Noble Development Public Company Limited

Consolidated and Separate Financial Statements

31 December 2017
Independent Auditor’s Report

To the shareholders and the Board of Directors of Noble Development Public Company Limited

My opinion

In my opinion, the consolidated financial statements of Noble Development Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2017 and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

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<tr>
<th>Key audit matters</th>
<th>How my audit addressed the key audit matters</th>
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</thead>
<tbody>
<tr>
<td>Valuation of inventory</td>
<td>I evaluated management’s assessment of the inventories valuation by:</td>
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<tr>
<td>Refer to Note 2.7 ‘Accounting policies’ and Note 12 ‘Inventories (net)’.</td>
<td>• understanding and challenging the future marketing and selling plans and the sources of information management used to determine the net realisable value of the inventories</td>
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<tr>
<td>Inventories comprises land, houses and condominiums for sale and others.</td>
<td>• comparing the net realisable value assessed by management with other reliable sources of information, and comparing the results to the inventories book value</td>
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<tr>
<td>In the consolidated and separate financial statements, the Company recorded an allowance for inventories for impaired condominium units for sale. Management calculated the estimated loss by comparing the net realisable value of the inventory with its book value. Management has assessed that the amount of the allowance is appropriate, thus, it believes no more allowance for impaired inventories is needed.</td>
<td>• visiting the project sites to assess the condition of the slow-moving inventories, and</td>
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<tr>
<td>In the consolidated and separate financial statements, the Company didn’t record an allowance for slow-moving houses for sale because management has assessed that the houses can still be sold with no loss. Management made this assessment by comparing the net realisable value of the houses with their book value.</td>
<td>• considering the historical data of other projects with slow-moving inventories which were sold with no loss and comparing this to the data for the slow-moving inventories.</td>
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I focussed on this area because of the judgements made by management in assessing the appropriate level when recording the allowance for inventories by considering the marketing plans and the selling period and comparing net realisable value and book value.

Based on above procedures, I found that management’s inventories valuation assessment was appropriate.
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<td><strong>Valuation of investment property</strong></td>
<td>I evaluated management's assessment of the valuation of investment property by:</td>
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<td>Refer to Note 2.10 ‘Accounting policies’ and Note 16 ‘Investment property (net)’.</td>
<td>• understanding and challenging management about the key assumptions used in forecasting cash flows, such as the rent increase rate, vacancy rate and discount rate</td>
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<td></td>
<td>• assessing if those assumptions were reasonable by:</td>
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<td></td>
<td>1. comparing the rent increase and vacancy rates with historical and current information</td>
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<td></td>
<td>2. comparing this year’s rent increase and vacancy rates with prior year rates to assess that the assumption used is appropriate and doesn’t need to be revised</td>
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<td></td>
<td>3. assessing the appropriateness of the sources of information and method that management used to estimate the discount rate, and</td>
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<td></td>
<td>• recalculating the discounted cash flows.</td>
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<td>Based on the above procedures, I found that management’s investment property valuation was appropriate.</td>
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**Other information**

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.
Responsibilities of Management for the consolidated and separate financial statements

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

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

The audit committee assists management in discharging their responsibilities for overseeing the Group and the Company’s financial reporting process.

Auditor’s responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.
I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

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

PricewaterhouseCoopers ABAS Ltd.

Krit Chatchavalwong
Certified Public Accountant (Thailand) No. 5016
Bangkok
22 February 2018