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**INTELLECT DESIGN ARENA LIMITED**  
**REPORT AND FINANCIAL STATEMENT**  
**31<sup>st</sup> December 2016**

**Report of Independent Auditor**

To the Shareholders of **INTELLECT DESIGN ARENA LIMITED**

**Opinion**

I have audited the accompanying financial statements of **INTELLECT DESIGN ARENA LIMITED**, which comprise the statement of financial position as at 31<sup>st</sup> December 2016, the statement of income and statement of changes in shareholders' equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **INTELLECT DESIGN ARENA LIMITED** as at 31<sup>st</sup> December 2016 and its financial performance for the year then ended in accordance with the Thai Financial Reporting Standard for Non-Publicly Accountable Entities.

**Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants that is 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.

**Emphasis of Matter**

Without qualifying my opinion, I draw your attention to Note 1 The accompanying financial statements have been prepared on the going-concern basis, though the company has capital deficit and substantial excess of total liabilities over total assets as at 31<sup>st</sup> December 2016 and 2015, due to the fact that its major shareholders has provided financial support for the company to continue its operation in the ordinary course of business.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

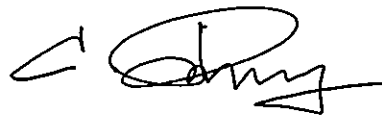
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 management 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.



CHATSUMARN JITBANCHONG  
C.P.A.(THAILAND)  
Registration No. 7757

Bangkok  
7<sup>th</sup> April 2017

**INTELLECT DESIGN ARENA LIMITED**  
**STATEMENT OF FINANCIAL POSITION**

As at 31<sup>st</sup> December 2016

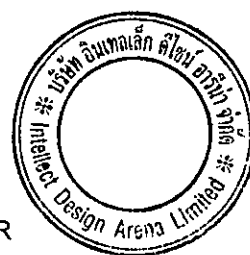
ASSETS	NOTE	2016	2015
		BAHT	
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		493,453	1,168,354
Other receivables	4	300,176	90,721
<b>TOTAL CURRENT ASSETS</b>		<b>793,629</b>	<b>1,259,075</b>
<b>NON-CURRENT ASSETS</b>			
Equipment	6	70,448	-
Deposit		85,000	39,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>155,448</b>	<b>39,000</b>
<b>TOTAL ASSETS</b>		<b>949,077</b>	<b>1,298,075</b>

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

X Nagaej

DIRECTOR



**INTELLECT DESIGN ARENA LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
As at 31<sup>st</sup> December 2016

LIABILITIES AND SHAREHOLDERS' EQUITY	NOTE	2016	2015
		BAHT	
<b>CURRENT LIABILITIES</b>			
Other payables	5	427,811	2,681,186
Other payable, related company	7	39,588,960	28,082,983
<b>TOTAL LIABILITIES</b>		40,016,771	30,764,169
<b>SHAREHOLDERS' EQUITY</b>			
Share capital			
Registered			
2016 : 4,470,000 ordinary shares of Baht 5 each		22,350,000	
2015 : 620,000 ordinary shares of Baht 5 each			3,100,000
Issued and paid up			
2016 : 3,850,000 ordinary shares of Baht 1.25 each		4,812,500	-
2016 : 620,000 ordinary shares of Baht 5 each		3,100,000	-
2015 : 620,000 ordinary shares of Baht 5 each		-	3,100,000
		7,912,500	3,100,000
Deficit		(46,980,194)	(32,566,094)
<b>TOTAL SHAREHOLDERS' EQUITY (CAPITAL DEFICIT)</b>		(39,067,694)	(29,466,094)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		949,077	1,298,075

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

x *Nepin*

DIRECTOR



INTELLECT DESIGN ARENA LIMITED

STATEMENT OF EARNINGS

For the year ended 31<sup>st</sup> December 2016

	NOTE	2016	2015
			BAHT
<b>REVENUES</b>			
Income from services		772,853	1,006,740
Income from sales		-	868,560
<b>TOTAL REVENUES</b>		<u>772,853</u>	<u>1,875,300</u>
<b>EXPENSES</b>			
Cost of sales and services		576,816	1,514,058
Selling expenses		-	344,094
Administrative expenses		14,610,137	15,131,671
<b>TOTAL EXPENSES</b>		<u>15,186,953</u>	<u>16,989,823</u>
<b>NET LOSS FOR THE YEAR</b>		<u>(14,414,100)</u>	<u>(15,114,523)</u>

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

x *Nogaj*

DIRECTOR



**INTELLECT DESIGN ARENA LIMITED**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
For the year ended 31<sup>st</sup> December 2016

	Ordinary Shares Issued and paid-up	Deficit	BAHT Total
Opening balance as at 1 <sup>st</sup> January 2015	3,100,000	(17,451,571)	(14,351,571)
Net loss for the year	-	(15,114,523)	(15,114,523)
Ending balance as at 31 <sup>st</sup> December 2015	3,100,000	(32,566,094)	(29,466,094)
Increase of capital (note 9)	4,812,500	-	4,812,500
Net loss for the year	-	(14,414,100)	(14,414,100)
Ending balance as at 31 <sup>st</sup> December 2016	7,912,500	(46,980,194)	(39,067,694)

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

x *Nagaj*

DIRECTOR





**INTELLECT DESIGN ARENA LIMITED**

**NOTES TO FINANCIAL STATEMENTS**

**For the year ended 31<sup>st</sup> December 2016**

**NOTE 1 GENERAL INFORMATION**

The Company was incorporated as a limited company under Thai Civil and Commercial Laws on 23<sup>rd</sup> July 2012 and is mainly engaged in creative design, development, modification, distribution and installation of updated software.

The registered office of the Company is located at 399 Interchange 21 Building, Level 33, Sukhumvit Road, Klongtoey Nue Sub District, Wattana District, Bangkok.

**ACCOUNTING ASSUMPTION**

The accompanying financial statements have been prepared on the going-concern basis though the company has capital deficit and excess of total liabilities over total assets of Baht 39.1 million and Baht 29.5 million as at 31<sup>st</sup> December 2016 and 2015 respectively due to the fact that its major shareholders has provided financial support for the company to continue its operation in the ordinary course of business.

**NOTE 2 BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS**

The financial statement have been prepared in accordance with Accounting Standards generally accepted in Thailand and the Company has adopted the Thai Financial Reporting Standard applicable to Non-publicly Accountable Entities as issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after 1<sup>st</sup> January 2011 onward, and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28<sup>th</sup> September 2011, issued under the Accounting Act B.E. 2543.

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



**NOTE 3      SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Revenue recognition**

Income from sales is recognized after goods have already been delivered.

Income from services is recognized whenever services are rendered.

**3.2 Cash and cash equivalents**

Cash and cash equivalents include cash in hand and cash at banks with a maturity of three months or less and with no commitment

**3.3 Depreciation**

Depreciation of fixed assets is calculated by reference to cost on a straight-line basis over their estimated useful lives at the rate of 20-33.33 percent per annum.

**3.4 Foreign currencies**

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Assets and liabilities denominated in foreign currency outstanding on the balance sheet date are translated into Baht at the exchange rates ruling on the balance sheet date.

Exchange gains and losses are included in determining earnings.

**3.5 Accounting Estimation**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

**NOTE 4      OTHER RECEIVABLE**

	2016	2015
	Baht	Baht
Undue input vat	129,485	23,560
Prepayment income tax	79,445	56,259
Prepaid expenses	47,297	-
Refundable value added tax	43,949	10,902
Total	<u>300,176</u>	<u>90,721</u>



**NOTE 5 OTHER PAYABLES**

	2016	2015
	Baht	Baht
Accrued expenses	366,994	2,503,802
Withholding tax payables	60,817	177,384
<b>Total</b>	<b>427,811</b>	<b>2,681,186</b>

**NOTE 6 EQUIPMENT**

(Unit : Baht)

	Office Equipment	Computer Equipment	Total
<b>Cost :</b>			
1 <sup>st</sup> January 2016	-	-	-
Addition	51,121	29,449	80,570
(Disposal)	-	-	-
31 <sup>st</sup> December 2016	51,121	29,449	80,570
<b>Accumulated depreciation:</b>			
1 <sup>st</sup> January 2016	-	-	-
Addition	7,668	2,454	10,122
(Disposal)	-	-	-
31 <sup>st</sup> December 2016	7,668	2,454	10,122
<b>Net book value</b>			
31 <sup>st</sup> December 2016	43,453	26,995	70,448
<b>Depreciation for the year</b>			
31 <sup>st</sup> December 2016			10,122



**NOTE 7 RELATED PARTY TRANSACTION**

During the years, the Company had business transactions with its related company, in respect of advance received. The outstanding transactions have been reflected under the caption of "Other payable – related company" on the statements of financial position.

**NOTE 8 PROMOTIONAL PRIVILEGES**

By virtue of the provisions of the Board of Investment Promotion Act B.E. 2520, the Company was granted certain promotional privileges for the Software (Enterprise Software, Digital Content and Embedded Software) according to the promotion certificate 59-1019-0-00-2-0 dated 9<sup>th</sup> August 2016 which include the exemption of income tax on earnings for a period of 8 years as from the date of earning operating income and being allowed to carry forward losses and incurred during the promotional period to the years after tax holiday period. The extension in claiming the tax losses is limited to a period of five year thereafter. As a promoted industry, the Company must comply with certain conditions and restrictions contained in the promotion certificate.

According to the notification of the Board of Investment no P.14/2541 "The presentation of revenue method" dated 30<sup>th</sup> December 1998, The Company is required to declare both the revenue from BOI promotional privileges and non BOI promotional privileges, which details are presented as below :-

	2016	
	BOI Promotional Privileges	Non-BOI Promotional Privileges
Income from services	-	772,853 /a

**NOTE 9 INCREASE OF CAPITAL**

According to minute of extraordinary shareholders meeting, the shareholders passed the resolution to increase the registered capital from 3.10 million (620,000 ordinary shares of Baht 5 each) to Baht 22.35 million (4,470,000 ordinary shares of Baht 5 each). The company has already registered the capital increase with the Ministry of Commerce.

**NOTE 10 COMMITMENTS**

As at 31<sup>st</sup> December 2016, The Company had commitment under the lease agreements of approximately amount 50,608 Baht. (2015 : Baht 43,870).

**NOTE 11 RECLASSIFICATION**

The reclassifications in statement of financial position as at 31<sup>st</sup> December 2015 in order to be compared with statement of financial position as at 31<sup>st</sup> December 2016 are as follows:

	(Unit : Baht)	
	As reclassified	As previously reported
Other payable, related companies	28,082,983	26,568,925
Other payable	2,681,186	4,195,244

The reclassifications had no effect to previously reported net income or shareholders' equity.

**NOTE 12 APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorised for issue by the Company's authorised director on 7<sup>th</sup> April 2017. 