

Major Development Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2018

Independent Auditor's Report

To the Shareholders of Major Development Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Major Development Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Major Development Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Major Development Public Company Limited and its subsidiaries and of Major Development Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

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 Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matter

Key audit matter is the matter that, in my professional judgement, was of most significance in my audit of the financial statements of the current period. This matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to this matter.

Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements.

The results of my audit procedures, including the procedures performed to address the matter below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matter and how audit procedures respond to such matter are described below.

Recognition of revenue from sale of real estate

Revenue from sale of real estate is the most significant amount in the statements of comprehensive income and it is a key performance indication in the real estate industry on which the financial statements' users focus. In addition, there is an intense competition in the real estate business. There are therefore risks with respect to the occurrence of revenue from sale of real estate presented in the financial statements, and timing of revenue recognition.

I have examined the recognition of revenue from sale of real estate of the Group by:

- Assessing and testing the Group's internal controls with respect to the cycle of revenue from sale of real estate by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select sales agreements to assess whether recognition of revenue from sale of real estate was consistent with the conditions of the relevant agreements, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions of revenue from sale of real estate throughout the period, particularly for accounting entries made through journal vouchers including reversal of revenue after the period-end.

Other Information

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

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

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

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgement 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 Group'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 Group'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 Group 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.

- 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 those charged with governance 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 those charged with governance 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 those charged with governance, I determine those matters that were of most significance in the audit of the 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.

I am responsible for the audit resulting in this independent auditor's report.

Poonnard Paocharoen
Certified Public Accountant (Thailand) No. 5238

EY Office Limited
Bangkok: 28 February 2019

Major Development Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	7	848,624,912	716,715,372	517,307,707	97,912,025
Trade and other receivables	6, 8	93,037,936	213,687,499	1,473,542,524	1,198,770,831
Short-term loans to related parties	6	-	-	2,237,975,000	1,992,015,000
Current portion of long-term loans to related parties	6	-	480,947,309	-	480,947,309
Land and construction in progress	9	11,121,330,133	11,927,939,990	1,782,322,227	2,551,757,326
Advances for construction		629,299,752	391,173,582	117,692,574	114,317,492
Deposits for purchase of land	28.5	198,861,349	172,049,893	37,076,903	37,076,903
Other current assets		183,129,311	159,502,254	35,223,775	27,132,750
Total current assets		13,074,283,393	14,062,015,899	6,201,140,710	6,499,929,636
Non-current assets					
Pledged deposits at banks	28.3	17,165,133	17,170,000	1,828,582	5,670,000
Investments in subsidiaries	10	-	-	4,534,126,486	4,623,626,486
Investments in joint ventures	11	336,892,822	61,730,937	62,990,837	74,990,837
Long-term loans to related parties	6	355,775,554	104,201,608	387,600,000	244,800,000
Investment properties	12	2,615,866,473	2,439,046,783	788,688,000	745,434,125
Land held for development		-	335,332,267	-	-
Property, plant and equipment	13	2,507,006,528	2,328,203,263	33,761,038	44,562,523
Intangible assets	14	40,680,202	24,240,493	5,796,201	7,582,067
Deposits for purchase of land	28.5	75,000,000	-	-	-
Deferred tax assets	25	138,480,469	107,384,589	23,233,825	50,166,015
Other non-current assets		12,989,546	13,198,196	9,437,127	10,498,702
Total non-current assets		6,099,856,727	5,430,508,136	5,847,462,096	5,807,330,755
Total assets		19,174,140,120	19,492,524,035	12,048,602,806	12,307,260,391

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

Major Development Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts	15	19,424,800	13,864,125	-	9,853,879
Current portion of bills of exchange	16	-	1,012,179,329	-	1,012,178,523
Trade and other payables	17	1,334,302,243	1,404,153,023	756,805,642	449,875,978
Current portion of long-term loans from financial institutions	18	548,766,321	2,915,683,608	-	496,050,337
Short-term debentures	19	810,000,000	510,000,000	810,000,000	510,000,000
Current portion of long-term debentures	19	3,889,138,955	300,000,000	3,799,617,446	300,000,000
Short-term loans from related parties	6	-	84,000,000	-	146,200,000
Current portion of long-term loans from related party	6	50,000,000	-	50,000,000	-
Current portion of liabilities under finance lease agreements	20	5,648,959	1,609,275	-	194,728
Income tax payable		20,568,929	-	3,439,309	-
Retention payables		342,824,309	401,178,602	121,479,589	194,318,241
Deposits and advances from customers		1,810,661,545	1,215,764,355	231,167,438	178,970,979
Other current liabilities	6	196,746,262	174,494,580	145,533,403	119,787,429
Total current liabilities		9,028,082,323	8,032,926,897	5,918,042,827	3,417,430,094
Non-current liabilities					
Bills of exchange	16	-	108,585,000	-	-
Long-term debentures	19	1,677,477,177	3,870,932,683	1,677,477,177	3,782,482,640
Long-term loans from financial institutions	18	3,666,115,417	3,464,210,890	-	672,743,890
Long-term loans from related party	6	-	50,000,000	-	50,000,000
Liabilities under finance lease agreements	20	11,943,777	4,637,114	-	160,541
Provision for long-term employee benefits	21	29,738,735	31,135,035	4,322,327	10,841,065
Deferred tax liabilities	25	168,167,049	122,409,995	131,119,302	120,673,525
Other non-current liabilities		21,825,604	22,706,186	-	-
Total non-current liabilities		5,575,267,759	7,674,616,903	1,812,918,806	4,636,901,661
Total liabilities		14,603,350,082	15,707,543,800	7,730,961,633	8,054,331,755

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

Major Development Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Shareholders' equity					
Share capital					
Registered					
1,050,000,000 ordinary shares of Baht 1 each		1,050,000,000	1,050,000,000	1,050,000,000	1,050,000,000
Issued and paid-up					
860,411,939 ordinary shares of Baht 1 each		860,411,939	860,411,939	860,411,939	860,411,939
Premium on ordinary shares		875,266,939	875,266,939	875,266,939	875,266,939
Retained earnings					
Appropriated - statutory reserve	23	105,000,000	105,000,000	105,000,000	105,000,000
Unappropriated		2,537,838,502	1,800,920,846	2,476,962,295	2,412,249,758
Other components of shareholders' equity	22	192,272,658	143,380,511	-	-
Total shareholders' equity		4,570,790,038	3,784,980,235	4,317,641,173	4,252,928,636
Total liabilities and shareholders' equity		19,174,140,120	19,492,524,035	12,048,602,806	12,307,260,391
		-	-	-	-

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

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Directors
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Major Development Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Revenues					
Sales of units in real estate projects		4,825,261,372	2,781,825,068	1,390,120,920	1,032,731,584
Revenues from hotel operations		278,908,003	274,218,428	-	-
Management fee income		59,507,243	39,986,537	4,500,000	20,547,600
Rental and services income		90,977,362	91,675,893	4,818,000	4,800,000
Gain on change in fair value of investment properties		38,493,870	32,318,848	54,689,000	5,323,000
Other income					
Dividend from joint venture	11.2	-	-	123,671,120	-
Interest income		36,427,412	42,667,307	184,962,688	88,156,934
Gain on sales of land held for development		263,808,258	-	-	-
Others		86,359,874	112,513,863	29,099,887	43,018,743
Total revenues		5,679,743,394	3,375,205,944	1,791,861,615	1,194,577,861
Expenses					
Cost of units in real estate projects sold		2,819,493,632	1,709,233,186	718,858,628	597,689,324
Cost from hotel operations		201,359,911	191,431,770	-	-
Cost of services		49,641,421	38,570,451	3,150,000	13,749,540
Cost of rental and services		31,336,481	26,511,664	-	-
Selling expenses		1,102,550,300	571,752,381	221,082,821	144,462,716
Administrative expenses		747,112,412	627,361,892	76,459,588	209,233,383
Reduction of cost to net realisable value (reversal)	9	(49,181,116)	49,181,116	-	-
Impairment loss on investments	10,11	-	-	199,000,000	386,549,814
Total expenses		4,902,313,041	3,214,042,460	1,218,551,037	1,351,684,777
Profit (loss) before share of gain from investments					
in joint ventures, finance cost and income tax expenses		777,430,353	161,163,484	573,310,578	(157,106,916)
Share of gain from investments in joint ventures	11.2	507,606,954	35,722,326	-	-
Profit (loss) before finance cost and income tax expenses		1,285,037,307	196,885,810	573,310,578	(157,106,916)
Finance cost		(460,409,774)	(403,075,163)	(433,730,554)	(397,424,236)
Profit (loss) before income tax expenses		824,627,533	(206,189,353)	139,580,024	(554,531,152)
Income tax income (expenses)	25	(91,487,702)	22,283,760	(74,867,487)	14,204,025
Profit (loss) for the year		733,139,831	(183,905,593)	64,712,537	(540,327,127)
Earnings per share					
Basic earnings per share					
Profit (loss) for the year		0.85	(0.21)	0.08	(0.63)

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

Major Development Public Company Limited and its subsidiaries**Statement of comprehensive income**

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit (loss) for the year	<u>733,139,831</u>	<u>(183,905,593)</u>	<u>64,712,537</u>	<u>(540,327,127)</u>
Other comprehensive income:				
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Actuarial loss	4,722,281	(3,903,222)	-	(1,503,682)
Less: Income tax effect	(944,456)	780,644	-	300,736
	<u>3,777,825</u>	<u>(3,122,578)</u>	<u>-</u>	<u>(1,202,946)</u>
Changes in revaluation of assets	61,115,185	11,122,000	-	-
Less: Income tax effect	(12,223,038)	(2,224,000)	-	-
	<u>48,892,147</u>	<u>8,898,000</u>	<u>-</u>	<u>-</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	<u>52,669,972</u>	<u>5,775,422</u>	<u>-</u>	<u>(1,202,946)</u>
Total comprehensive income for the year	<u><u>785,809,803</u></u>	<u><u>(178,130,171)</u></u>	<u><u>64,712,537</u></u>	<u><u>(541,530,073)</u></u>

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

Major Development Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements							
Equity attributable to owners of the Company							
	Equity attributable to owners of the Company				Other component of equity		
	Retained earnings		Other comprehensive income		Total other components of shareholders' equity	Total shareholders' equity	
	Issued and paid-up share capital	Premium on ordinary shares	Appropriated - statutory reserve	Unappropriated			Surplus on revaluation of assets
Balance as at 1 January 2017	860,411,939	875,266,939	105,000,000	1,987,949,017	134,482,511	134,482,511	3,963,110,406
Loss for the year	-	-	-	(183,905,593)	-	-	(183,905,593)
Other comprehensive income for the year	-	-	-	(3,122,578)	8,898,000	8,898,000	5,775,422
Total comprehensive income for the year	-	-	-	(187,028,171)	8,898,000	8,898,000	(178,130,171)
Balance as at 31 December 2017	860,411,939	875,266,939	105,000,000	1,800,920,846	143,380,511	143,380,511	3,784,980,235
Balance as at 1 January 2018	860,411,939	875,266,939	105,000,000	1,800,920,846	143,380,511	143,380,511	3,784,980,235
Profit for the year	-	-	-	733,139,831	-	-	733,139,831
Other comprehensive income for the year	-	-	-	3,777,825	48,892,147	48,892,147	52,669,972
Total comprehensive income for the year	-	-	-	736,917,656	48,892,147	48,892,147	785,809,803
Balance as at 31 December 2018	860,411,939	875,266,939	105,000,000	2,537,838,502	192,272,658	192,272,658	4,570,790,038
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

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

Major Development Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements				Total shareholders' equity
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2017	860,411,939	875,266,939	105,000,000	2,953,779,831	4,794,458,709
Loss for the year	-	-	-	(540,327,127)	(540,327,127)
Other comprehensive income for the year	-	-	-	(1,202,946)	(1,202,946)
Total comprehensive income for the year	-	-	-	(541,530,073)	(541,530,073)
Balance as at 31 December 2017	<u>860,411,939</u>	<u>875,266,939</u>	<u>105,000,000</u>	<u>2,412,249,758</u>	<u>4,252,928,636</u>
Balance as at 1 January 2018	860,411,939	875,266,939	105,000,000	2,412,249,758	4,252,928,636
Profit for the year	-	-	-	64,712,537	64,712,537
Total comprehensive income for the year	-	-	-	64,712,537	64,712,537
Balance as at 31 December 2018	<u>860,411,939</u>	<u>875,266,939</u>	<u>105,000,000</u>	<u>2,476,962,295</u>	<u>4,317,641,173</u>
	-	-	-	-	-
	-	-	-	-	-

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

Major Development Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit (loss) before tax	824,627,533	(206,189,353)	139,580,024	(554,531,152)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	141,795,897	97,117,915	8,888,387	10,153,462
Write off assets	11,739,157	2,976,316	-	33,257
(Gain) loss on sales of assets	(141,888)	13,526,545	(504,389)	(3,215,125)
Provision for impairment assets				
- Property plant and equipment	(926,704)	-	(926,704)	-
- Deposits for purchase of land	(25,000,000)	-	-	-
Gain on sales of land held for development	(263,808,258)	-	-	-
Reduction of cost to net realisable value				
- land and construction in progress (reversal)	(49,181,116)	49,181,116	-	-
Provision for long-term employee benefits	3,722,365	3,226,358	378,000	1,741,458
Share of gain from investments in joint ventures	(507,606,954)	(35,722,326)	-	-
Gain on change in fair value of investment properties	(38,493,519)	(32,318,848)	(54,689,000)	(5,323,000)
Provision	13,756,446	46,591,183	11,058,693	45,322,318
Gain on change status of investment	-	(9,311,058)	-	(9,311,058)
Impairment loss on investments in subsidiaries	-	-	199,000,000	386,549,814
Dividend income from joint venture	-	-	(123,671,120)	-
Interest income	(36,427,412)	(42,667,307)	(184,962,688)	(88,156,934)
Interest expense	456,878,621	395,970,653	413,366,471	390,145,433
Profit from operating activities before changes in operating assets and liabilities	530,934,168	282,381,194	407,517,674	173,408,473
Operating assets (increase) decrease				
Trade and other receivables	(8,906,391)	13,348,978	(375,096,555)	526,664,277
Land and construction in progress	1,093,680,837	(3,005,759,405)	769,435,099	600,811,269
Advances for construction	(238,126,170)	36,422,278	(3,375,082)	5,367,858
Deposits for purchase of land	(76,811,456)	367,457,084	-	120,000,000
Other current assets	(30,009,762)	12,418,119	(8,063,835)	7,651,319
Other non-current assets	208,650	1,488,682	1,061,575	1,334,725
Operating liabilities increase (decrease)				
Trade and other payables	(138,278,206)	249,476,732	253,290,973	(326,102,079)
Retention payables	(58,354,293)	58,370,281	(72,838,652)	26,487,817
Deposits and advances from customers	594,897,190	476,769,155	52,196,459	2,136,435
Other current liabilities	(4,626,461)	20,473,257	18,536,961	(17,320,814)
Other non-current liabilities	(880,582)	(6,812,386)	-	(10,184,728)
Cash flows from (used in) operating activities	1,663,727,524	(1,493,966,031)	1,042,664,617	1,110,254,552
Cash paid for interest expense	(645,498,480)	(554,835,368)	(353,440,738)	(365,515,628)
Cash paid for corporate income tax	(51,283,291)	(46,721,920)	(34,050,210)	(17,541,715)
Net cash flows from (used in) operating activities	966,945,753	(2,095,523,319)	655,173,669	727,197,209

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

Major Development Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Increase in pledged deposits at banks	4,867	-	3,841,418	-
Acquisition of investment properties	(202,083,877)	(500,593,695)	-	-
Cash received from sales of investment properties	13,000,000	110,500,000	13,000,000	15,500,000
Acquisition of property, plant and equipment	(178,600,981)	(282,089,590)	(490,231)	(3,974,460)
Cash received from sales of equipment	4,377,015	49,241,000	4,276,462	41,000
Cash received from sales of land held for development	599,140,525	-	-	-
Acquisition of intangible assets	(6,072,897)	(15,339,573)	(248,240)	(4,846,586)
Cash payment for investments in subsidiaries	-	-	-	(537,500,000)
Cash payment for investments in joint ventures	-	-	-	(31,110,000)
Cash received from short-term loan to related parties	-	-	321,540,000	2,758,613,000
Cash payment for short-term loan to related parties	-	-	(567,500,000)	(3,011,428,000)
Cash received from long-term loan to related parties	480,947,309	-	480,947,309	-
Cash payment for long-term loan to related parties	(142,800,000)	(193,800,000)	(142,800,000)	(193,800,000)
Interest income	165,999,369	7,759,388	187,787,550	23,844,034
Cash received from redemption of bonds	-	5,000,000	-	5,000,000
Dividend income	123,671,120	-	123,671,120	-
Net cash flows from (used in) investing activities	857,582,450	(819,322,470)	424,025,388	(979,661,012)
Cash flows from financing activities				
Increase (decrease) in overdrafts and short-term loans	5,560,675	(194,174,198)	(9,853,879)	9,853,879
Decrease in bills of exchange	(1,144,000,000)	(1,090,000,000)	(1,034,000,000)	(1,200,000,000)
Cash received from short-term loans from related parties	150,000,000	84,000,000	251,800,000	226,200,000
Repayment of short-term loans from related parties	(234,000,000)	-	(398,000,000)	(80,000,000)
Cash received from long-term loans from related party	-	50,000,000	-	50,000,000
Repayment of liabilities under finance lease agreements	(4,566,577)	-	(355,269)	-
Cash received from short-term debentures	810,000,000	510,000,000	810,000,000	510,000,000
Repayment of short-term debentures	(510,000,000)	-	(510,000,000)	-
Cash received from long-term debentures	1,699,400,000	1,870,932,683	1,699,400,000	1,782,482,640
Repayment of long-term debentures	(300,000,000)	(2,170,000,000)	(300,000,000)	(2,170,000,000)
Cash received from long-term loans from financial institutions	2,800,284,008	6,782,682,530	508,017,008	2,083,169,000
Repayment of long-term loans from financial institutions	(4,965,296,769)	(2,962,525,011)	(1,676,811,235)	(1,035,250,752)
Net cash flows from (used in) financing activities	(1,692,618,663)	2,880,916,004	(659,803,375)	176,454,767
Net increase (decrease) in cash and cash equivalents	131,909,540	(33,929,785)	419,395,682	(76,009,036)
Cash and cash equivalents at beginning of year	716,715,372	750,645,157	97,912,025	173,921,061
Cash and cash equivalents at end of year (Note 7)	848,624,912	716,715,372	517,307,707	97,912,025
	-	-	-	-

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

Major Development Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Supplemental cash flows information				
Non-cash items				
Asset purchased under financial lease	15,702,924	-	-	-
Transferred investment properties to property, plant and equipment	62,123,467	-	-	-
Gain on change status of investment	-	9,311,058	-	9,311,058
Transferred advance to investment in subsidiary	-	-	97,500,000	-
Transferred provision long-term employee benefits to related party	-	-	6,896,739	-

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

Major Development Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2018

1. General information

Major Development Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company and its subsidiaries are principally engaged in the development of properties for sales, hotel business and properties rental and service business. The registered office of the Company is at 141 Soi Sukhumvit 63 (Ekamai), Sukhumvit Road, Klongton Nua, Wattana, Bangkok.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Major Development Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”).

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018 Percent	2017 Percent
<u>Direct shareholding</u>				
Major Development Hotels and Resorts Company Limited	Hotel	Thailand	100	100
Major Development Residences Company Limited	Development of properties for sales	Thailand	100	100
MJR Development Company Limited	Development of properties for sales and properties rental	Thailand	100	100
MJP Property Company Limited	Development of properties for sales	Thailand	100	100
MJC Development Company Limited	Development of properties for sales	Thailand	100	100
MJD Residences Company Limited	Development of properties for sales	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018	2017
			Percent	Percent
Major Development Property Partners Company Limited	Condominium juristic person management	Thailand	100	100
Major Development Estate Company Limited	Development of properties for sales	Thailand	100	100
Major Development Hospitality Company Limited	Hotel and properties rental	Thailand	100	100
Major Development Property Consultant Company Limited	Agent, representative and real estate advisor business	Thailand	100	100
M J A I Development Company Limited	Development of properties for sales	Thailand	100	100
<u>Indirectly owned by subsidiaries</u>				
MJ One Company Limited	Development of properties for sales	Thailand	100	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries and joint ventures under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries expects the adoption of this accounting standard to result in the following adjustments.

- Commission paid to obtain a contract - The Company and its subsidiaries have determined that commission paid to obtain a customer contract should be recorded as an asset and amortised to expenses on a systematic basis that is consistent with the pattern of revenue recognition. Under the previous accounting policy, the Company and its subsidiaries immediately recorded commission as selling expenses when the transaction occurred.

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

a) Sales of units in real estate projects

Sales of units in real estate projects are recognised as revenue when the significant risks and rewards of ownership have been passed to the buyer, whereby construction works are completed and the ownerships have been transferred to the buyers after all payments received from the buyers.

b) Rendering of rental and services

Rental of area in buildings are recognised on an accrual basis over the period of contract.

Service revenue is recognised when services have been rendered taking into account the stage of completion.

c) Revenue from hotel operations

Revenues from hotel operations comprise room sales, food and beverage sales and other related services, from which income are recognised when services have been rendered and are presented at the invoiced value, excluding value added tax, after deducting discounts.

d) Revenues from construction

Revenue from construction of jointly controlled entity is recognised on the percentage of completion basis based on percentage of completion estimated by project manager, an engineer.

The excess of construction income recognised under percentage of completion basis over the amount billed to customers is presented in the statements of financial position as “Unbilled receivables” under current assets, while the excess of the amounts billed to customers over the value of construction income under the percentage of completion basis is presented in the statements of financial position as “Advances received for construction and service work” under current liabilities.

e) Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

4.2 Expenses

a) Cost of units in real estate projects sold

In determining the cost of units in real estate projects sold, the total anticipated development costs (which include considerations of actual costs incurred) are allocated to the units already sold on the basis of the selling price and salable areas.

Development costs are stated at cost, consisting of cost of land, design fees, utilities, construction, interest and related direct expenses.

b) Costs of construction

Cost of construction work and service is recognised in accordance with the percentage of completed work based on total estimated cost. Provision for anticipated losses on construction projects is made in the accounts in full when the possibility of loss is ascertained.

4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of 3 months or less and not subject to withdrawal restrictions.

4.4 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.5 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined by the weighted average method.

4.6 Land and construction in progress

Land and construction in progress are valued at the lower of cost and net realisable value. The details of cost calculation are as follows:

- | | |
|------|--|
| Land | - Land consists of cost of land and related expenses for acquired land on the actual cost incurred, calculating separately for each project. |
|------|--|

Construction in progress - Construction in progress consists of cost of design fees, construction, public utility costs and interest capitalised to cost of projects. The Company and its subsidiaries record cost of construction in progress based on the actual cost incurred.

Land awaiting development in the near future is presented in land held for development under other non-current assets.

4.7 Land awaiting development

Land awaiting development is stated at cost less allowance for loss on impairment of assets (if any). No depreciation is provided.

It is derecognised upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.8 Investments

- a) Investments in joint ventures are accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and joint ventures are accounted for in the separate financial statements using the cost method.

4.9 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in profit or loss when incurred.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.10 Property, plant and equipment/Depreciation

Land is stated at revalued amount. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company's and its subsidiaries' assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised in equity under the heading of "Revaluation surplus". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's and its subsidiaries' assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus" in respect of the same asset.

Depreciation of building and equipment is calculated by reference to their cost on the straight-line basis over the following estimated useful lives:

Temporary buildings and building improvement	1 - 3 and 10 years
System and utilities work	15 years
Hotel building and condominium units	20 and 50 years
Furniture and office equipment	5 years
Vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.12 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Amortisation of intangible assets, which are computer software, is calculated by reference to their costs on the straight-line basis over the estimated useful lives of 3, 5 and 10 years.

No amortisation is provided on computer software under installation.

4.13 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.14 Long-term leases

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Leases of property, plant and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

4.15 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary asset and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.16 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment, investments and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss. However in cases where property was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the assets is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as revaluation increase.

4.17 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company, its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company's and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans

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

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Past services costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring - related costs.

4.18 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.19 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Investment property

The Company and its subsidiaries present investment property at the fair value estimated by an independent appraiser, and recognises changes in the fair value in profit or loss. The independent appraiser valued some items of the investment property using the income approach, because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 12.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Company and its subsidiaries measure land at revalued amounts. Such amounts are determined by the independent valuer using the market approach. The valuation involves certain assumptions and estimates.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Impairment of investments in subsidiaries and joint ventures

The Company will record impairment loss on investments in subsidiaries and joint ventures when the objective evidence of impairment exists. The determining impairment of investments in subsidiaries and joint ventures require the management judgement with respect to its projections of future performance of the subsidiaries and joint ventures.

Litigations

The Company and its subsidiaries have contingent liabilities as a result of litigations. The management has used judgement to assess of the results of the litigations and has recorded the contingent liabilities with reasonable loss estimated as at the end of reporting period.

6. Related party transactions

The relationships between the Company and its related parties are summarised below.

Name of related parties	Relationship
Major Development Hotels and Resorts Company Limited	Subsidiary
Major Development Residences Company Limited	Subsidiary
MJR Development Company Limited	Subsidiary
MJP Property Company Limited	Subsidiary
MJC Development Company Limited	Subsidiary
MJD Residences Company Limited	Subsidiary
Major Development Property Partners Company Limited	Subsidiary
Major Development Estate Company Limited	Subsidiary
Major Development Hospitality Company Limited	Subsidiary
Major Development Property Consultant Company Limited	Subsidiary
M J A I Development Company Limited	Subsidiary
MJ One Company Limited	Subsidiary
Major Residences Company Limited	Jointly controlled entity
TMDC Construction Company Limited	Jointly controlled entity
MJD-JV1 Company Limited	Jointly controlled entity
Must International Trading PTE Ltd.	Shareholder of Major Residences Company Limited and MJD-JV 1 Company Limited
GMM Singapore Real Estate PTE Ltd.	Shareholder of Major Residences Company Limited and MJD-JV 1 Company Limited
DANYA CEBUS Ltd.	Shareholder of TMDC Construction Company Limited
GRG Global Investment Limited	Shareholder of TMDC Construction Company Limited, Major Residences Company Limited and MJD-JV1 Company Limited

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2018	2017	2018	2017	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	151	51	6.0% to 7.5% per annum (2017: 5.45% to 6.0% per annum)
Land rental income	-	-	5	5	Cost plus margin
Interest expense (some charged to project costs)	-	-	16	4	5.0% to 7.5% per annum (2017: 5.0% to 5.45% per annum)
Rental and utilities expenses	-	-	1	8	Cost plus margin
Other expenses	-	-	2	6	Agreed basis
Commission expenses	-	-	2	4	Percentage of revenue
<u>Transactions with related person and parties</u>					
Interest income	33	36	33	36	5.45% to 5.775% per annum (2017: 5.45% to 5.75% per annum)
Management fee income	29	21	29	21	Cost plus margin
Rental and services income	-	3	-	-	Cost plus margin
Sales of property, plant and equipment	-	49	-	-	Close to the prices charged to other customers of the same condominium project
Interest expense	6	2	6	2	4.3% to 6% per annum

As at 31 December 2018 and 2017, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Trade and other receivables - related parties (Note 8)</u>				
Subsidiaries	-	-	1,424,387	1,015,634
Joint ventures	46,920	177,169	45,500	176,212
Total other receivables - related parties	46,920	177,169	1,469,887	1,191,846

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Trade and other payables - related parties (Note 17)</u>				
Subsidiaries	-	-	476,119	178,609
Joint ventures	4,629	1,392	1,392	-
Related persons (Director and person who is related to management)	26,890	2,860	26,890	6,418
Total trade other payable - related parties	<u>31,519</u>	<u>4,252</u>	<u>504,401</u>	<u>185,027</u>
<u>Other current liabilities</u>				
Joint ventures	-	-	-	891

Loans to related parties and loans from related parties

As at 31 December 2018 and 2017, the balances of loans between the Company and those related companies and the movements are as follows:

Short-term loans to	Interest rate (% per annum)	Principal repayment	Separate financial statements			
			Balance as at 31 December 2017	Increase	Decrease	Balance as at 31 December 2018
			Major Development Estate Company Limited	7.50 (2017: 6.00)	At call	1,981,815
Major Development Property Consultant Company Limited	6.00	At call	10,200	-	-	10,200
Major Development Hospitality Company Limited	7.50	At call	-	75,500	(15,500)	60,000
Major Development Hotels and Resorts Company Limited	7.25	At call	-	4,000	-	4,000
Total			<u>1,992,015</u>	<u>567,500</u>	<u>(321,540)</u>	<u>2,237,975</u>

(Unit: Thousand Baht)

Long-term loans to	Interest rate (% per annum)	Principal repayment	Consolidated financial statements			
			Balance as at 31 December 2017	Increase	Decrease	Balance as at 31 December 2018
			Major Residences Company Limited	MLR - 0.75	Within September 2021	664,547
MJD-JV1 Company Limited	MLR - 0.75 and 1.25	Within August 2021 and April 2022	61,200	142,800	-	204,000
Total			<u>725,747</u>	<u>142,800</u>	<u>(480,947)</u>	<u>387,600</u>
Less: Allowance for impairment loss from investment in joint venture			<u>(140,598)</u>			<u>(31,824)</u>
Total			<u>585,149</u>			<u>355,776</u>
Less: Current portion			<u>(480,947)</u>			<u>-</u>
Long-term portion			<u>104,202</u>			<u>355,776</u>

(Unit: Thousand Baht)

		Separate financial statements				
Long-term loans to	Interest rate (% per annum)	Principal repayment	Balance as at			Balance as at
			31 December 2017	Increase	Decrease	31 December 2018
Major Residences Company Limited	MLR - 0.75	Within September 2021	664,547	-	(480,947)	183,600
MJD-JV1 Company Limited	MLR - 0.75 and 1.25	Within August 2021 and April 2022	61,200	142,800	-	204,000
Total			725,747	142,800	(480,947)	387,600
Less: Current portion			(480,947)	-	480,947	-
Long-term portion			244,800	142,800	-	387,600

(Unit: Thousand Baht)

		Consolidated financial statements				
Short-term loan from	Interest rate (% per annum)	Principal repayment	Balance as at			Balance as at
			31 December 2017	Increase	Decrease	31 December 2018
Director	4.30	At call	84,000	150,000	(234,000)	-
Total			84,000	150,000	(234,000)	-

(Unit: Thousand Baht)

		Separate financial statements				
Short-term loans from	Interest rate (% per annum)	Principal repayment	Balance as at			Balance as at
			31 December 2017	Increase	Decrease	31 December 2018
MJD Residences Company Limited	5.45	At call	128,200	56,800	(185,000)	-
Director	4.30	At call	18,000	25,000	(43,000)	-
Major Development Estate Company Limited	7.50	At call	-	170,000	(170,000)	-
Total			146,200	251,800	(398,000)	-

(Unit: Thousand Baht)

		Consolidated financial statements				
Long-term loan from	Interest rate (% per annum)	Principal repayment	Balance as at			Balance as at
			31 December 2017	Increase	Decrease	31 December 2018
Director	6.00	Within May 2019	50,000	-	-	50,000
Total			50,000	-	-	50,000
Less: Current portion			-			(50,000)
Long-term portion			50,000			-

(Unit: Thousand Baht)

		Separate financial statements				
Long-term loan from	Interest rate (% per annum)	Principal repayment	Balance as at			Balance as at
			31 December 2017	Increase	Decrease	31 December 2018
Director	6.00	Within May 2019	50,000	-	-	50,000
Total			50,000	-	-	50,000
Less: Current portion			-			(50,000)
Long-term portion			50,000			-

Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Short-term employee benefits	133	114	27	44
Post-employment benefits	2	2	-	1
Total	135	116	27	45

Guarantee obligations with related parties

The Company has obligations in respect of guarantees of the following loans of subsidiaries and joint venture obtained from banks and unrelated parties, for which no guarantee fee has been charged.

(Unit: Million Baht)

Subsidiaries	Credit guarantees
Major Development Hotels and Resorts Company Limited	410
MJR Development Company Limited	90
MJP Property Company Limited	465
MJC Development Company Limited	544
MJD Residences Company Limited	1,674
Major Development Estate Company Limited	8,746
Major Development Hospitality Company Limited	2,819
MJ One Company Limited	185

Joint venture	Credit guarantees
Major Residences Company Limited	3,149
MJD-JV1 Company Limited	1,462

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Cash	1,517	326	48	59
Bank deposits	847,108	716,389	517,260	97,853
Total	848,625	716,715	517,308	97,912

As at 31 December 2018, bank deposits in saving accounts and fixed deposits carried interests between 0.4% and 1.5% per annum (2017: 0.1% and 1.5% per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Trade receivables - related parties</u>	-	-	-	-
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Past due				
Up to 3 months	20,035	16,488	-	-
3 - 6 months	5,623	2,525	-	-
6 - 12 months	1,496	249	-	-
Over 12 months	44	305	-	10
Total trade receivables - unrelated parties	27,198	19,567	-	10
Total trade receivables	27,198	19,567	-	10
<u>Other receivables</u>				
Other receivables and advances - related parties	21,002	21,694	1,258,113	977,248
Other receivables and advances - unrelated parties	18,920	16,952	3,656	6,915
Interest receivables - related parties	25,918	155,475	211,774	214,598
Total other receivables	65,840	194,121	1,473,543	1,198,761
Total trade and other receivables	93,038	213,688	1,473,543	1,198,771

9. Land and construction in progress

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Condominium/commercial buildings for sales	5,144,038	5,453,005	1,782,322	2,551,757
Land cost	3,647,439	4,665,118	-	-
Construction in progress	2,012,815	1,635,008	-	-
Capitalised interest	317,038	223,990	-	-
Total	11,121,330	11,977,121	1,782,322	2,551,757
Less: Allowance for diminution in value	-	(49,181)	-	-
Net	11,121,330	11,927,940	1,782,322	2,551,757

9.1 On 8 April 2017, a subsidiary entered into a contract with a local company (“Buyer”) to purchase and to sell land and commercial buildings with 16 units at a price of Baht 75 million. The buyer has to pay a deposit of Baht 5 million on the agreement date, and the remaining payment will be made on the date of ownership transfer (within 1 year from the agreement date). The selling price is lower than the cost of commercial buildings including the related selling expenses. Therefore, the subsidiary recorded an allowance for diminution in value amounting to Baht 49 million which was presented as reduction of cost to net realisable value in the first quarter 2017 income statement.

During the first quarter 2018, the Buyer cancelled the contract to purchase and to sell land and commercial building made with the subsidiary because the subsidiary was unable to comply with certain condition as specified in the contract. In addition, the subsidiary assessed the realisable value of the land and commercial buildings and found that their market price had increased. Therefore, the subsidiary reversed all allowance for diminution in value which was presented as reduction of cost to net realisable value in the first quarter 2018 income statement.

9.2 Land and construction thereon with carrying values as at 31 December 2018 amounting to Baht 10,001 million (Separate financial statements: Baht 813 million) (2017: Consolidated financial statements: Baht 11,579 million, Separate financial statements: Baht 2,418 million) have been mortgaged with local commercial banks as collateral against credit facilities received from banks.

9.3 During the year 2018, the Company and its subsidiaries capitalised interest amounting to Baht 235 million (2017: Baht 103 million) to the costs of land and construction in progress. The capitalisation rates of interest are based on the borrowing costs of the specific loans, as described in Notes 6, 15, 16, 18 and 19 to the financial statements.

9.4 Additional information of the Company’s and its subsidiaries’ projects are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Total estimated project value	51,350	53,405	26,348	27,955
Sales with signed agreements	38,945	35,358	22,985	23,379
The ratio of sales with signed agreements to total estimated project value (%)	76	66	87	84
Total value of contracts signed not yet recognised as income	8,832	7,983	356	479

10. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment of investments		(Unit: Thousand Baht)	
									Carrying amounts based on cost method-net	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
			(%)	(%)						
Major Development Hotels and Resorts Company Limited	400,000	400,000	100	100	399,999	399,999	(187,000)	-	212,999	399,999
Major Development Residences Company Limited	100,000	100,000	100	100	99,999	99,999	-	-	99,999	99,999
MJR Development Company Limited	600,000	600,000	100	100	600,000	600,000	(363,623)	(363,623)	236,377	236,377
MJP Property Company Limited	600,000	600,000	100	100	600,000	600,000	-	-	600,000	600,000
MJC Development Company Limited	600,000	600,000	100	100	600,000	600,000	-	-	600,000	600,000
MJD Residences Company Limited	685,000	587,500	100	100	685,000	587,500	-	-	685,000	587,500
Major Development Property Partners Company Limited	2,750	2,750	100	100	2,750	2,750	-	-	2,750	2,750
Major Development Estate Company Limited	1,520,000	1,520,000	100	100	1,520,000	1,520,000	-	-	1,520,000	1,520,000
Major Development Hospitality Company Limited	550,000	550,000	100	100	550,000	550,000	-	-	550,000	550,000
Major Development Property Consultant Company Limited	8,000	8,000	100	100	7,999	7,999	-	-	7,999	7,999
M J A I Development Company Limited	25,000	25,000	100	100	19,002	19,002	-	-	19,002	19,002
Total					5,084,749	4,987,249	(550,623)	(363,623)	4,534,126	4,623,626

Movements of the investment in subsidiaries during the year ended 31 December 2018 are as follows:

a) MJD Residences Company Limited

During the year 2017, MJD Residences Company Limited ("subsidiary") approved an increase in the registered share capital from Baht 100 million to Baht 750 million, by issuing additional 6,500,000 ordinary shares with a par value of Baht 100. The Company acquired all the new shares which made share payments totaling Baht 487.5 million, or 75% of registered capital. The subsidiary registered the increase in its share capital with the Ministry of Commerce on 11 April 2017.

Subsequently, in December 2018, the Company made additional share payment amounting to Baht 97.5 million or 15% of additional share. The subsidiary registered the increase in its share capital with the Ministry of Commerce on 24 December 2018.

b) M J A I Development Company Limited

On 31 May 2018, an extraordinary general meeting of shareholders of M J A I Development Co., Ltd. (“subsidiary”) approved the dissolution of the company, and a subsidiary registered its dissolution with the Ministry of Commerce on 5 June 2018. Currently, a subsidiary is in the process of liquidation.

11. Investments in joint ventures

11.1 Details of investment in joint ventures

Investments in joint ventures represent investments in entities which are jointly controlled by the Company and other companies. Details of these investments are as follows:

(Unit: Thousand Baht)

Joint ventures	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2018	2017	2018	2017	2018	2017
			(%)	(%)				
Major Residences Company Limited	Development of properties for sales	Thailand	51	51	12,750	12,750	287,075	-
TMDC Construction Company Limited	Construction service	Thailand	51	51	81,599	81,599	49,818	61,730
MJD JV-1 Company Limited	Development of properties for sales	Thailand	51	51	510	510	-	-
Total					94,859	94,859	336,893	61,730

a) Major Residences Company Limited

As at 31 December 2017, the Company presented loss on investment in joint ventures amounting to Baht 139 million based on equity method, offset with loans to joint ventures in consolidated financial statements.

b) MJD-JV1 Company Limited

As at 31 December 2018 and 2017, the Company presented loss on investment in joint ventures amounting to Baht 32 million and Baht 2 million respectively based on equity method, offset with loans to joint ventures in consolidated financial statements.

(Unit: Thousand Baht)

Joint ventures	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
			2018	2017	2018	2017	2018	2017	2018	2017
			(%)	(%)						
Major Residences Company Limited	Development of properties for sales	Thailand	51	51	12,750	12,750	-	-	12,750	12,750
TMDC Construction Company Limited	Construction service	Thailand	51	51	81,599	81,599	(31,869)	(19,869)	49,730	61,730
MJD-JV1 Company Limited	Development of properties for sales	Thailand	51	51	510	510	-	-	510	510
Total					94,859	94,859	(31,869)	(19,869)	62,990	74,990

11.2 Share of comprehensive income and dividend received

During the years, the Company recognised its share of comprehensive income from investments in the joint ventures in the consolidated financial statements and dividend income in separate financial statements as follows:

Joint ventures	Consolidated financial statements				Separate financial statements	
	Share of profit (loss) from investment in joint ventures during the year		Share of other comprehensive income from investments in joint ventures during the year		Dividend received during the year	
	2018	2017	2018	2017	2018	2017
M J A I Development Company Limited*	-	(4,478)	-	-	-	-
Major Residences Company Limited	550,471	48,636	-	-	123,671	-
TMDC Construction Company Limited	(11,912)	(7,054)	-	-	-	-
MJD-JV 1 Company Limited	(30,952)	(1,382)	-	-	-	-
Total	507,607	35,722	-	-	123,671	-

* On 22 December 2017, the Company purchased all shares held by foreign jointly entities at 49% interest. Consequently, all share capital are held by the Company. As at 31 December 2017, the investment is accounted for investments in subsidiaries.

11.3 Summarised financial information about material jointly controlled entity

Summarised information about financial position

(Unit: Million Baht)

	Major Residences		TMDC Construction		MJD-JV1	
	Company Limited		Company Limited		Company Limited	
	2018	2017	2018	2017	2018	2017
Cash and cash equivalent	263	342	25	35	23	9
Land and construction in progress	2,100	4,588	-	19	1,258	3
Advances for construction	117	109	-	-	9	-
Other current assets	65	42	122	94	47	124
Other non-current assets	64	96	-	40	55	-
Total assets	2,609	5,177	147	188	1,392	136
Current portion of long-term loan	62	2,510	-	39	-	-
Deposits and advances from customers	715	1,554	8	10	211	11
Other current liabilities	370	438	41	18	41	8
Long-term loans	803	784	-	-	1,192	120
Total liabilities	1,950	5,286	49	67	1,444	139
Net assets	659	(109)	98	121	(52)	(3)
Shareholding percentage (%)	51	51	51	51	51	51
Net assets in proportion of shareholding percentage	336	(56)	50	62	(27)	(2)
Elimination entries	(49)	(85)	-	-	(5)	-
Carrying amounts of joint ventures based on equity method	287	(141)	50	62	(32)	(2)

Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December					
	Major Residences		TMDC Construction		MJD-JV1	
	Company Limited		Company Limited		Company Limited	
	2018	2017	2018	2017	2018	2017
Revenue	4,296	1,279	-	289	-	-
Other income	5	9	1	4	1	-
Cost of sales	(2,667)	(897)	-	(280)	-	-
Selling and administrative expenses	(329)	(194)	(24)	(27)	(85)	(3)
Interest expenses	(42)	(80)	-	-	(2)	-
Income tax income (expenses)	(253)	(21)	-	-	37	-
Profit (loss)	1,010	96	(23)	(14)	(49)	(3)
Shareholding percentage (%)	51	51	51	51	51	51
Profit (loss) in proportion of shareholding percentage	515	49	(12)	(7)	(25)	(1)
Elimination entries	36	-	-	-	(6)	-
Share of gain (loss) from investments in joint ventures	551	49	(12)	(7)	(31)	(1)

12. Investment properties

(Unit: Thousand Baht)

Consolidated financial statements					
	Land awaiting for sale and land for building for rent project under construction	Land and building for rent projects	Condominium units for rent	Construction in progress	Total
Net book value as at 1 January 2017	315,441	1,586,507	51,240	61,694	2,014,882
Additions	448,361	10,063	-	51,792	510,216
Transferred in (out)	(253,500)	325,946	-	(72,446)	-
Transferred to property, plant and equipment	(11,085)	-	-	-	(11,085)
Disposals	-	(95,000)	(12,285)	-	(107,285)
Gain (loss) on change in fair value of investment properties	78,149	(45,830)	-	-	32,319
Net book value as at 31 December 2017	577,366	1,781,686	38,955	41,040	2,439,047
Additions	-	865	-	198,871	199,736
Capitalised interest	2,598	-	-	11,067	13,665
Transferred to property, plant and equipment	-	(62,123)	-	-	(62,123)
Adjust	(163)	(1,350)	-	(4)	(1,517)
Disposals	-	-	(11,435)	-	(11,435)
Gain on change in fair value of investment properties	15,394	19,750	3,350	-	38,494
Net book value as at 31 December 2018	595,195	1,738,828	30,870	250,974	2,615,867

(Unit: Thousand Baht)

Separate financial statements					
	Land awaiting for sale and land for building for rent project	Land and building for rent projects	Condominium units for rent	Construction in progress	Total
Net book value as at 1 January 2017	701,156	-	51,240	-	752,396
Disposals	-	-	(12,285)	-	(12,285)
Gain on change in fair value of investment properties	5,323	-	-	-	5,323
Net book value as at 31 December 2017	706,479	-	38,955	-	745,434
Disposals	-	-	(11,435)	-	(11,435)
Gain on change in fair value of investment properties	51,339	-	3,350	-	54,689
Net book value as at 31 December 2018	757,818	-	30,870	-	788,688

During the year 2018, a subsidiary capitalised interest of Baht 14 million (2017: Baht 4 million) to the cost of construction in progress. The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was MLR (2017: None).

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land awaiting for sale and land for buildings for rent project under construction and condominium units have been determined based on market prices, while that of land and building for rent projects has been determined using the income approach.

Key assumptions used in the valuation of land and office building for rent are summarised below:

	Consolidated financial statements	Result to fair value where as an increase in assumption value
Occupancy rate (%)	100	-
Discount rate (%)	10	Decrease
Rental rate (Baht/m ²)	650	Increase

The Company and its subsidiaries have pledged investment properties with carrying values as at 31 December 2018 amounting to Baht 2,261 million (Separate financial statements: Baht 703 million) (2017: Consolidated financial statements: Baht 1,837 million, Separate financial statements: Baht 652 million) have been mortgaged with commercial banks as collateral against credit facilities received from banks.

13. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements					
	Revaluation	Cost basis				
	basis	Land	Buildings, and building improvements	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress
Cost/Revalued amount:						
1 January 2017	777,551	1,465,994	256,852	42,567	1,258	2,544,222
Additions	107,579	5,808	22,074	3,192	152,952	291,605
Capitalised interest	-	-	-	-	3,783	3,783
Disposals	-	(56,641)	(1,564)	-	-	(58,205)
Write-off	-	(17,608)	(115)	-	-	(17,723)
Transferred to investment properties	-	(8,343)	90	-	-	(8,253)
Transfers in (out)	-	35,264	151	-	(35,415)	-
Adjust	-	(5,257)	(598)	-	-	(5,855)
Revaluations	11,122	-	-	-	-	11,122
31 December 2017	896,252	1,419,217	276,890	45,759	122,578	2,760,696
Additions	-	43,340	48,295	210	108,316	200,161
Capitalised interest	-	-	-	-	4,240	4,240
Disposals	-	(5,383)	(3,630)	(7,200)	-	(16,213)
Write-off	-	(9,375)	(1,998)	-	-	(11,378)
Transferred to investment properties	36,645	25,478	-	-	-	62,123
Transfers in (out)	-	219,867	3,982	-	(217,071)	6,778
Adjust	(315)	(6,674)	1,383	-	-	(5,606)
Revaluations	61,115	-	-	-	-	61,115
31 December 2018	993,697	1,686,470	324,922	38,769	18,063	3,061,921
Accumulated depreciation:						
1 January 2017	2,366	161,058	155,197	35,113	-	353,734
Depreciation for the year	-	62,902	27,245	3,353	-	93,500
Depreciation on disposals	-	(7,445)	(1,392)	-	-	(8,837)
Depreciation on write-off	-	(7,537)	(58)	-	-	(7,595)
Adjust	-	(77)	6	-	-	(71)
31 December 2017	2,366	208,901	180,998	38,466	-	430,731
Depreciation for the year	-	100,247	33,633	2,579	-	136,459
Depreciation on disposals	-	(494)	(2,340)	(7,200)	-	(10,034)
Depreciation on write-off	-	(2,463)	(587)	-	-	(3,050)
Adjust	-	(57)	30	-	-	(27)
31 December 2018	2,366	306,134	211,734	33,845	-	554,079
Allowance for impairment loss:						
1 January 2017	-	1,762	-	-	-	1,762
31 December 2017	-	1,762	-	-	-	1,762
Decrease	-	(927)	-	-	-	(927)
31 December 2018	-	835	-	-	-	835
Net book value:						
31 December 2017	893,886	1,208,554	95,892	7,293	122,578	2,328,203
31 December 2018	991,331	1,379,501	113,188	4,924	18,063	2,507,007

(Unit: Thousand Baht)

Consolidated financial statements

Revaluation basis	Cost basis				Total
	Land	Buildings, and building improvements	Furniture, fixtures and office equipment	Motor vehicles	
Depreciation for the year					
2017 (Baht 52 million included in cost from hotel operations, and the balance in administrative expenses)					93,500
2018 (Baht 72 million included in cost from hotel operations, and the balance in administrative expenses)					136,459

(Unit: Thousand Baht)

Separate financial statements

Revaluation basis	Cost basis				Total	
	Land	Buildings, and building improvements	Furniture, fixtures and office equipment	Motor vehicles		Construction in progress
Cost/Revalued amount:						
1 January 2017	-	62,199	78,920	31,631	-	172,750
Additions	-	729	2,751	-	474	3,954
Disposals	-	-	(1,432)	-	-	(1,432)
31 December 2017	-	62,928	80,239	31,631	474	175,272
Additions	-	156	334	-	-	490
Disposals	-	(5,383)	(2,667)	(7,200)	-	(15,250)
Transfers in	-	474	-	-	(474)	-
Adjust	-	-	(37)	-	-	(37)
31 December 2018	-	58,175	77,869	24,431	-	160,475
Accumulated depreciation:						
1 January 2017	-	24,984	66,722	29,789	-	121,495
Depreciation for the year	-	2,560	4,994	1,256	-	8,810
Depreciation on disposals	-	-	(1,358)	-	-	(1,358)
31 December 2017	-	27,544	70,358	31,045	-	128,947
Depreciation for the year	-	2,575	3,693	586	-	6,854
Depreciation on disposals	-	(494)	(2,220)	(7,200)	-	(9,914)
Depreciation on adjustment	-	-	(10)	-	-	(10)
31 December 2018	-	29,625	71,821	24,431	-	125,877
Allowance for impairment loss:						
1 January 2017	-	1,762	-	-	-	1,762
31 December 2017	-	1,762	-	-	-	1,762
Decrease	-	(927)	-	-	-	(927)
31 December 2018	-	835	-	-	-	835
Net book value:						
31 December 2017	-	33,622	9,881	586	474	44,563
31 December 2018	-	27,715	6,048	-	-	33,763
Depreciation for the year						
2017 (included in administrative expenses)						8,810
2018 (included in administrative expenses)						6,854

The Company and its subsidiaries arranged for an independent professional valuer to appraise the value of land in 2018 on an asset-by-asset basis using the market approach.

The Company and its subsidiaries had the land been carried in the financial statements on a historical cost basis, their net book value as of 31 December 2018 and 2017 would have been approximately Baht 705 million and Baht 714 million, respectively.

During the year 2018, subsidiaries capitalised interest of Baht 4 million (2017: Baht 4 million) to the cost of construction in progress. The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was MLR (2017: 5%).

As at 31 December 2018, the Company and its subsidiaries had vehicles and equipment under finance lease agreements with net book values amounting to Baht 5 million (Separate financial statements: None) (2017: Consolidated financial statements: Baht 8 million, Separated financial statements: Baht 0.4 million).

As at 31 December 2018, certain building and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to Baht 178 million (2017: Baht 173 million).

Land, buildings and building improvements of the Company and its subsidiaries with carrying values as at 31 December 2018 amounting to Baht 2,247 million (Separate financial statements: Baht 11 million) (2017: Consolidated financial statements: Baht 2,314 million, Separate financial statements: Baht 8 million) have been mortgaged with local commercial banks as collateral against credit facilities received from banks.

14. Intangible assets

The net book value of intangible assets as at 31 December 2018 and 2017 is presented below.

	(Unit: Thousand Baht)					
	Consolidated financial statements			Separate financial statements		
	Computer software	Computer software under installation	Total	Computer software	Computer software under installation	Total
As at 31 December 2018						
Cost	43,491	16,910	60,401	15,063	193	15,256
<u>Less</u> Accumulated amortisation	(19,721)	-	(19,721)	(9,460)	-	(9,460)
Net book value	<u>23,770</u>	<u>16,910</u>	<u>40,680</u>	<u>5,603</u>	<u>193</u>	<u>5,796</u>
As at 31 December 2017						
Cost	32,866	5,759	38,625	15,008	-	15,008
<u>Less</u> Accumulated amortisation	(14,384)	-	(14,384)	(7,426)	-	(7,426)
Net book value	<u>18,482</u>	<u>5,759</u>	<u>24,241</u>	<u>7,582</u>	<u>-</u>	<u>7,582</u>

As at 31 December 2018, the subsidiaries had intangible assets under finance lease agreement with the net book values amounting to Baht 16 million.

15. Bank overdrafts

	(Unit: Thousand Baht)					
	Consolidated				Separate	
	Interest rate (% per annum)		financial statements		financial statements	
	2018	2017	2018	2017	2018	2017
Bank overdrafts	MOR	MOR	19,425	13,864	-	9,854
Total			19,425	13,864	-	9,854

Bank overdrafts are secured by the mortgage of land and construction in progress, investment properties and by the guarantees of the Company and the Company's directors.

16. Bills of exchange

	(Unit: Thousand Baht)					
	Consolidated				Separate	
	Interest rate (% per annum)		financial statements		financial statements	
	2018	2017	2018	2017	2018	2017
Face value			-	1,144,000	-	1,034,000
Less: Prepaid interest expenses	-	6.50 - 7.50	-	(23,236)	-	(21,821)
Bills of exchange - net			-	1,120,764	-	1,012,179
Less: Portion due within one year			-	(1,012,179)	-	(1,012,179)
Bills of exchange - portion due over one year			-	108,585	-	-

As at 31 December 2017, bills of exchange have repayment schedule from March 2018 to May 2018. Bills of exchange of the subsidiary is secured by the mortgaged of Land of Chic District Ram 53 project, excluding construction, and by guaranteed of the Company and the Company's directors.

17. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade and other payables - unrelated parties	1,102,153	1,238,543	151,144	208,611
Advance received from related parties	29,629	-	502,511	135,334
Advance received from unrelated parties	5,216	6,781	5,216	6,773
Accrued expenses - unrelated parties	195,414	154,577	96,045	49,465
Accrued expenses - related parties	1,890	4,252	1,890	49,693
Total	1,334,302	1,404,153	756,806	449,876

18. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Long-term loans from financial institutions	4,214,882	6,379,895	-	1,168,794
Less: current portion	(545,766)	(2,915,684)	-	(496,050)
Long-term portion	<u>3,666,116</u>	<u>3,464,211</u>	<u>-</u>	<u>672,744</u>

Movements of the long-term loans account for the year ended 31 December 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2018	6,379,895	1,168,794
Add: Additional borrowings	2,800,284	508,017
Less: Repayment	<u>(4,965,297)</u>	<u>(1,676,811)</u>
Balance as at 31 December 2018	<u>4,214,882</u>	<u>-</u>

Long-term loans of the Company and its subsidiaries have principal repayment conditions with the rates stipulated in the loan agreements when the collaterals mortgaged with the banks are redeemed. Interest is charged at rate based on MLR. Full settlement of these loans is to be made within 2020 to 2030

As at 31 December 2018, the Company and its subsidiaries had credit facilities which have not drawn down of Baht 6,756 million (Separate financial statements: Baht 119 million) (2017: Consolidated financial statements: Baht 6,242 million, Separate financial statements: Baht 362 million).

The Company and its subsidiaries have mortgaged the land and construction thereon of condominium projects, investment properties, land held for development, the land and buildings and condominium units, with banks to secure the long-term loans. In addition, long-term loans of the Company are guaranteed by the Company's directors. Long-term loan of subsidiaries are guaranteed by the Company.

Certain loan agreements contain covenants that, among other things, require the Company and subsidiaries to maintain a debt to equity ratio not less exceeding 3:1 for the consolidated financial statement and 2:1 for the separate financial statement. Debt is defined all interest bearing debt and equity includes shareholder's equity and loan from related parties.

19. Unsecured debentures

The Company issued unsecured and unsubordinated bearer debentures to be offered to institutional investor and/or high net worth investors with the term of interest payment on quarterly basis. The issuance of such debentures is a part of a total issue of Baht 10,000 million which was approved by Annual General Meeting of the shareholder on 27 April 2016 and 27 April 2017, respectively.

The debentures contain term of issue relating to the transfer or disposal of assets, no declaration of dividend if debenture issuer makes default in principal and/or interest repayment and the maintenance of a certain financial covenant that, among other things, require the Company to maintain a debt to equity ratio not exceeding 3.5:1 for the consolidated financial statements. Debt is defined as all interest bearing debt and excludes loan from related parties and equity is defined as shareholder's equity.

The outstanding balance of short-term debentures as at 31 December 2018 and 2017 are detailed below.

No.	Principal Repayment	Interest rate (% per annum)	(Unit: Million Baht)			
			Consolidated financial statements		Separate financial statements	
			2018	2017	2018	2017
1/2017	June 2018	5.75	-	510	-	510
1/2018	February 2019	6.35	510	-	510	-
2/2018	March 2019	6.35	300	-	300	-
Total			810	510	810	510

The outstanding balance of long-term debentures as at 31 December 2018 and 2017 are detailed below.

Year of issuance	Interest rate (% p.a.)		Terms (years)		Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017	2018	2017	2018	2017
	2015	-	4.90	-	3	-	150	-
2016	4.50 - 5.40	4.90 - 5.40	2 - 3	2 - 3	2,000	2,150	2,000	2,150
2017	6.00 - 7.50	6.00 - 7.50	1.5 - 2	1.5 - 2	1,890	1,890	1,800	1,800
2018	6.70 - 7.00	-	1.5 - 2	-	1,700	-	1,700	-
Total long-term debentures, at face value					5,590	4,190	5,500	4,100
Less: Unamortised costs relating to the issuance of the debentures					(24)	(19)	(23)	(18)
Long-term debentures - net					5,566	4,171	5,477	4,082
Less: Long-term debentures - portion due within one year					(3,889)	(300)	(3,800)	(300)
Debentures - portion due over one year					1,677	3,871	1,677	3,871

The subsidiary issued unsecured debentures which is secured by the mortgaged of land of Chic Ram 53 project, excluding construction, and by guaranteed of the Company and the Company's directors.

20. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Liabilities under finance lease agreements	19,612	6,929	-	394
<u>Less:</u> Deferred interest expenses	<u>(2,019)</u>	<u>(683)</u>	<u>-</u>	<u>(38)</u>
Total	17,593	6,246	-	356
<u>Less:</u> Portion due within one year	<u>(5,649)</u>	<u>(1,609)</u>	<u>-</u>	<u>(195)</u>
Liabilities under finance lease agreements net of current portion	<u>11,944</u>	<u>4,637</u>	<u>-</u>	<u>161</u>

The Company and its subsidiaries have entered into the finance lease agreements with leasing companies for rental of motor vehicles, equipment and computer software for use in the operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 4 and 6 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 December 2018			As at 31 December 2018		
	Less than 1 year	1 - 6 years	Total	Less than 1 year	1 - 6 years	Total
Future minimum lease payments	6,588	13,024	19,612	1,971	4,958	6,929
Deferred interest expenses	(939)	(1,080)	(2,019)	(362)	(321)	(683)
Present value of future minimum lease payments	<u>5,649</u>	<u>11,944</u>	<u>17,593</u>	<u>1,609</u>	<u>4,637</u>	<u>6,246</u>

(Unit: Million Baht)

	Separate financial statements					
	As at 31 December 2018			As at 31 December 2018		
	Less than 1 year	1 - 6 years	Total	Less than 1 year	1 - 6 years	Total
Future minimum lease payments	-	-	-	225	169	394
Deferred interest expenses	-	-	-	(30)	(8)	(38)
Present value of future minimum lease payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>195</u>	<u>161</u>	<u>356</u>

21. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Provision for long-term employee benefits at beginning of year	31,135	24,005	10,841	7,596
Included in profit or loss:				
Current service cost	3,032	3,090	288	1,482
Interest cost	691	817	90	259
Included in other comprehensive income:				
Actuarial gain (loss)	(4,722)	3,903	-	1,504
Benefits paid during the year	(397)	(680)	-	-
Benefits transfer to related parties	-	-	(6,897)	-
Provision for long-term employee benefits at end of year	<u>29,739</u>	<u>31,135</u>	<u>4,322</u>	<u>10,841</u>

Long-term employee benefit expenses included in administrative expenses in profit or loss.

As at 31 December 2018 and 2017, the weighted average duration of the liabilities for long-term employee benefit is 17 - 27 years (Separate financial statements: 23 years).

Principal actuarial assumptions at the valuation date were as follows:

	(Unit: % per annum)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	2.29 - 3.27	1.15 - 3.32	2.29	1.15
Future salary increase rate	3.00 - 7.00	3.50 - 8.00	7.00	8.00
Staff turnover rate (depend on age)	1 - 80	0 - 55	1 - 80	0 - 27

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 are summarised below:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(2)	2	-	-
Salary increase rate	2	(2)	-	-
Turnover rate	(2)	2	-	-

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 8 million (Separate financial statements: Baht 1.4 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

22. Revaluation surplus

This represents surplus arising from revaluation of property.

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	2018	2017
Balance - beginning of year	143,380	134,482
Add: Revaluations	61,115	11,122
Less: Income tax effect	(12,223)	(2,224)
Balance - end of year	<u>192,272</u>	<u>143,380</u>

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 1992, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of its registered share capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

According to Section 1202 of the Thai Civil and Commercial Code, a subsidiary (incorporated under Thai Laws) is required to set aside a statutory reserve equal to at least 5% of its profit each time the company pays out a dividend, until such reserve reaches 10% of its registered share capital. The statutory reserve can neither be offset against deficit nor used for dividend payment.

24. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Purchase of land and payment of construction during the year	1,974,278	4,675,785	-	(3,229)
Changes in land and cost of construction in progress	(833,535)	2,950,877	(768,234)	(600,791)
Salary, wages and other employee benefits	550,095	495,349	21,674	128,186
Depreciation and amortisation	141,796	97,118	8,837	10,153
Commission expenses	587,987	180,773	80,990	17,594
Advertising and promotion expenses	253,582	283,315	62,741	90,939
Specific business tax	180,408	97,352	46,664	34,873

25. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Current income tax:				
Current income tax charge	107,670	1,842	37,490	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(16,182)	(24,126)	37,378	(14,204)
(Income) expenses tax reported in the statements of comprehensive income	<u>91,488</u>	<u>(22,284)</u>	<u>74,868</u>	<u>(14,204)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Deferred tax on gain from revaluation of land	12,223	2,224	-	-
	<u>12,223</u>	<u>2,224</u>	<u>-</u>	<u>-</u>

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Accounting profit (loss) before tax	824,628	(206,189)	139,580	(554,531)
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by applicable tax rate	164,926	(41,238)	27,916	(110,906)
Unrecognised deferred tax assets				
- Unused tax losses	7,794	21,043	-	-
- Impairment loss on investments	-	-	39,800	77,310
- Provisions	2,779	-	2,779	-
Recognition of previously unrecognized deferred tax assets	(23,029)	(5,835)	-	(1,173)
Reversal of previously recognised deferred tax assets	46,662	11,245	33,255	9,286
Effects of eliminated transactions	(13,556)	(14,846)	-	-
Temporary differences from assets revaluation		-		-
Effects of:				
- Non-deductible income and expenses	6,712	12,916	(24,685)	8,777
- Share of gain from investment in joint ventures	(101,521)	(7,144)	-	-
- Others	721	1,574	(4,198)	2,502
(Income) expenses tax reported in the statements of income	<u>91,488</u>	<u>(22,285)</u>	<u>74,867</u>	<u>(14,204)</u>

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial		Separate financial	
	statements		statements	
	2018	2017	2018	2017
Deferred tax assets				
Accrued expenses	7,272	4,912	-	1,863
Provision for long-term employee benefits	5,096	6,215	865	2,168
Unearned income	35,583	56,205	22,369	26,476
Unused tax losses	90,530	40,053	-	19,659
Total	138,481	107,385	23,234	50,166
Deferred tax liabilities				
Gain on change in fair value of investment properties	110,473	86,566	131,119	120,674
Surplus on revaluation of lands	57,694	35,844	-	-
Total	168,167	122,410	131,119	120,674

As at 31 December 2018, the Company and subsidiaries have deductible temporary differences and unused tax losses totaling Baht 317 million (2017: Baht 380 million), on which deferred tax assets have not been recognised as they believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses. The unused tax losses amounting to Baht 254 million will expire by 2019 - 2023

26. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have two reportable segments as follows:

- Development of properties for sales business
- Hotel business
- Properties for rent business

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2018 and 2017, respectively.

(Unit: Million Baht)

For the year ended 31 December

	Development of properties										Consolidated	
	for sales		Hotel business		Rental business		Others		Elimination		financial statements	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from external customers	4,879	2,782	279	300	66	66	31	40	-	-	5,255	3,188
Inter-segment revenue	-	-	1	-	41	36	18	16	(60)	(52)	-	-
Total revenue	4,879	2,782	280	300	107	102	49	56	(60)	(52)	5,255	3,188
Cost of sale and services	(2,842)	(1,709)	(201)	(200)	(27)	(26)	(46)	(56)	14	25	(3,102)	(1,966)
Gross profit	2,037	1,073	79	100	80	76	3	-	(46)	(27)	2,153	1,222
Gain (loss) on change in fair value of investment properties	-	(7)	-	-	39	46	-	(7)	-	-	39	32
Operating expenses	(1,920)	(1,133)	(98)	(95)	(11)	(21)	(6)	(27)	234	28	(1,801)	(1,248)
Segment operation profit (loss) before share of profit (loss)												
from investment in joint ventures	117	(67)	(19)	5	108	101	(3)	(34)	188	1	391	6
Share of (loss) gain from investments in joint ventures	520	48	-	-	-	-	(12)	(12)	-	-	508	36
Segment operating profit (loss)	637	(19)	(19)	5	108	101	(15)	(46)	188	1	899	42
Interest income	193	93	-	-	-	-	1	4	(158)	(55)	36	42
Finance cost	(551)	(438)	(47)	(45)	(19)	(14)	(1)	-	158	94	(460)	(403)
Other income	347	107	-	-	2	4	1	3	-	(1)	350	113
Income tax income (expenses)	(94)	22	-	-	(8)	-	-	-	10	-	(92)	22
Profit (loss) for the year	532	(235)	(66)	(40)	83	91	(14)	(39)	198	39	733	(184)
Depreciation and amortisation	(62)	(11)	(68)	(64)	(7)	(5)	(1)	(1)	-	-	(138)	(81)

(Unit: Million Baht)

As at 31 December

	Development of properties for sales		Hotel business and related services		Others		Elimination		Consolidated financial statements		Consolidated financial statements	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Segment total assets											
Trade and other receivables	2,232	1,610	39	97	142	105	145	146	(2,465)	(1,744)	93	214
Land and construction in progress	11,125	11,920	-	-	-	-	-	-	(4)	8	11,121	11,928
Investment properties	-	-	-	-	2,616	2,439	-	-	-	-	2,616	2,439
Property, plant and equipment	335	586	904	504	1,096	1,104	6	19	166	115	2,507	2,328
Investments in joint ventures accounted by the equity method	287	75	-	-	-	-	50	-	-	(13)	337	62
Others	9,119	8,495	32	23	172	119	10	1,242	(6,833)	(7,324)	2,500	2,555
Total	23,098	22,686	975	624	4,026	3,767	211	1,407	(9,136)	(8,958)	19,174	19,526

Geographic information

The Company and its subsidiaries operate in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

During the year 2018 and 2017, the Company and its subsidiaries have no major customer which revenue of 10 percent or more of an entity's revenues.

27. Provident fund

The Company, its subsidiaries and their employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 1987. Employees, the Company and its subsidiaries contributed to the fund monthly at the rates of 3% to 10% of basic salary. The funds which are managed by Thai Military Bank Public Company Limited and Tisco Asset Management Company Limited will be paid to employees upon termination in accordance with the fund rules. During the years 2018 and 2017, the Company and its subsidiaries contributed Baht 10 million and Baht 9 million, respectively (Separate financial statements: Baht 1 million and Baht 4 million, respectively) to the fund.

28. Commitments and contingent liabilities

28.1 Capital commitments

As at 31 December 2018 and 2017, the Company and its subsidiaries had capital commitments as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Construction costs of condominium projects and service agreements	3,647	1,048	1	1
The purchases of land agreements	1,198	970	-	-

28.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of office building space and service. The terms of the agreements are 1 - 15 years. Future minimum lease payments required under these operating leases contracts were as follows.

Payable	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
In up to 1 year	-	3	-	5
In over 1 and up to 5 years	2	4	-	-
In over 5 years	9	10	-	-

28.3 Bank guarantees

As at 31 December 2018 and 2017, there were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business as follows.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Bank guarantee for electricity use	3	8	2	6
Bank guarantee for public utility	34	12	-	-
Bank guarantee for payments due to creditors	1	-	-	-
Total	38	21	2	6

As at 31 December 2018, the Company and its subsidiaries placed deposits at banks of Baht 16.1 million (Separate financial statements: Baht 1.8 million) (2017: Consolidated financial statements: Baht 17.2 million, Separate financial statements: Baht 5.7 million) including some land and buildings of the project with the banks to secure the issuance of bank guarantees.

28.4 Long-term service commitment

A subsidiary entered into management agreement with a local company whereby the latter will provide the hotel management services to the subsidiary. The term of the management agreement is for 10 years, starting from the hotel renovation is completed. Under the terms of the above agreement, the subsidiary is committed to pay a management fee and incentive fee, at the rates indicated in the agreements.

28.5 Litigations

As at 31 December 2018, the following lawsuits have been filed against the Company and its subsidiaries.

- a) The Company and its subsidiaries were sued by third parties on ground of seeking refunds of payments for condominiums, payment of construction expenses and a joint defendant with the constructor for damaged properties in 28 cases, claiming damages of Baht 405 million. Currently, the cases are being investigated. However, the Company's management and its legal consultant have determined the possible losses from the litigations and recorded provision amounting to Baht 265 million in its accounts.
- b.) A subsidiary filed a lawsuit against a land seller for the repayment of land deposits amounting to Baht 100 million as the seller could not transferred the ownership to the subsidiary. Currently, the case is being investigated. However, the Company's management and its legal consultant are of the opinion that the Subsidiary has a chance of winning the case. Consequently, the Company's management assessed recoverable amount of such deposit and recorded Baht 25 million allowance for doubtful debts as expenses in the statement of income for the year ended 31 December 2018.
- c.) A joint venture sued a customer to refund the construction fee, claiming Baht 142 million. However, the customer countersued the joint venture on the grounds that joint venture could not perform the work that met the deadlines. Though the case is currently pending the appointment of Central Bankruptcy Court, the Company's management and its legal consultant are of the opinion that no material liabilities are likely to arise as a result of the above litigations and therefore no provision has been made in the accounts.

29. Fair value hierarchy

As at 31 December 2018 and 2017, the Company and its subsidiaries had the assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated Financial Statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Land	-	991	-	991
Investment properties	-	1,883	733	2,616

(Unit: Million Baht)

	Consolidated Financial Statements			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Land	-	894	-	894
Investment properties	-	1,649	789	2,438

(Unit: Million Baht)

	Separate Financial Statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment properties	-	789	-	789

(Unit: Million Baht)

	Separate Financial Statements			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment properties	-	745	-	745

30. Financial instruments

30.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, loans lending, other long-term investment, trade and other payables, debentures and borrowings. The financial risks associated with these financial instruments and how they are managed are described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables and loans lending. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable, other receivables and loans lending as stated in the statement of financial position.

Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to their deposits at banks, loans lending, other long-term investment, debentures and interest-bearing borrowings. These financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the current market rate, the interest rate risk is expected to be minimal.

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 December 2018					
	Fixed interest rates		Floating	Non-	Total	Interest rate (% p.a.)
	within 1 year	over 1 year to 5 years	interest rate	interest bearing		
Financial assets						
Cash and cash equivalents	-	-	849	-	849	0.4 - 1.1
Pledged deposits at banks	17	-	-	-	17	0.5
Loans to related parties	-	-	356	-	356	5.025 - 5.45
	17	-	1,205	-	1,222	
Financial liabilities						
Bank overdrafts and short-term loans	-	-	19	-	19	7.2
Unsecured debentures	4,699	1,677	-	-	6,376	4.9 - 7.5
Long-term loans from related parties	50	-	-	-	50	6
Long-term loans from financial institutions	-	-	4,215	-	4,215	5 - 7.5
	4,749	1,677	4,234	-	10,660	

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 December 2017					
	Fixed interest rates		Floating	Non-	Total	Interest rate (% p.a.)
	within 1 year	over 1 year to 5 years	interest rate	interest bearing		
Financial assets						
Cash and cash equivalents	-	-	716	1	717	0.40 - 1.10
Pledged deposits at banks	17	-	-	-	17	1.15
Loans to related parties	-	-	726	-	726	6.00
	17	-	1,442	1	1,460	
Financial liabilities						
Bank overdrafts and short-term loans	-	-	14	-	14	6.875 - 8.10
Bills of exchange	1,121	-	-	-	1,121	6.50 - 7.50
Unsecured debentures	810	3,871	-	-	4,681	4.50 - 7.50
Long-term loans from related parties	84	50	-	-	134	6.00
Long-term loans from financial institutions	-	-	6,380	-	6,380	5.00 - 7.75
	2,015	3,921	6,394	-	12,330	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2018						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	within 1 year	over 1 year to 5 years				
Financial assets						
Cash and cash equivalents	-	-	517	-	517	0.4 - 1.45
Pledged deposits at banks	2	-	-	-	2	0.37
Loans to related parties	2,238	-	388	-	2,626	6.0 - 7.5
	2,240	-	905	-	3,145	
Financial liabilities						
Unsecured debentures	4,610	1,677	-	-	6,287	6.35
Long-term loans from related parties	50	-	-	-	50	6
	4,660	1,677	-	-	6,337	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2017						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	within 1 year	over 1 year to 5 years				
Financial assets						
Cash and cash equivalents	-	-	98	-	98	0.40 - 1.10
Pledged deposits at banks	6	-	-	-	6	1.15
Loans to related parties	1,992	-	726	-	2,718	2.50 - 6.00
	1,998	-	824	-	2,822	
Financial liabilities						
Bank overdrafts and short-term loans	-	-	10	-	10	6.50 - 7.50
Bills of exchange	1,012	-	-	-	1,012	6.50 - 7.50
Unsecured debentures	810	3,782	-	-	4,592	4.5 - 6.2
Long-term loans from related parties	146	50	-	-	196	6.00
Long-term loans from financial institutions	-	-	1,169	-	1,169	5.0 - 7.75
	1,968	3,832	1,179	-	6,979	

Foreign currency risk

As at 31 December 2018 and 2017 the Company and its subsidiaries have no significant financial instruments in foreign currency.

30.2 Fair values of financial instruments

Since the majority of the Company's and its subsidiaries' financial instruments are short-term in nature, loans receivable, loans payable and debentures bear interest rates which are close to the market rate, their fair values are not expected to be materially different from the amounts presented in the statement of financial position.

During the year, there were no transfers within the fair value hierarchy.

31. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure in order to support its business and maximize shareholder value.

In managing its capital position the Group refers to its debt-to-equity ratio, in order to ensure compliance with a condition of long-term loan agreements with financial institutions and also debentures issuance as discussed in Note 18 and 19.

For the purpose of calculating this financial ratio, equity consists of shareholders' equity, short-term loans from related parties and long-term loans from related parties, and debt is defined as interest-bearing debt.

As at 31 December 2018, the Group's debt-to-equity ratio was 2.34.:1 (2017: 3.26:1) and the Company's was 1.47:1 (2017: 1.64:1).

32. Approval of financial statements

The financial statements were authorised for issue by the Company's Board of Directors on 28 February 2019.