Bank of Thailand.
- Gain or loss on exchange rate is shown in revenue or expense in statement of income.

5.11 Forward foreign currency contract

- The subsidiaries has entered into forward foreign currency contracts so as to manage the risk of contingent liabilities from changing of foreign exchange rate.
- The difference of not maturity date of foreign exchange rate is the different between the prompt foreign exchange rate and the reference foreign exchange rate ended the year of the bank of Thailand and recognized as revenue or expense for the year.
- The difference between forward exchange rates and prompt exchange rates in the forward foreign currency contract are amortized as revenue or expenses the duration of contract.

## 5.12 Lease

### 5.12.1 Financial Leases

Leases of assets, where the Company has transferred all the risks and rewards of ownership and intend to buy assets when the end of period of lease contract, are classification as finance leases. Financial leases are capitalizing at the inception of the lease record with liabilities occur from lease payment in the future, by not include interest expense which are financial cost. Financial cost are recorded as expenses according to the proportion of the liabilities balance outstanding.

Gain from sales assets and lease back which recorded as deferred income and amortized throughout period of lease, using by effective rate method. In case the return rental as financial lease.

### 5.12.2 Operating Leases

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessors are classified as operating leases. Lease payments under an operating lease are recognized as expenses in the statements of income.

5.13 The Company and subsidiaries recognized the corporate income tax to be paid based on Revenue Code by using tax rate at the statements of financial position dated.

### 5.14 Earning (loss) per share

- Basic earnings (loss) per share are calculated by dividing the net profit (loss) for the year by the sum of weighted average number of the ordinary shares in issue during the year.
- Diluted earnings (loss) per share is computed by dividing net profit (loss) for the year by the sum of weighted average number of ordinary shares in issue during the year plus weighted average number of ordinary shares to be issued upon conversion of warrants into ordinary shares.

## 5.15 Estimated

Preparation of financial statements in conformity with generally accepted accounting principles require management to make estimation and assumptions about book value critical amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may be differ from those estimation. The significant areas that management need to use their judgments and estimation that will effect on the amounts and disclosures are as follows:

### 5.15.1 Estimated liabilities

Estimated liabilities are recognized as liabilities in the statements of financial position when the Company and subsidiaries are probable that an obligation has been incurred as a result of a past event, it is possible that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be reasonably estimated.

### 5.15.2 Impairment

The carrying amounts of the Company's assets are reviewed at each the statements of financial position dated to determine whether there is any indication of impairment. If any such indication exists, the Company will estimate the asset's recoverable amounts.

### 5.15.3 Allowance for doubtful accounts

The Company and subsidiaries estimated the allowance for doubtful accounts from the ending balance of accounts receivable. The estimate encompasses consideration of past collection experiences and other factors, such as changes in the composition and volume of the receivable, the relationship of the allowance for doubtful accounts to the receivable and the local economic conditions.

### 5.15.4 Fair value of financial instruments

To estimate the fair value of Financial Instruments which not be traded in the market, the management uses the generally accepted method of fair value calculations by using various factors such as liquidity, relative information and change of financial instruments in long-term.

## 6. Supplementary of cash flows

In 2011, the subsidiary company has enter into sale contract and sale and leaseback computer equipment in the amount of Baht 4.58 million which financial lease contract 36 period in the amount of Baht 158,360.04 per period which was not related with cash flows from operating activities and investing activities.

In 2012, the subsidiary company has enter into sale contract and sale and leaseback computer equipment in the amount of Baht 3.70 million which financial lease contract 36 period in the amount of Baht 121,135.77 per period which was not related with cash flows from operating activities and investing activities.

## 7. Cash and cash equivalents

Cash and cash equivalents, as at December 31, 2012 and 2011 consist of:

	Consolidated		Separated financial statements	
	2012	2011	2012	2011
Cash	82,781	82,674	17,781	17,674
Saving account	77,610,793	126,147,459	13,608,144	58,053,621
Fixed deposit 3 month	27,234,738	44,808,033	-	-
Current account	(1,618,457)	(5,005,030)	805,990	(547,962)
Total	103,309,855	166,033,136	14,431,915	57,523,333

## 8. Temporary investment

As at December 31, 2012 and 2011, the Company has invested in securities, as follows:

	Consolidated and Separated financial statements			
	2012		2011	
Temporary security	Cost/ Cost amortize	Fair value	Cost/ Cost amortize	Fair value
Trade security				
Equity securities	26,424,219	26,424,219	33,103,523	21,475,000
Unrealized gain (loss)	248,927	248,927	(11,628,523)	-
Total trade securities	26,673,146	26,673,146	21,475,000	21,475,000



For the years ended December 31, 2012 and 2011, investment in trade securities have changed, as follows:

	('Baht)	
	Consolidated and Separated financial statements	
	2012	2011
Book value as at January 1 - net	21,475,000	122,451,371
Amount of purchase securities	122,000,000	125,328,123
Amount of sale securities	(117,050,781)	(214,675,971)
Changing in fair value of trade securities	248,927	(11,628,523)
Book value as at December 31 - net	26,673,146	21,475,000

#### 9. Accounts and other receivable

Accounts and other receivable as at December 31, 2012 and 2011, as follows:

	Consolidated		Separated financial statements	
	2012	2011	2012	2011
Accounts receivable	144,193,530	46,092,455	-	-
Receivable installment due	2,619,621	-	2,619,621	-
Income due in contract	(2,619,621)	-	(2,619,621)	-
<u>Less</u> Allowance for doubtful account	(3,188,106)	(3,188,106)	-	-
Balance	141,005,424	42,904,349	-	-
Notes receivable	-	119,680	-	-
Accounts and notes receivable-net	141,005,424	43,024,029	-	-
Other receivable				
Other receivable	-	37,944	-	-
Prepaid expenses	30,794,504	32,680,661	16,941,350	23,000,320
Advance	463,800	-	455,800	-
Accrued income	1,083,468	644,774	-	614,904
Accounts and other receivable-net	173,347,196	76,387,408	17,397,150	23,615,224

Trade accounts receivable are classified by aging as follows:

	('Baht)			
	Consolidated		Separated financial statements	
	2012	2011	2012	2011
Current	102,889,058	21,400,637	-	-
Not over 1-3 months	25,321,720	13,359,704	-	-
Over 3 - 6 months	2,050,115	5,037,691	-	-
Over 6 - 12 months	3,353,057	3,106,317	-	-
Over 12 months	10,579,580	3,188,106	-	-
Total	144,193,530	46,092,455	-	-

#### 10. Short-term loan to other person

The Company has entered into loan to other person the balance as at December 31, 2011, in the amount of Baht 15.50 million with interest rate at 8% per annum due date of repayment within January 2012. These loan not have guarantee, so the loaner give cashier cheque in the amount of Baht 16.12 million to the Company for repayment. The Company has received total amount on January 3, 2012.

#### 11. Land and cost of under construction project

Land and cost of under construction project, as at December 31, 2012 and 2011, as follows:

	('Baht)			
	Consolidated		Separated financial statements	
	As at December 31, 2012	As at December 31, 2011	As at December 31, 2012	As at December 31, 2011
Land	299,113,725	298,000,000	299,113,725	298,000,000
Condominium construction	98,483,094	60,775,820	98,483,094	60,775,820
Cost of construction design	11,253,584	6,540,234	11,253,584	6,540,234
Other expenses of project	37,189,456	28,449,493	37,189,456	28,449,493
Loan cost	9,850,000	-	9,850,000	-
Total	455,889,859	393,765,547	455,889,859	393,765,547

The Company has mortgage land and building in future of The Element project which stated in land and cost of under construction in project to institute financial for collaterals long-term loan from financial institute which has mortgage capital in the amount of Baht 883 million. (see note 16)

## 12. Long-term investment

As at December 31, 2012 and 2011, the Company has a fixed deposit 12 months total of Baht 0.58 million and Baht 0.56 million for each year with the interest rate of 2.35 percent per annum and 0.85 percent per annum respectively.

## 13. Property, plant and equipment - net

Property, plant and equipment of the Company have transaction movement as follows:

Type of assets	Consolidated				(Baht)
	Balance as at December 31, 2011	Purchase or acquire	Selling or disposal	* Other	Balance as at December 31, 2012
<b>Cost</b>					
Building	12,191,925	-	-	-	12,191,925
Building improvement	1,757,500	-	-	-	1,757,500
Furniture and fixture	15,310,589	451,030	(1,623,066)	-	14,138,553
Office equipment	16,123,376	1,139,727	(287,700)	-	16,975,403
Office equipment under financial lease	4,581,704	3,700,000	-	-	8,281,704
Vehicle	1,737,680	-	-	-	1,737,680
Total	51,702,774	5,290,757	(1,910,766)	-	55,082,765
<b>Less Accumulated depreciation</b>					
Building	(1,823,778)	(2,438,385)	-	-	(4,262,163)
Building improvement	(231,123)	(351,500)	-	-	(582,623)
Furniture and fixture	(10,923,324)	(1,306,546)	1,023,005	-	(11,206,865)
Office equipment	(12,383,188)	(1,667,621)	850,645	-	(13,200,164)
Office equipment under financial lease	(418,420)	(2,589,044)	-	-	(3,007,464)
Vehicle	(299,583)	(347,536)	-	-	(647,119)
Total	(26,079,416)	(8,700,632)	1,873,650	-	(32,906,398)
Property, plant and equipment - net	25,623,358	(3,409,875)	(37,116)	-	22,176,367
Depreciation for the years	5,595,420				8,700,632

Type of assets	Consolidated				(Baht)
	Balance as at	Purchase or	Selling or	* Other	Balance as at
	December 31, 2010	acquire	disposal		December 31, 2011
<b>Cost</b>					
Building	-	-	-	12,191,925	12,191,925
Building in progress	9,921,842	2,270,083	-	(12,191,925)	-
Building improvement	-	1,757,500	-	-	1,757,500
Furniture and fixture	12,824,970	2,485,619	-	-	15,310,589
Office equipment	15,851,320	2,040,671	(1,768,615)	-	16,123,376
Office equipment under financial lease	-	4,581,704	-	-	4,581,704
Vehicle	988,680	749,000	-	-	1,737,680
Total	39,586,812	13,884,577	(1,768,615)	-	51,702,774
<b>Less Accumulated depreciation</b>					
Building	-	(1,823,778)	-	-	(1,823,778)
Building improvement	-	(231,123)	-	-	(231,123)
Furniture and fixture	(10,010,761)	(912,563)	-	-	(10,923,324)
Office equipment	(12,416,258)	(1,957,626)	1,990,696	-	(12,383,188)
Office equipment under financial lease	-	(418,420)	-	-	(418,420)
Vehicle	(47,673)	(251,910)	-	-	(299,583)
Total	(22,474,692)	(5,595,420)	1,990,696	-	(26,079,416)
Property, plant and equipment - net	17,112,120	8,289,157	222,081	-	25,623,358
Depreciation for the years	2,212,269				5,595,420

The book value before accumulated depreciation of fully depreciated of plant and equipment that are still in use in the consolidated financial statements as at December 31, 2012 and 2011 amounted to Baht 22.24 million and Baht 18.07 million respectively.

Other transaction which occurred from reclassifies building in progress to be building because construction are complete.

					(‘Baht)
	Separated financial statements				
Type of assets	Balance as at December 31, 2011	Purchase or acquire	Selling or disposal	* Other	Balance as at December 31, 2012
Cost					
Building	12,191,925	-	-	-	12,191,925
Building improvement	1,757,499	-	-	-	1,757,499
Furniture and fixture	2,502,037	-	-	-	2,502,037
Office equipment	2,116,263	471,444	(47,000)	-	2,540,707
Vehicle	1,737,680	-	-	-	1,737,680
Total	20,305,404	471,444	(47,000)	-	20,729,848
<u>Less Accumulated depreciation</u>					
Building	(1,823,778)	(2,438,385)	-	-	(4,262,163)
Building improvement	(231,123)	(351,500)	-	-	(582,623)
Furniture and fixture	(432,894)	(500,408)	-	-	(933,302)
Office equipment	(870,696)	(409,174)	9,948	-	(1,269,922)
Vehicle	(299,583)	(347,536)	-	-	(647,119)
Total	(3,658,074)	(4,047,003)	9,948	-	(7,695,129)
Property, plant and equipment - net	16,647,330	(3,575,559)	(37,052)	-	13,034,719
Depreciation for the years	2,980,532				4,047,003

	Separated financial statements					('Baht)
Type of assets	Balance as at December 31, 2010	Purchase or acquire	Selling or disposal	* Other	Balance as at December 31, 2011	
<b>Cost</b>						
Building	-	-		12,191,925	12,191,925	
Building in progress	9,921,842	2,270,083	-	(12,191,925)	-	
Building improvement	-	1,757,499	-	-	1,757,499	
Furniture and fixture	1,380,272	1,121,765	-	-	2,502,037	
Office equipment	1,416,705	701,758	(2,200)	-	2,116,263	
Vehicle	988,680	749,000	-	-	1,737,680	
<b>Total</b>	<b>13,707,499</b>	<b>6,600,105</b>	<b>(2,200)</b>	<b>-</b>	<b>20,305,404</b>	
<b><u>Less Accumulated depreciation</u></b>						
Building	-	(1,823,778)	-	-	(1,823,778)	
Building improvement	-	(231,123)	-	-	(231,123)	
Furniture and fixture	(65,911)	(366,983)	-	-	(432,894)	
Office equipment	(565,741)	(306,738)	1,783	-	(870,696)	
Vehicle	(47,673)	(251,910)	-	-	(299,583)	
<b>Total</b>	<b>(679,325)</b>	<b>(2,980,532)</b>	<b>1,783</b>	<b>-</b>	<b>(3,658,074)</b>	
<b>Property, plant and equipment - net</b>	<b>13,028,174</b>	<b>3,619,573</b>	<b>(417)</b>	<b>-</b>	<b>16,647,330</b>	
<b>Depreciation for the years</b>	<b>316,564</b>				<b>2,980,532</b>	

#### 14. Intangible assets - net

Intangible assets have transaction movement as follows:

('Baht)

	Consolidated			
	Balance as at December 31, 2011	Purchase/ acquire	Amortized	Balance as at December 31, 2012
Computer software	2,087,825	27,550	(608,581)	1,506,794
Amortization	869,100			608,581

('Baht)

	Consolidated			
	Balance as at December 31, 2010	Purchase/ acquire	Amortized	Balance as at December 31, 2011
Computer software	1,249,825	1,707,100	(869,100)	2,087,825
Amortization	970,417			869,100

('Baht)

	Separated financial statements			
	Balance as at December 31, 2011	Purchase/ acquire	Amortized	Balance as at December 31, 2012
Computer software	1,999,141	24,000	(553,850)	1,469,291
Amortization	544,337			533,850

('Baht)

	Separated financial statements			
	Balance as at December 31, 2010	Purchase/ acquire	Amortized	Balance as at December 31, 2011
Computer software	876,178	1,667,300	(544,337)	1,999,141
Amortization	182,066			544,337

## 15. Trade accounts and other payable

Trade accounts and other payable as at December 31, 2012 and 2011 are as follows:

			(Baht)	
	Consolidated		Separated financial statements	
	2012	2011	2012	2011
Trade account payable				
Accounts payable - local	129,944,796	89,362,037	15,323,520	34,765,155
Accounts payable - foreign	23,428,398	9,792,082	-	-
Other payable				
Other payable	4,255,910	3,061,757	1,414,033	2,263,503
Accrued expenses	27,305,176	17,580,838	10,217,683	4,837,573
Advance income	9,562,051	1,299,232	3,773,632	1,299,233
Total account and other payable	194,496,331	121,095,946	30,728,868	43,165,464
Forward foreign exchange lease liabilities				
Forward foreign exchange rate - bank receivable	(15,181,142)	-	-	-
Less Forward foreign exchange rate - bank payable	15,414,075	-	-	-
Forward foreign exchange rate - bank receivable and bank payable - net	232,933	-	-	-
Total	194,729,264	121,095,946	30,728,868	43,165,464

The subsidiary entered into forward foreign exchange rate contract with one local commercial bank in the amount of Baht 60 million and records the bank to be account receivable and account payable by account receivable will be converted with the rate of selling rate by the weighted average of the commercial bank. The different is discount from forward foreign exchange rate and amortized following the duration of contract for the risk of foreign currency for the liabilities.

As at December 31, 2012, the subsidiary has the balance of import goods in the amount of USD 0.76 million by forward foreign exchange rate contract for protect the risk of exchange rate with one financial institute in the amount of USD 0.50 million.

## 16. Long-term loan

On August 1, 2012 the Company entered into a long-term loans with a financial institution, the credit line is as follow;

Type	Amount	Terms of repayment	Interest rate	Collateral
Long-term loans	Baht 868 million divided into - Credit limit of land in the amount of Baht 80 million drawn on the already implementation of the security within the 5 <sup>th</sup> of October 2555 which was drawn up on August 6, 2012. - Credit limit of the development, construction and decoration of Baht 788 million, with the withdrawal of the four terms in the contract. Time limit of five years from the first installment of the loan amount.	- Non-secured 65 percent of the sales price. Repayment schedule and the minimum per square meter of apartment units is not less than Baht 34,775.	MLR per annum	- Mortgage of land and buildings in the future of The Elements project, The right of mortgage capital is Baht 883 million. (see note 11) - Guaranteed by the director. Mr. Sadawut Taechaubol and Mr. Ben Taechaubol in Baht 883 million credit lines throughout the loans.
LG, LC, DLC	Baht 15 million			

## 17. Financial lease liabilities

Financial lease liabilities of the Company as follows:

(‘Baht)

	Consolidated			
	Within 1 year		Over 1 year but not over 5 years	
	As at	As at	As at	As at
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Financial lease liabilities	3,353,950	1,900,321	3,001,075	3,325,560
<u>Less</u> Unearned interest	(383,096)	(248,766)	(235,253)	(435,340)
Deferred input vat	(219,417)	(124,320)	(196,332)	(217,560)
Net	<u>2,751,437</u>	<u>1,527,235</u>	<u>2,569,490</u>	<u>2,672,660</u>

In 2011, the subsidiary has entered into sale and lease back computer equipment which the financial lease 36 period in the amount of Baht 158,360.04 per period.

In 2012, the subsidiary has entered into sale and lease back computer equipment which the financial lease 36 period in the amount of Baht 121,135.77 per period.



## 18. Post-Employment Benefits Obligation

The Company and subsidiaries have post-employment benefits plans under the Thai Labor Protection Act, which is the benefit plans for a specific purpose.

Amounts recognized in the statement of comprehensive income in respect of the defined benefit plans for the years ended December 31, 2012 and 2011 are as follows:

	('Baht)			
	Consolidated		Separated financial statements	
	For the years ended December 31,			
	2012	2011	2012	2011
Current service cost	561,418	(829,311)	236,639	(1,136,380)
Interest cost	176,412	204,449	97,157	141,909
Total	737,830	(624,862)	333,796	(994,471)

Changing in the present value of the defined benefit obligation for the years ended December 31, 2012 and 2011 are as follows:

			('Baht)	
	Consolidated		Separated financial statements	
	2012	2011	2012	2011
Beginning present value of post-employment benefits obligation	3,589,878	4,214,740	2,159,052	3,153,523
Current service costs	561,418	(829,311)	236,639	(1,136,380)
Interest costs	176,412	204,449	97,157	141,909
Ending present value of post-employment benefits obligation	4,327,708	3,589,878	2,492,848	2,159,052

The principle actuarial assumption used to calculate the defined benefit obligation are as follows:

	Consolidated and Separated financial statements	
	As at December 31, 2012	As at December 31, 2011
The principle actuarial assumption		
Discount rate	4.50%	4.50%
Turnover rate	1.00%, 10.00%	1.00%, 10.00%
Expected rate of salary increase	5.00, 5.25%	5.00, 5.25%

## 19. Share capital

Issued and paid-up share capital and premium (discount) on share capital has movement as follows:

	Number of shares (shares)	Paid-up share capital (Baht)	Premium on (discount) in share capital (Baht)	Dated of registered with Department of Business Development
Balance as at December 31, 2010	2,443,589,803	2,443,589,803	(1,322,227,280)	
Increase 1 <sup>st</sup>	2,574	2,574	-	February 28, 2011
Increase 2 <sup>nd</sup>	101	101	-	November 2, 2011
Increase 3 <sup>rd</sup>	1,153,151	1,153,151	-	
Balance as at December 31, 2011	<u>2,444,745,629</u>	<u>2,444,745,629</u>	<u>(1,322,227,280)</u>	
	Number of shares (shares)	Paid-up share capital (Baht)	Premium on (discount) in share capital (Baht)	Dated of registered with Department of Business Development
Balance as at December 31, 2011	2,444,745,629	2,444,745,629	(1,322,227,280)	
Increase 1 <sup>st</sup>	<u>75,000</u>	<u>75,000</u>	<u>(37,500)</u>	April 4, 2012
Balance as at December 31, 2012	<u>2,444,820,629</u>	<u>2,444,820,629</u>	<u>(1,322,264,780)</u>	

### 19.1 The Company increase (decrease) share capital as follows:

According to the Extraordinary General Meeting of Shareholders no. 1/2011 held date January 19, 2011, the meeting agree on the following issues.

- CGD decrease registered capital share from Baht 3,802,054,597 to be Baht 3,648,022,343 by cancel 154,032,254 shares which are not allotted, par value of Baht 1 each (except for the 1,204,432,540 shares remaining ordinary shares reserved for the exercise of the warrants that have been offered to directors (CGD-WA) and existing shareholders. (CGD-W1 and CGD-W2) of the Company. The Company has registered the decrease of share capital with the Ministry of Commerce on January 20, 2011.
- CGD increase registered capital share from Baht 3,648,022,343 to be Baht 7,557,766,027 by issue capital share totally 3,909,743,684 shares at the par value of Baht 1 per share. Those new shares from the capital increase will be allotted and offered to the existing shareholders of the Company pro-rata to their shareholding and to offer and sell to the specific investors by detail below. The Company has registered the increase of share capital with the Ministry of Commerce on January 21, 2011 as follows:

The board of directors' meeting No. 2/2011 held on February 28, 2011 approve the following:

- According to the Company to allocate new ordinary share not exceeding 3,909,743,684 shares, which the subscription period during February 14-21, 2011, the shareholders subscribe total 2,574 share with the price of Baht 1. The Company received money and registered the increase of share capital with the Ministry of Commerce on February 28, 2011.

The Extraordinary General Meeting of Shareholders No. 2/2011 held on September 13, 2011 approved to cancel and approve the following:

- Approve to CGD decrease registered capital share from Baht 7,557,766,027 to be Baht 3,648,022,343 by cancel 3,909,741,110 shares which are not allotted, par value of Baht 1 each (except for the 1,204,432,540 shares remaining ordinary shares reserved for the exercise of the warrants that have been offered to directors (CGD-WA) and existing shareholders. (CGD-W1 and CGD-W2) of the Company)
- Approved to purchase and accept the transfer of entire business ("Entire Business Transfer" or "EBT") from Landmark Development Group Co., Ltd. ("LDG") at selling price 3,700 million Baht in purpose to develop Landmark Waterfront Project, real estate project consisted of hotels and residences unit. CGD will receive all assets, liabilities, rights and obligations which belong to Landmark Development Group Co., Ltd. Furthermore, after the transfer of all entire business to the Company LDG will cease its business and proceed with the liquidation of the company.
- Approve to CGD increase registered capital share from Baht 3,648,022,343 to be Baht 7,557,766,027 by issue capital share totally 3,909,743,684 shares at the par value of Baht 1 per share. Those new shares from the capital increase will be allotted and offered to the existing shareholders of the Company in the proportion of their shareholding and to offer and sell to the specific investors by detail below.
- Approve to issue share capital not exceeding 3,909,743,684 shares at the par value of Baht 1 per share, at the ratio of 1 existing ordinary share to 1.6 new ordinary shares, fraction of shares will be discarded with the offering price of Baht 1 per share, which was not below the market price calculated by the weighted average trading price of the Company's shares traded on the Stock

Exchange 7 days consecutive trading days prior to the date of board of directors' meeting (July 22, 2011) (Calculated from the market price during July 12-21, 2011 at the price of Baht 0.51 per share) and the existing shareholders shall not be entitled to subscribe in excess of their rights. The shareholders entitled to subscribed to the newly issued shares shall be shareholders whose names are registered in the share register of the Company as of January 23, 2011 (the "Record Date").

- Approved the allocation and offering of the shares left unsubscribed after the rights offering to the shareholders in proportion to the shareholding ratio to the following specific investors, namely, Mr. Sadawut Taechaubol, Mr. Bee Taechaubol, Mr. Ben Taechaubol, Mrs. Louise Diskul Na Ayudhya, Mr. Tommy Taechaubol and Miss Jureporn Kawiwirotkun (the "LGD Shareholder Group") in the number of not exceeding 3,700,000,000 shares at the subscription of Baht 1 per share which was the same price as the right offering share subscription price which was not below the market price calculated by the weighted average trading price of the Company's shares traded on the Stock Exchange 7 days consecutive trading days prior to the date of board of directors' meeting (July 22, 2011) (Calculated from the market price during July 12-21, 2011 at the price of Baht 0.51 per share) whereas the ownership ratio and voting rights after subscription shall not exceed 67.61%.
- According to the Company to allocate new ordinary share not exceeding 3,909,743,684 shares, which the subscription period during November 2-8, 2011, the shareholders subscribe total 1,153,151 share with the price of Baht 1. The Company received money and registered the increase of share capital with the Ministry of Commerce on November 18, 2011.
- In 2011, the warrant holders for purchase common stock (CGD - W1) were exercised in the amount of 101 units in price of Baht 1. The Company has already registered the additional share capital to the Department of Business Development as at November 2, 2011(see note 21)
- In 2012, the exercise of CGD-W2 warrant holders is 75,000 units in Baht 0.50 per share. The Company received money in March 2012 and registered the increase of issued and paid-up share capital with the Ministry of Commerce on April 4, 2012.

## 19.2 Capital management

The objectives when managing capital are to maintain the Company and subsidiaries ability to continue operate in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

## 20. Legal reserve

According to the Public Company Limited Act, the Company is required to appropriate at least 5% of its annual net income after deduction of the deficit brought forward (if any) as reserve fund, until the reserve fund reaches no less than 10% of the authorized share capital.

## 21. Warrants

Details of the warrants of the Company which were issued without charge are as follows: -

	Outstanding of warrants as at December 31, 2010	Outstanding of warrants issuance in year	Exercise for the period	Outstanding of warrants as at December 31, 2011
Warrants				
CGD – WA (BSCP)	150,000,000	-	-	150,000,000
CGD – W1	192,928,208	-	101	-
CGD – W2	843,070,832	-	-	843,070,832
	<u>1,185,999,040</u>	<u>-</u>	<u>101</u>	<u>993,070,832</u>
	Outstanding of warrants as at December 31, 2011	Outstanding of warrants issuance in year	Exercise for the period	Outstanding of warrants as at December 31, 2012
Warrants				
CGD – WA (BSCP)	150,000,000	-	-	-
CGD – W2	843,070,832	-	75,000	842,995,832
	<u>993,070,832</u>	<u>-</u>	<u>75,000</u>	<u>842,995,832</u>

21.1 The Company issued and allotted warrants CGD-WA to directors and employees of the Company (ESOP) which are registered with indicate name's type and are transferable to others limited not more than 35 persons, due on March 9, 2012 the exercise ratio and price are detailed below:

	Issued date	Issued units (Million units)	Exercise price (Baht/unit)	Exercise period	
				Start	End
ESOP	March 10, 2007	150	1	September 28, 2007	March 9, 2012

21.2 The Company issued and allotted a grant of warrants CGD-W1 to shareholders at the ratio of 3 common shares to 1 unit of warrant for free. This warrant is transferable and has exercise period in 3 years. The exercise ratio and price are detailed below:

	Issued date	Issued units (Million units)	Exercise price Baht/unit	Exercise period	
				Start	End
CGD-W1	October 27, 2008	193	1	October 30, 2009	October 26, 2011

21.3 The Company issued and allotted warrants to purchase ordinary shares (CGD-W2) to existing shareholders as well as the existing shareholders who subscribe new shares which are registered with indicate name's type and are transferable to others. The exercise ratio and price are detailed below:

	Issued date	Issued units (Million units)	Exercise price Baht/unit	Exercise period	
				Start	End
CGD-W2	June 22, 2010	843	0.50	September 30, 2010	June 21, 2013

## 22. Dividend

Dividend are declared in the year 2012 and 2011, are comprise of:

### The Subsidiary

#### - A-HOST Company Limited

According to the directors' meeting No.6/2012 held on December 19, 2012, approved to pay dividend in the amount of Baht 16.20 million for 6,000,000 shares at Baht 2.70 to the existing shareholders. In the first period was paid in the amount of Baht 0.8 per share, the Company was paid on December 2012, and the second period in the amount of Baht 1.9 per share, the Company will pay on April 2013. The Company has record as accrued dividend in the amount of Baht 11.40 million.

#### - Avison Company Limited

According to the ordinary shareholders' meeting for the fiscal year 2011 held on March 30, 2011 approved to pay dividend in the amounting of Baht 3 million for 20,000 shares at Baht 150 to the existing shareholders. The dividend was paid on April 25, 2011.

According to the ordinary shareholders' meeting for the fiscal year 2012 held on April 9, 2012, approved to pay dividend in the amounting of Baht 2.50 million for 20,000 shares at Baht 125 to the existing shareholders. The dividend was paid on April 25, 2012.

#### - ABCS Company Limited

According to the ordinary shareholders' meeting for the fiscal year 2012 held on April 6, 2012 approved to pay dividend in the amounting of Baht 2.90 million for 40,000 shares at Baht 72.50 to the existing shareholders. The dividend was paid on April 17, 2012.

## 23. Expenses by nature

Expenses by nature for the years ended December 31, 2012 and 2011, that occurred from important expenses are as follows:

			('Baht)	
	Consolidated		Separated financial statements	
	2012	2011	2012	2011
Changing in land and cost under construction project	(62,124,312)	(86,511,901)	(62,124,312)	(86,511,901)
Changing in finished goods	9,333,872	(8,561,709)	-	-
Purchase finished goods	386,290,374	387,845,302	-	-
Purchase land and payment construction	62,124,312	86,511,901	62,124,312	86,511,901
Cost of service	21,960,291	23,903,993	-	-
Employee expenses	78,145,896	67,948,847	18,010,140	13,321,619
Depreciation and amortization	9,309,213	6,464,520	4,600,852	3,524,869
Adviser fee	4,738,657	8,375,213	4,738,657	7,675,212
Operating lease	9,952,286	8,981,601	3,178,300	2,698,803
Commission	3,865,662	-	3,865,662	-
Advertisement and information	9,122,850	12,989,913	7,652,758	12,989,913
Promotion	11,741,702	7,675,824	9,233,554	3,574,157
Maintenance	3,290,055	-	3,290,055	-
Unrealized loss on investment in securities	-	11,628,523	-	11,628,523
Directors and managements' remuneration	44,491,044	36,714,116	25,920,203	21,484,315

The value of inventories which record as expenses in consolidated financial statements for the years ended December 31, 2012 and 2011 in the amount of Baht 395.63 million and Baht 295.66 million respectively.

## 24. Directors and managements' remuneration

24.1 Directors, Remuneration represents the benefit paid to the Company, s directors under section 90 of the Public Company Act, which is not included the salary and related benefits paid to the Company' s directors, who are executive managements of the Company.

24.2 The management's benefits in cash are salary, bonus, and provident funds paid to the Company's management under Notification of the Capital Market Commission No. Tor Jor 24/2009 "Requirement about directors and managements remuneration of the Company issued securities" dated July 20, 2009.

24.3 For the years ended December 31, 2012 and 2011. The management's benefits paid to management according to the TAS 24 (revised 2009) "Related Party Disclosures" are as follows:

	('Baht)			
	Consolidated		Separated financial statements	
	For the years ended December 31,			
	2012	2011	2012	2011
Short-term employee benefit	36,221,417	27,313,318	21,502,763	17,196,686
Post retirement benefits	769,627	446,149	457,440	187,629
Total	36,991,044	27,759,467	21,960,203	17,384,315

## 25. Corporate income tax

The corporate income tax in the consolidated financial statement for the year ended December 31, 2012, the Company and subsidiaries calculated from net profit(loss) after having been adjusted with other transactions which cannot be used as revenue or expenses for calculated the income tax and deduct with loss of tax from prior year (not more than five years) the Company had no corporate income tax because of operation loss tax and subsidiary calculated from net profit deduct with net promotional profit. Subsidiary calculated from net profit deduct with net promotion profit by the Company uses the right in exemption of the corporate income tax net promotional profit in the amount of Baht 5.22 million and subsidiary had no corporate income tax. For the year ended December 31, 2012, two subsidiaries had net profit tax and had corporate income tax in the amount of Baht 3.66 million.

The corporate income tax in the consolidated financial statement for the year ended December 31, 2011, the Company and subsidiaries calculated from net profit(loss) after having been adjusted with other transactions which cannot be used as revenue or expenses for calculated the income tax and deduct with loss of tax from prior year (not more than five years) the Company had no corporate income tax because of operation loss tax and subsidiary calculated from net profit deduct with net promotional profit. Subsidiary calculated from net profit deduct with net promotion profit by the Company uses the right in exemption of the corporate income tax net promotional profit in the amount of Baht 4.04 million and subsidiary had no corporate income tax. For the year ended December 31, 2011, two



subsidiaries had net profit tax and had corporate income tax in the amount of Baht 6.34 million.

## 26. Earnings (loss) per share

### Basic earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing the net profit (loss) attributable to shareholders by the weighted average number of ordinary shares issue during the years ended December 31, 2012 and 2011, as follows:-

	Consolidated		Separated financial statements	
	2012	2011	2012	2011
Net profit (loss) (Baht)	(77,809,650)	(78,258,534)	(76,071,632)	(90,611,734)
Weighted average number of ordinary shares (shares)	2,444,801,314	2,443,730,995	2,444,801,314	2,443,730,995
Basic earnings (loss) per share	(0.03)	(0.03)	(0.03)	(0.04)

### Diluted earnings (loss) per share

Diluted earnings (loss) per share are calculated by dividing the net profit (loss) attributable to shareholders by the diluted number of ordinary shares for the years ended December 31, 2012 and 2011, as follows:-

	Consolidated		Separated financial statements	
	2012	2011	2012	2011
Net profit (loss) (Baht)	(77,809,650)	(78,258,534)	(76,071,632)	(90,611,734)
Weighted average number of ordinary shares (shares)	2,444,801,314	2,443,730,995	2,444,801,314	2,443,730,995
Diluted number of ordinary shares (shares)	-	62,449,691	-	62,449,691
Total	2,444,801,314	2,506,180,686	2,444,801,314	2,506,180,686
Diluted earnings (loss) per share	(0.03)	(0.03)	(0.03)	(0.04)

The diluted number of ordinary shares for the year ended December 31, 2011, in the amount of 62,449,691 units are based on the assumption that there is the exercise of CGD-W2 warrant holders. As at December 31, 2011, the company has CGD-W2 warrant 843,070,832 warrants, (see note 21.3) which have an exercise price of Baht 0.50 per share of 1 warrant per 1 ordinary share. The fair value of the common stock, which the company is based on the assumption that there is the exercise, is calculated by weighted average of purchase and selling price from start exercise warrants to statements of financial position date as at December 31, 2011 equal Baht 0.54 and for the year ended December 31, 2012, the exercise price in during period was higher than the average market price in during period, there were no exercised warrants impacted to diluted earnings per share.

The Company has warrants (CGD-WA) that were issued and allotted to directors and employees totaling units 150 million. (see note 21.1). Since the exercise price in during period was higher than the average market price in during period, there were no exercised warrants impacted to diluted earnings per share statements for the years ended December 31, 2011 and for the year ended December 31, 2012, there were no exercised warrants impacted to diluted earnings per share because the warrants was expire.

The Company has warrants CGD-W1 warrants totaling 193 million. (see note 21.2). For the year ended December 31, 2011, there were no exercised warrants impacted to diluted earnings per share statements because the warrants was expire.

## 27. Transactions with related parties

### 27.1 Investment in subsidiary company - net

									(‘Baht)
Company	Type of business	Location	Paid up capital	Separated financial statements					
				Percentage of holding (%)		Cost method		Dividend income	
				As at	As at	As at	As at	For the years ended	
				December 31,	December 31,	December 31,	December 31,	December 31,	
				2012	2011	2012	2011	2012	2011
Subsidiary company									
A – HOST Company Limited	Sale and provide rendering service related to computer software	Thailand	60,000,000	83.64	83.64	232,894,329	232,894,329	13,550,139	-
Less Allowance of impairment						(167,527,925)	(167,527,925)	-	-
Total of investment in subsidiary company - net						65,366,404	65,366,404	13,550,139	-

### 27.2 Transactions with related parties

A portion of the Company and subsidiaries' asset, liabilities, revenues and expenses arose from transactions with related parties. These companies are related through common shareholders and directors both direct and indirect. These transactions are in line with transfer pricing policy which can be described as follows:

Transaction	Transfer pricing policy
Brokerage fees for purchase securities	At market price which broker is the same rate as general client
Fees and services income	Mutually agree in accordance with the contract which compared market price

Significant transactions with related parties were consisted of:

		('Baht)			
Nature of relationship		Consolidated		Separated financial statements	
		As at December 31,		As at December 31,	
		2012	2011	2012	2011
Outstanding balance					
Related company					
Country Group Securities Pcl.	Common shareholder and director				
Cash at financial institution		26,192	22,032	26,192	22,032
Accrued fee		400,000	-	400,000	-
Related persons					
Mr. Ben Taechaubol	Shareholder and director				
Deposit		180,000	180,000	180,000	180,000
Advance received		468,804	167,430	468,804	167,430
Mr. Sadawut Taechaubol	director				
Deposit		840,000	860,000	840,000	860,000
Advance received		2,170,700	775,250	2,170,700	775,250
		('Baht)			
Nature of relationship		Consolidated		Separated financial statements	
		For the years ended December 31,		For the years ended December 31,	
		2012	2011	2012	2011
Revenues and expenses					
Related company					
Country Group Securities Pcl.	Common shareholder and director				
Interest income		57,932	208,212	57,932	208,212
Fee and service		400,000	200,000	400,000	200,000

## 28. Agreements

### ORACLE PARTNER NETWORK VALUE ADDED DISTRIBUTION AGREEMENT

The subsidiary company - A-HOST Company Limited entered into a value added distribution agreement with Oracle Corporation Thailand Co., Ltd. Under the term of agreement, the subsidiary is an Oracle Certified Advantage Partners and has a right to provide program and related services to the customers in Thailand. The term of agreement is 1 year with renewal.

### IBM BUSINESS PARTNER AGREEMENT

The subsidiary company - A-HOST Company Limited entered into Software and hardware distribution agreement with IBM THAILAND Co., Ltd. และ IBM Singapore Pte Ltd. The term of agreement is 2 year with renewal.

### MICROSOFT SOLUTION PROVIDER AGREEMENT (SPA)

The subsidiary company-Avision Co., Ltd. entered into a software license provider agreement with Microsoft Singapore Ltd. Under the term of agreement, the subsidiary has a

right to provide software license of Microsoft to the customers in Thailand. The term of agreement is 2 years with renewal.

## 29. Business segment information

The Company and subsidiaries operations involve a various business segment, which is holding company, real estate sale and to provide rendering service related to computer software. For the years ended December 31, 2012 and 2011. Operation involve a single business segment, which is to sale and to provide rendering service related to computer software only. Therefore no geographical segment and business are as follows:

	Consolidated					
	For the years ended December 31,					
	Sale and service for computer software		Real estate		Total	
	2012	2011	2012	2011	2012	2011
Revenue from sales	443,528,801	334,868,573	-	-	443,528,801	334,868,573
Revenue from services	95,460,439	102,368,522	-	-	95,460,439	102,368,522
Total	538,989,240	437,237,095	-	-	538,989,240	437,237,095
Profit from operation	77,520,984	111,623,506	-	-	77,520,984	72,935,460
Other income					8,136,629	7,594,742
Dividend income					-	1,190,000
Selling expenses					(44,436,582)	(29,950,536)
Administrative expenses					(70,294,289)	(73,018,454)
Gain (loss) on sale of temporary investment					7,136,906	2,197,770
Unrealized gain (loss) on temporary investment					248,927	(11,628,523)
Management benefit expenses					(44,491,044)	(36,714,116)
Finance costs					(2,814,716)	(62,191)
Income tax					(3,659,969)	(6,343,974)
Net profit (loss) before non-controlling interests					(72,653,154)	(73,799,822)
Non-controlling interests					(5,156,496)	(4,458,712)
Net profit (loss)					(77,809,650)	(78,258,534)
<b>Operation assets</b>						
Property, plant and equipment - net						
(As at December 31, 2012 and 2011)	9,141,648	8,976,027	13,034,719	16,647,331	22,176,367	25,623,358

## 30. Commitment and letter of guarantee

30.1 As at December 31, 2012 and 2011, the subsidiaries have service contracts with the customer which still no service in the amount of Baht 46.64 million and Baht 33.64 million respectively.

30.2 As at December 31, 2012 and 2011, the subsidiaries requested the commercial bank to issue the letter of guarantee in the amount of Baht 43.15 million and Baht 24.21 million

respectively. The letters of guarantee were pledged by fixed deposit of the subsidiary company in the amount of Baht 7.26 million and Baht 1.63 million respectively.

30.3 As at December 31, 2011, the other company (subsidiary) requested the commercial bank to issue the letter of guarantee an agreement of the other company in the amount of Baht 3.23 million. The letters of guaranteed by fixed deposit of the subsidiary in the amount of Baht 0.97 million.

30.4 The Company and subsidiaries had commitment in land, rental agreement and office lease agreement, office space lease agreement, car rental agreements and hardware hire-purchase agreements. The Company and subsidiaries had commitment to lease payments. As at December 31, 2012 and 2011, are as follows:

	('Baht)			
	Consolidated		Separated financial statements	
	2012	2011	2012	2011
Within 1 year	8,327,442	11,007,593	2,481,540	3,294,426
Over 1 year but not over 5 years	6,261,461	10,987,686	2,432,694	4,868,130

### 31. Presentation and disclosure for financial instruments

The Company and subsidiaries financial risks faced by are interest rate risk, exchange rate risk and credit risk. However, the Company and subsidiaries does not use any financial instruments to manage such risks, because such amount will not materially affect the Company's and subsidiaries operating results and the Company and subsidiaries have no policy to use financial instruments for speculation.

#### Interest rate risk

The Company and subsidiaries are interest rate risk that future movements in market interest rates will affect the results of operation of the Company and subsidiaries since the Company and subsidiaries have normal exposure to interest rate risk relating primarily to deposits with banks. However, since the Company and subsidiaries have no financial liabilities with financial institutions, therefore, the Company and subsidiaries monitors fluctuation of interest rate movement with care and not applying any financial instruments to hedge such risk.

**Currency exchange risk**

The foreign exchange rate risk of the subsidiary related to purchase of goods. The subsidiary has the foreign liability management by forward foreign exchange rate contract in the amount to pay in during year for protect the risk of exchange rate which will suffer of foreign currency.

As at December 31, 2012, the account balance which is foreign currency for financial liability in the amount USD 0.76 million and balance of forward foreign exchange rate contract as at December 31, 2012, in the amount USD 0.50 million.

**Credit risk**

Credit risk is the risk of uncertainty in payment received from sale and service under credit on accounts receivable which will affect the results of operations of the Company and subsidiaries. However, due to nature of short duration project and payment is made by customer as work progressed, therefore, the management considers credit risk is low and has immaterially affect to the Company's operating results.

The concentration of credit from trade accounts receivable is limited due to diversify customer base. The Management believes that the Company's and subsidiaries maximum exposure to credit risk is limited to the carrying amount of trade accounts receivable less allowance for doubtful accounts as stated in the consolidated balance sheet.

**Fair values of financial assets and financial liabilities**

As most of the subsidiary financial assets and financial liabilities are short term in natures. The Company has long-term loan with interest rate at floating rate : the book value with equal to the estimated fair value. For long-term investments fair value is equal to net present value. the Management believes the carrying amounts of the financial assets and liabilities approximate to their fair values with no materially affect on the Company's operating results. Financial liabilities are present at book value with equal to the estimated fair value.

## **32. Other**

### **Parent company**

#### **Country Group Development Public Company Limited**

According to the Extraordinary General Meeting of Shareholders No. 1 /2012 held on January 30, 2012, approved to purchase and accept the transfer of entire business ("Entire Business Transfer" or "EBT") from Landmark Development Group Co., Ltd. ("LDG") at selling price Baht 3,700 million in purpose to develop Landmark Waterfront Project, which is a real estate project consists of hotels and residences. CGD will receive all assets, liabilities, rights and obligations which belong to Landmark Development Group Co., Ltd. After the entire business has already been transferred, LDG will stop its business and proceed to the liquidation of the company.

### **Subsidiary company**

#### **A-HOST Company Limited**

In 2009, the Company was entered into Implementation Service Agreement with a customer. The value of this agreement in the amount of Baht 39.80 million. The Company operated as those stated in the Agreement and received some portion of service revenue. Later, on November 13, 2012, the customer have written about the performance of the contract due to the delay and the subsidiary penalty will be charged in the amount of Baht 1.07 million (excluded vat). On December 18, 2012. The subsidiary has made to clarify the cause of the delay and the exception is fine. This is currently under consideration by the client. Events such subsidiaries are not under such a provision.

#### **ABCs Company Limited**

The Company was granted investment promotion privilege for software business by the board of investment (BOI) no. 1113(7)/2008 dated February 6, 2008 which included the privilege as follows:

- 1 . Exemption from payment of corporate income tax for a period 8 years from the date income is first derived from the operation.
2. Exemption for import machines according the approval from the board of BOI.
3. Exemption from income tax on dividends paid from the Company which has been promoted throughout the corporate income tax exemption period.
4. Exemption from accumulated loss during the period be deducted from net income after the exemption period for 5 years commencing from the expiry date in no.1 above.

The Company has to act under the conditions of BOI to get all the privileges above. The privilege no. 1 will be expired in 2016.

### 33. Revenues reporting of a promoted industry

Based on the announcement of the Board of the Investment No.14/1998 dated December 30, 1998 regarding revenues reporting of a promoted industry, which identified the Company and subsidiaries to present the revenues separate from the promoted and non-promoted business. The consolidated financial of a subsidiary has revenue from the promoted and non-promoted as follow:

	Consolidated		
	For the year ended December 31, 2012		
	Promoted business	Non - promoted business	Total
Revenues			
Revenue from sale	-	7,365,431	7,365,431
Revenue from service	8,145,961	-	8,145,961
Other incomes	92,227	4,468	96,695
Total	8,238,188	7,369,899	15,608,087

	Consolidated		
	For the year ended December 31, 2011		
	Promoted business	Non - promoted business	Total
Revenues			
Revenue from sale	-	334,868,573	334,868,573
Revenue from service	6,941,750.00	95,426,772	102,368,522
Other incomes	22,803.64	10,959,708	10,982,512
Total	6,964,553.64	441,255,053	448,219,607



### 34. Adjustment

For the year ended December 31, 2009, the Company has recorded loss on impairment of investments in subsidiary (A-HOST Co., Ltd) in the amount of Baht 74.79 million in the consolidated statements of income. These transactions were included in loss attributable to parent company of same amount with provisions liabilities from impairment of investment in subsidiary in the consolidated statements of financial position which was too high. Based on these events, the Company has revised the consolidated financial statement. The Company decrease retained deficit and provisions liabilities on impairment of investments in subsidiary which recorded in the amount of Baht 74.79 million in the consolidated statements of financial position to ensure consistency with aforementioned for the year ended December 31, 2012 and in accordance with Thai Accounting Standards TAS 1 “ Presentation of Financial Statements”. The adjustment has an effect to the consolidated financial statements as follow:

	('Baht)		
	Consolidated statements of financial position		
	As at December 31, 2010		
	As previous reported	Effect	As restated
Provisions liabilities on sale of investments in subsidiaries decrease	74,792,313	(74,792,313)	-
Unappropriated decrease	(554,098,170)	74,792,313	(479,305,857)

	('Baht)		
	Consolidated statements of financial position		
	As at December 31, 2011		
	As previous reported	Effect	As restated
Provisions liabilities on sale of investments in subsidiaries decrease	74,792,313	74,792,313	-
Unappropriated decrease	(632,897,763)	74,792,313	(558,105,450)

### 35. Transaction reclassification

As at December 31, 2012, the consolidated and separated financial statements for the year ended December 31, 2011, was reclassified to conform with the presentation in the consolidated and separated financial statements for the year ended December 31, 2011. The significant reclassification is as follow:

	('Baht)		
	Consolidated		
	As at December 31, 2011		
	Old	New	Increase (decrease)
<b>Statements of financial position</b>			
Accounts and other receivable	43,024,029	76,387,408	33,363,379
Other current assets	49,662,908	16,299,529	(33,363,379)
Accounts and other payable	99,154,119	121,095,946	21,941,827
Other current liabilities	41,024,345	19,082,518	(21,941,827)
			('Baht)
	Separated financial statements		
	As at December 31, 2011		
	Old	New	Increase (decrease)
<b>Statements of financial position</b>			
Accounts and other receivable	-	23,615,224	23,615,224
Other current assets	25,410,103	1,794,879	(23,615,224)
Accounts and other payable	34,765,155	43,165,464	8,400,309
Other current liabilities	9,108,295	707,986	(8,400,309)

### **36. Events after the reporting date**

The report on meeting of the Board of Directors of the Company No.1/2013 held on January 17, 2013 approved the issuing of short-term bill of exchange within 270 days maturity which shall not exceed 650 million baht, for limited person not over 10 bills. The interest rate shall not exceed 12 percent per annum. The purpose of issuing of short-term bill of exchange is to use as working capital investment of the Company.

The aggregate amount of bill of exchange to Country Group Securities Public Company Limited and MFC Asset Management Public Company Limited shall not exceed 220 million baht. The Board of Directors assigned Chief Executive Officer to negotiate with investor and responsible for the issuing of bill of exchange of the company.

On February 11, 2013, the company issued short-term of bill of exchange within 270 days maturity to Country Group Securities Public Company Limited which the related company in the amount of Baht 80 million, with interest rates at 9.25% per annum.

### **37. Approving to issuing of financial statements**

The financial statements are approved by the authorized directors of the Company on February 27, 2013.

