

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS

RAMA IX ART MUSEUM FOUNDATION

Qualified Opinion

We have audited the financial statements of Rama IX Art Museum Foundation (the "Foundation"), which comprise the balance sheet as at December 31, 2016, and the related statements of income and expenditure and changes in funds' equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material aspects, the financial position of Rama IX Art Museum Foundation as at December 31, 2016, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

Basis for Qualified Opinion

The Foundation's art collections are carried in the statement of financial position as at December 31, 2016 in the amount of Baht 49,964,455. The Foundation has not carried the art collections at cost but has carried them at a recorded amount, which constitutes a departure from Thai Financial Reporting Standards for Non-Publicly Accountable Entities. The Foundation's records indicate that had the Foundation carried the art collections at cost, the Foundation would have recorded the reduction in value of art collection of Baht 28,581,203. Accordingly, art collections and surplus on assets revaluation would have been decreased in the same amount of Baht 28,581,203.

We conducted our audit in accordance with Thai Standards on Auditing ("TSAs"). Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the Code of Ethics for Professional Accountants determined by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King and the "Code of Ethics" together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS

RAMA IX ART MUSEUM FOUNDATION

Qualified Opinion

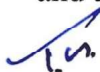
We have audited the financial statements of Rama IX Art Museum Foundation (the “Foundation”), which comprise the statement of financial position as at December 31, 2016, and the related statements of income and expenditure and changes in funds’ equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of Rama IX Art Museum Foundation as at December 31, 2016, and its financial performance for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

Basis for Qualified Opinion

The Foundation’s art collections are carried in the statement of financial position as at December 31, 2016 in the amount of Baht 49,954,455. The Foundation has not carried the art collections at cost but has carried them at a revalued amount, which constitutes a departure from Thai Financial Reporting Standard for Non-Publicly Accountable Entities. The Foundation’s records indicate that had the Foundation carried the art collections at cost, the Foundation would have to record the reduction in value of art collection of Baht 28,881,202. Accordingly, art collections and surplus on assets revaluation would have been decreased in the same amount of Baht 28,881,202.

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the Code of Ethics for Professional Accountants determined by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King (the “Code of Ethics”) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.



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 Standards 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- 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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation 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.

We communicate with 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 we identify during our audit.



Thaveekiarti Krishnamra
Certified Public Accountant (Thailand)
Registration No. 104

BANGKOK
March 2, 2017

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

RAMA IX ART MUSEUM FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

UNIT : BAHT

	Notes	2016	2015
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	189,969	5,993,590
Temporary investments	6	71,874,244	60,880,530
Supplies	7	775,388	1,368,610
Other current assets	8	175,232	200,705
Total Current Assets		<u>73,014,833</u>	<u>68,443,435</u>
NON-CURRENT ASSETS			
Leasehold improvement and equipment	9	2,387,178	679,631
Intangible asset	10	3,133	5,003
Art collection	11	49,954,455	21,951,253
Total Non-current Assets		<u>52,344,766</u>	<u>22,635,887</u>
TOTAL ASSETS		<u><u>125,359,599</u></u>	<u><u>91,079,322</u></u>
LIABILITIES AND FUND'S EQUITY			
CURRENT LIABILITIES			
Accrued expenses		78,767	87,047
Foundation income tax payable		100,692	78,546
Total Current Liabilities		<u>179,459</u>	<u>165,593</u>
TOTAL LIABILITIES		<u><u>179,459</u></u>	<u><u>165,593</u></u>
FUND'S EQUITY			
Initial capital fund from donation		200,000	200,000
Additional funds from donation		1,027,600	1,027,600
Accumulated excess of income over expenditure		95,071,338	89,686,129
OTHER COMPONENT OF FUND'S EQUITY			
Surplus on assets revaluation	11	28,881,202	-
Total Fund's Equity		<u>125,180,140</u>	<u>90,913,729</u>
TOTAL LIABILITIES AND FUND'S EQUITY		<u><u>125,359,599</u></u>	<u><u>91,079,322</u></u>

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

RAMA IX ART MUSEUM FOUNDATION
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2016

UNIT : BAHT

	Notes	2016	2015
INCOME			
Donation income	12	12,866,327	46,731,000
Donated artworks		500,000	1,700,000
Interest income		13,210	19,956
Unrealized gain from the revaluation of investment	6	993,714	865,508
Other income		120,000	120,000
Total Income		<u>14,493,251</u>	<u>49,436,464</u>
EXPENDITURE			
Personnel expenses		3,729,544	3,227,032
Rental fee		566,905	618,441
Professional fees		180,128	172,750
Depreciation and amortization		237,482	216,344
Loss on diminution in value of assets	4.6 and 11	1,298,000	-
Book printing expenses		593,222	58,343
Art collection written off	11	80,000	-
Artist sponsorship program expenses		800,000	600,000
70 th anniversary Bangkok Bank project expenses		7,859	3,405
The Most Illustrious Artist project expenses	12	654,515	1,710,160
Other office expenses		859,695	891,393
Income tax expense	13	100,692	108,546
Total Expenditure		<u>9,108,042</u>	<u>7,606,414</u>
INCOME OVER EXPENDITURE		<u><u>5,385,209</u></u>	<u><u>41,830,050</u></u>

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

RAMA IX ART MUSEUM FOUNDATION
STATEMENT OF CHANGES IN FUND'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

UNIT : BAHT

	Note	Capital fund from donation		Accumulated excess of income over expenditure	Other component of fund's equity Surplus on assets revaluation	Total fund's equity
		Initial capital fund	Additional fund			
For the year ended December 31, 2015						
Beginning balance as at January 1, 2015		200,000	1,027,600	47,856,079	-	49,083,679
Income over expenditure		-	-	41,830,050	-	41,830,050
Ending balance as at December 31, 2015		<u>200,000</u>	<u>1,027,600</u>	<u>89,686,129</u>	<u>-</u>	<u>90,913,729</u>
For the year ended December 31, 2016						
Beginning balance as at January 1, 2016		200,000	1,027,600	89,686,129	-	90,913,729
Surplus on assets revaluation	11	-	-	-	28,881,202	28,881,202
Income over expenditure		-	-	5,385,209	-	5,385,209
Ending balance as at December 31, 2016		<u>200,000</u>	<u>1,027,600</u>	<u>95,071,338</u>	<u>28,881,202</u>	<u>125,180,140</u>

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

**RAMA IX ART MUSEUM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

1. OBJECTIVES AND OTHER INFORMATION OF THE FOUNDATION

Office of the National Culture Commission approved the setup of the Rama IX Art Museum Foundation (“the Foundation”) on August 15, 1996. The registration for the setup of the Foundation was completed on October 4, 1996, with the following objectives:

- 1.1 To manage the Project of Art Exhibition in the honor of His Majesty King Bhumibol Adulyadej, the Supreme Artist, in Art and Culture, commemoration of the 50th anniversary of His Majesty the King’s accession to the throne.
- 1.2 To be responsible for fund raising in order to build up and manage a modern art museum to be named in the honor of His Majesty the King.
- 1.3 To support and develop knowledge of art and to collect and promote Thai artworks in the country and throughout the other countries around the world.
- 1.4 To promote and support the attitude to preserve the Thai contemporary art.
- 1.5 To organize a quality art publishing house concentrating in conventional publications and electronic educational aids for further understanding of Thai contemporary arts and to support and develop artistic knowledge.
- 1.6 To organize with other non-profit organization, education institution, art activities and others which have its same objectives in order to stimulate more grants and funding for public and young artists.
- 1.7 To encourage government organization, private organization, partnership, local and international company and international cultural collaborations in order to support objectives of the foundation.

The Foundation’s office is located at Hua Seng Heng 2, 7th floor, 255-257 Yaowarat Road, Samphantawong, Bangkok and subsequently in January 2017, the Foundation has changed the address to I Tower Building, 18th floor, No. 888 Vibhavadi Rangsit Road, Chatuchak, Bangkok.

2. FUNDING POLICIES

The Foundation was established with the initial funds of Baht 200,000. The Foundation may raise additional funds as follows:

- 2.1 Funds provided by governmental organizations or state enterprises, or others in the country.
- 2.2 Funds or properties donated by charitable persons or organizations in the country or abroad.

- 2.3 Fund or properties bequeathed under a will or other juristic acts, provided that there are no conditions obligating the Foundation to any liabilities or whatsoever.
- 2.4 Interest and dividends arising from funds and the property which constitute the assets of the Foundation.
- 2.5 Contributions from the usage of the property or facilities of the Foundation, or services provided by the Foundation with free of charge.
- 2.6 Other income from the Foundation's activities that is approved by the Foundation's Board of Directors.

3. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

The Foundation maintains its accounting records in Thai Baht and prepares its statutory financial statements in Thai language in conformity with Thai Financial Reporting Standard for Non-Publicly Accountable Entities ("TFRS for NPAEs") issued by the Federation of Accounting Professions and accounting practices generally accepted in Thailand, except the accounting policy for art collection as disclosed in Note 4.6.

The Foundation's financial statements have been prepared in accordance with Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statement B.E. 2554".

The financial statements have been prepared on an accrual basis under the measurement basis of historical cost except as disclosed in the significant accounting policies.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and cash equivalents

Cash and cash equivalents are cash on hand and all types of deposits at financial institutions with maturity of three months or less and excluding deposits at financial institutions used as collateral (if any).

4.2 Temporary investments

Temporary investments are carried at fair value. Changes in fair value of investment are recognized as unrealized gain (loss) from the revaluation of investment in the statement of income and expenditure.

4.3 Supplies

Supplies are stated at cost which is calculated on an average basis.

4.4 Leasehold improvement and equipment

Leasehold improvement and equipment are stated at cost less accumulated depreciation.

Depreciation is calculated by the straight-line method, based on the estimated useful lives of the assets as follows:

Leasehold improvement	3 years
Office equipment	5 years

For office equipment, which was transferred from the Golden Jubilee Art Celebration, depreciation is calculated by the straight-line method, based on its remaining useful life.

4.5 Intangible asset

Intangible asset which is computer program is stated at cost less accumulated amortization.

Amortization is calculated by the straight-line method, based on the estimated useful lives over the period of 5 years.

4.6 Art collection

The artworks transferred from the Golden Jubilee Art Celebration as well as donated by artists is accounted at cost at price given by the individual Artists.

During the year 2016, the Foundation reappraised the art collection by the collective vote of a panel of art experts based on their knowledge of the art market; some with upward revaluation, some no change, and some with downward revaluation. The increase in revaluation is recognized as the surplus in other component of fund's equity under "surplus on assets revaluation", while the decrease in revaluation is charged directly against any prior appraisal increase for the particular asset. The residual appraisal decrease is recognized as an expense in the statement of income and expenditure.

4.7 Income and expenditure recognition

Income and expenditure are recognized on an accrual basis, except for income from donation, which is recognized when the donation is received.

4.8 Income tax expense

The Foundation records income tax expense to be paid as expense for the year and records related tax liability using the accrual basis.

4.9 Use of managements' judgment

The preparation of financial statements in conformity with TFRS for NPAEs also requires the Foundation's management to exercise various judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of income and expenditure during the reporting period. Although, these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, were as follows:

	2016 Baht	2015 Baht
Cash on hand	27,000	27,000
Cash at banks - savings account	162,969	5,966,590
	<u>189,969</u>	<u>5,993,590</u>

As at December 31, 2016 and 2015, the weighted average interest rate of savings account was 0.5% per annum.

6. TEMPORARY INVESTMENTS

Temporary investments and the unrealized gain from the revaluation of investment as at December 31, were as follows:

	Cost	2016 Unrealized Gain	Fair Value	Cost	2015 Unrealized Gain	Fair Value
	Baht	Baht	Baht	Baht	Baht	Baht
Short-term fixed income fund and opened-end fund	70,880,530	993,714	71,874,244	60,015,022	865,508	60,880,530
Total	<u>70,880,530</u>	<u>993,714</u>	<u>71,874,244</u>	<u>60,015,022</u>	<u>865,508</u>	<u>60,880,530</u>

7. SUPPLIES

Supplies as at December 31, were as follows:

	2016 Baht	2015 Baht
Art in the Reign of Rama IX Books and art catalogues	449,699	506,560
Supreme Artist Book	325,056	852,192
CD Project 6 Decade	633	9,858
	<u>775,388</u>	<u>1,368,610</u>

Supplies will be given to donors who donate to the Foundation.

8. OTHER CURRENT ASSETS

Other current assets as at December 31, were as follows:

	2016 Baht	2015 Baht
Deposit	149,682	149,682
Accrued income	-	3,000
Others	25,550	48,023
	<u>175,232</u>	<u>200,705</u>

9. LEASEHOLD IMPROVEMENT AND EQUIPMENT

Leasehold improvement and equipment as at December 31, were as follows:

As at December 31, 2016	Balance as at January 1, 2016 Baht	Additions Baht	Disposals Baht	Balance as at December 31, 2016 Baht
Cost				
Leasehold improvement	130,594	1,904,188	(130,594)	1,904,188
Office equipment	1,710,820	41,290	(115,937)	1,636,173
Total cost	<u>1,841,414</u>	<u>1,945,478</u>	<u>(246,531)</u>	<u>3,540,361</u>
Accumulated depreciation				
Leasehold improvement	(130,592)	(1,041)	130,592	(1,041)
Office equipment	(1,031,191)	(234,571)	113,620	(1,152,142)
Total accumulated depreciation	<u>(1,161,783)</u>	<u>(235,612)</u>	<u>244,212</u>	<u>(1,153,183)</u>
Leasehold improvement and equipment	<u>679,631</u>			<u>2,387,178</u>
As at December 31, 2015	Balance as at January 1, 2015 Baht	Additions Baht	Disposals Baht	Balance as at December 31, 2015 Baht
Cost				
Leasehold improvement	130,594	-	-	130,594
Office equipment	1,424,792	380,329	(94,301)	1,710,820
Total cost	<u>1,555,386</u>	<u>380,329</u>	<u>(94,301)</u>	<u>1,841,414</u>
Accumulated depreciation				
Leasehold improvement	(130,592)	-	-	(130,592)
Office equipment	(911,009)	(214,473)	94,291	(1,031,191)
Total accumulated depreciation	<u>(1,041,601)</u>	<u>(214,473)</u>	<u>94,291</u>	<u>(1,161,783)</u>
Leasehold improvement and equipment	<u>513,785</u>			<u>679,631</u>
Depreciation for the years ended December 31,				
2016			Baht	<u>235,612</u>
2015			Baht	<u>214,473</u>

10. INTANGIBLE ASSET

Intangible asset as at December 31, was as follows:

As at December 31, 2016	Balance as at January 1, 2016 Baht	Additions Baht	Disposals Baht	Balance as at December 31, 2016 Baht
Computer program	68,420	-	-	68,420
<u>Less</u> Accumulated amortization	<u>(63,417)</u>	<u>(1,870)</u>	<u>-</u>	<u>(65,287)</u>
Intangible asset	<u>5,003</u>			<u>3,133</u>
As at December 31, 2015	Balance as at January 1, 2015 Baht	Additions Baht	Disposals Baht	Balance as at December 31, 2015 Baht
Computer program	68,420	-	-	68,420
<u>Less</u> Accumulated amortization	<u>(61,547)</u>	<u>(1,870)</u>	<u>-</u>	<u>(63,417)</u>
Intangible asset	<u>6,873</u>			<u>5,003</u>
Amortization for the years ended December 31,				
2016			Baht	<u>1,870</u>
2015			Baht	<u>1,870</u>

11. ART COLLECTION

Art collection as at December 31, were as follows:

	2016 Baht	2015 Baht
Art collection balances as at January 1,	21,951,253	20,191,253
Increase arising from revaluation of assets	28,881,202	-
Additions from donates	500,000	1,760,000
Decrease from disposal	<u>(80,000)</u>	<u>-</u>
	51,252,455	21,951,253
<u>Less</u> Allowance for diminution in value of assets	<u>(1,298,000)</u>	<u>-</u>
Art collection balances as at December 31,	<u>49,954,455</u>	<u>21,951,253</u>

As at December 31, 2016, the Foundation has surplus on assets revaluation of Baht 28,881,202 and recognized allowance for diminution in value of assets of Baht 1,298,000 arising from the reappraisal of art collection by the Foundation during the year (as at December 31, 2015 : Nil) (see Note 4.6).

12. THE MOST ILLUSTRIOUS ARTIST PROJECT

The Foundation has arranged the most illustrious artist project which the project expenses for the years ended December 31, 2016 and 2015 were Baht 654,515 and Baht 1,710,160, respectively.

In this regard, the Foundation also received the donation income for the years ended December 31, 2016 and 2015 of Baht 11,500,000 and Baht 45,100,000, respectively

13. INCOME TAX EXPENSE

Income tax expense for the years ended December 31, 2016 and 2015 were calculated from income before expenditure, for income that is not exempt from taxation according to the Revenue Code.

14. LAWSUIT

During the year 2011, the Foundation filed a police complaint against a resigned Foundation's employee who was found to have made fraudulent transactions between the years 2007 to 2010 with the total damage value of Baht 693,380, which was recognized in the year as expense in the statements of income and expenditure.

On July 17, 2012, a court hearing was held at the Pathumwan Municipal Court and the defendant pleaded guilty to all charges and to reimburse the damage in full amount of Baht 693,380 by paying not less than Baht 10,000 per month and to be completed within 3 years.

Subsequently, on July 23, 2015, the Foundation filed the Pathumwan Municipal Court for re-hearing the case because the defendant failed to respond to the complaint and did not repay the outstanding amount. On September 4, 2015, the parties argued to the Court allowing the defendant to repay the outstanding amount until the payment is complete. The Court, therefore, postponed the decision to September 13, 2016.

As at December 31, 2015, the defendant has already compensated for Baht 410,000, therefore, the outstanding amount is Baht 283,380. The Foundation recognizes as other income when the amount of the damage is received.

On September 13, 2016, the parties argued to the Court that the defendant made a payment partially and has an intention to continue to repay until the payment is complete. The Court, therefore, postponed the decision to September 13, 2017.

As at December 31, 2016, the defendant has already compensated for another Baht 120,000, therefore, the outstanding amount is Baht 163,380. The Foundation recognizes as other income when the amount of the damage is received.

15. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issuing by the authorized director of the Foundation on March 2, 2017.