

Major Development Public Company Limited
and its subsidiaries
Review report and interim consolidated financial
information
For the three-month period ended 31 March 2018

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Major Development Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Major Development Public Company Limited and its subsidiaries as at 31 March 2018, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Major Development Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Poonnard Paocharoen

Certified Public Accountant (Thailand) No. 5238

EY Office Limited

Bangkok: 15 May 2018

Major Development Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	31 March 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
Assets					
Current assets					
Cash and cash equivalents		566,698	716,715	119,045	97,912
Trade and other receivables	3, 9	237,188	213,688	1,260,505	1,198,771
Short-term loans to related parties	9	-	-	2,041,675	1,992,015
Current portion of long-term loans to related parties	9	480,947	480,947	480,947	480,947
Land and construction in progress	4	12,127,847	11,927,940	2,449,683	2,551,757
Advances for construction		348,034	391,174	114,153	114,318
Deposits for purchase of land		172,050	172,050	37,077	37,077
Other current assets		163,835	159,504	28,378	27,134
Total current assets		14,096,599	14,062,018	6,531,463	6,499,931
Non-current assets					
Pledged deposits at banks	17.3	19,503	17,170	5,670	5,670
Investments in joint ventures	5	72,586	61,730	74,990	74,990
Investments in subsidiaries	6	-	-	4,623,626	4,623,626
Long-term loans to related parties	9	228,872	104,202	244,800	244,800
Investment properties	7	2,430,273	2,439,047	733,999	745,434
Land held for development		335,332	335,332	-	-
Property, plant and equipment	8	2,362,375	2,328,203	42,610	44,563
Intangible assets		39,216	24,240	7,067	7,582
Deferred tax assets	15	167,014	140,762	45,276	50,166
Other non-current assets		14,194	13,198	10,479	10,499
Total non-current assets		5,669,365	5,463,884	5,788,517	5,807,330
Total assets		19,765,964	19,525,902	12,319,980	12,307,261

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 March 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	31 March 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
Liabilities and equity					
Current liabilities					
Bank overdrafts	10	9,573	13,864	-	9,854
Current portion of bills of exchange	11	1,017,257	1,012,179	1,017,257	1,012,179
Trade and other payables		1,239,332	1,404,153	499,561	449,876
Current portion of long-term loans from financial institutions	13	2,923,776	2,915,684	502,857	496,050
Short-term debentures	12	510,000	510,000	510,000	510,000
Current portion of long-term debentures	12	800,000	300,000	800,000	300,000
Short-term loans from related parties	9	74,000	84,000	193,600	146,200
Current portion of liabilities under finance lease agreements	14	4,583	1,609	-	195
Retention payables		385,133	401,179	155,152	194,318
Deposits and advances from customers		1,474,890	1,215,764	190,803	178,971
Other current liabilities		168,795	174,495	113,168	119,786
Total current liabilities		8,607,339	8,032,927	3,982,398	3,417,429
Non-current liabilities					
Bills of exchange	11	104,792	108,585	-	-
Long-term debentures	12	3,770,750	3,870,933	3,682,036	3,782,483
Long-term loans from financial institutions	13	3,196,125	3,464,211	212,759	672,744
Long-term loans from related parties	9	50,000	50,000	50,000	50,000
Liabilities under finance lease agreements	14	16,765	4,637	-	161
Provision for long-term employee benefits		31,717	31,135	-	10,841
Deferred tax liabilities	15	156,460	155,787	121,347	120,674
Other non-current liabilities		20,932	22,706	-	-
Total non-current liabilities		7,347,541	7,707,994	4,066,142	4,636,903
Total liabilities		15,954,880	15,740,921	8,048,540	8,054,332

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 March 2018

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements	
	31 March 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	31 March 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
Shareholders' equity				
Share capital				
Registered				
1,050,000,000 ordinary shares of Baht 1 each	1,050,000	1,050,000	1,050,000	1,050,000
Issued and paid-up				
860,411,939 ordinary shares of Baht 1 each	860,412	860,412	860,412	860,412
Premium on ordinary shares	875,267	875,267	875,267	875,267
Retained earnings				
Appropriated - statutory reserve	105,000	105,000	105,000	105,000
Unappropriated	1,827,024	1,800,921	2,430,761	2,412,250
Other components of shareholders' equity	143,381	143,381	-	-
Total shareholders' equity	3,811,084	3,784,981	4,271,440	4,252,929
Total liabilities and shareholders' equity	19,765,964	19,525,902	12,319,980	12,307,261
	-	-	-	-

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

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Directors
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(Unaudited but reviewed)

Major Development Public Company Limited and its subsidiaries**Income statement****For the three-month period ended 31 March 2018**

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Revenues					
Sales of units in condominium projects		524,223	402,516	197,137	257,027
Revenues from hotel operations		78,968	73,152	-	-
Management fee income		10,000	12,354	4,500	7,048
Rental and services income		21,553	21,518	1,200	1,200
Gain on change in fair value of investment properties		-	15,105	-	-
Other income					
Interest income		10,505	8,231	46,195	19,375
Others		37,118	22,602	26,435	12,156
Total revenues		682,367	555,478	275,467	296,806
Expenses					
Cost of units in condominium projects sold		292,570	232,846	102,051	134,954
Cost from hotel operations		47,625	47,643	-	-
Cost of management services		9,264	11,785	3,150	4,299
Cost of rental and services		7,846	9,872	-	-
Selling expenses		214,848	73,727	19,736	42,160
Administrative expenses		153,964	142,566	14,004	54,090
Reduction of cost to net realisable value (reversal) 4		(49,181)	49,181	-	-
Total expenses		676,936	567,620	138,941	235,503
Profit (loss) before share of gain (loss) from investments in joint ventures, finance cost and income tax expenses					
Share of gain (loss) from investments in joint ventures	5.2	135,525	(17,295)	-	-
Profit (loss) before finance cost and income tax expenses		140,956	(29,437)	136,526	61,303
Finance cost		(141,708)	(82,001)	(112,452)	(85,025)
Profit (loss) before income tax expenses		(752)	(111,438)	24,074	(23,722)
Income tax income (expenses) 15		26,855	6,904	(5,563)	(6,146)
Profit (loss) for the period		26,103	(104,534)	18,511	(29,868)
Earnings per share					
Basic earnings per share					
Profit (loss) for the period		0.03	(0.12)	0.02	(0.03)

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

(Unaudited but reviewed)

Major Development Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 31 March 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit (loss) for the period	<u>26,103</u>	<u>(104,534)</u>	<u>18,511</u>	<u>(29,868)</u>
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>26,103</u></u>	<u><u>(104,534)</u></u>	<u><u>18,511</u></u>	<u><u>(29,868)</u></u>

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

(Unaudited but reviewed)

Major Development Public Company Limited and its subsidiaries

Statement of cash flows

For the three-month period ended 31 March 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit (loss) before tax	(752)	(111,438)	24,074	(23,722)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	25,265	23,804	2,467	2,519
Write off assets	1,197	-	-	-
Gain on sale of assets	(1,576)	-	(1,547)	-
Reduction of cost to net realisable value (reversal)				
- Land and construction in progress	(49,181)	49,181	-	-
Provision for long-term employee benefits	582	525	-	435
Share of (gain) loss from investments in joint ventures	(135,525)	17,295	-	-
Gain on change in fair value of investment properties	-	(15,105)	-	-
Provision	-	13,195	-	12,136
Transferred deposits and advances to other income (reversal)	(3,776)	(14,567)	2,944	(7,630)
Interest income	(10,505)	(8,231)	(46,195)	(19,375)
Interest expense	118,366	82,001	108,951	85,025
Profit (loss) from operating activities before changes in operating assets and liabilities	(55,905)	36,660	90,694	49,388
Operating assets (increase) decrease				
Trade and other receivables	(13,354)	(1,412)	(18,156)	48,649
Land and construction in progress	(82,050)	(268,530)	102,074	146,349
Advances for construction	43,140	30,365	165	2,872
Deposits for purchase of land	-	(148,500)	-	-
Other current assets	573	(795)	(4,873)	(2,057)
Other non-current assets	(996)	1,750	20	904

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

(Unaudited but reviewed)

Major Development Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the three-month period ended 31 March 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Operating liabilities increase (decrease)				
Trade and other payables	(173,067)	(2,540)	44,647	(63,525)
Retention payables	(16,046)	(340)	(39,166)	(5,045)
Deposits and advances from customers	262,902	39,742	8,888	5,799
Other current liabilities	(5,700)	(5,424)	(6,618)	(6,942)
Other non-current liabilities	(1,774)	1,651	-	-
Cash flows from (used in) operating activities	(42,277)	(317,373)	177,675	176,392
Cash paid for interest expense	(174,319)	(95,392)	(103,873)	(71,645)
Cash paid for corporate income tax	(9,077)	(5,481)	(2,173)	(2,784)
Net cash from (used in) operating activities	(225,673)	(418,246)	71,629	101,963
Cash flows from investing activities				
Increase in pledged deposits at banks	(2,333)	-	-	-
Acquisition of investment properties	(1,332)	(15,558)	-	-
Cash received from sales of investment properties	13,000	-	13,000	-
Acquisition of property, plant and equipment	(58,158)	(13,100)	(477)	(526)
Cash received from sales of property, plant and equipment	559	-	459	-
Acquisition of intangible assets	(541)	(74)	-	(49)
Cash payment for investment in subsidiaries	-	-	-	(50,000)
Cash payment for investment in joint ventures	-	(30,600)	-	(30,600)
Cash received from short-term loans to related parties	-	-	45,840	-
Cash payment for short-term loans to related parties	-	-	(95,500)	(250,000)
Cash payment for long-term loans to related parties	-	-	-	82,000
Interest income	359	690	2,617	316
Net cash used in investing activities	(48,446)	(58,642)	(34,061)	(248,859)

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

(Unaudited but reviewed)

Major Development Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the three-month period ended 31 March 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from financing activities				
Increase (decrease) in overdrafts	(4,291)	8,119	(9,854)	-
Decrease in bills of exchange	-	(380,000)	-	(380,000)
Cash received from short-term loans from related parties	35,000	-	57,400	5,000
Repayment of long-term loans from related parties	(45,000)	-	(10,000)	-
Repayment of liabilities under finance lease agreements	(1,430)	(476)	(356)	(237)
Cash received from long-term debentures	399,817	-	399,553	-
Cash received from long-term loans from financial institutions	635,393	913,390	100,000	545,000
Repayment of long-term loans from financial institutions	(895,387)	(97,730)	(553,178)	(65,140)
Net cash from (used in) financing activities	124,102	443,303	(16,435)	104,623
Net increase (decrease) in cash and cash equivalents	(150,017)	(33,585)	21,133	(42,273)
Cash and cash equivalents at beginning of period	716,715	750,645	97,912	173,921
Cash and cash equivalents at end of period	566,698	717,060	119,045	131,648
	-	-	-	-
Supplemental cash flows information				
Non-cash items				
Intangible asset purchased under financial lease	15,703	-	-	-
Accrued project cost	1,305	12,242	-	-
Transferred investment properties to land and construction in progress	-	11,085	-	-

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

(Unaudited but reviewed)

Major Development Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2018

(Unit: Thousand Baht)

	Consolidated financial statements						
	Equity attributable to owners of the Company						
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other component of equity		Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	Other comprehensive income Surplus on revaluation of assets	Total other components of shareholders' equity	
Balance as at 1 January 2017	860,412	875,267	105,000	1,987,949	134,483	134,483	3,963,111
Total comprehensive income for the period	-	-	-	(104,534)	-	-	(104,534)
Balance as at 31 March 2017	<u>860,412</u>	<u>875,267</u>	<u>105,000</u>	<u>1,883,415</u>	<u>134,483</u>	<u>134,483</u>	<u>3,858,577</u>
Balance as at 1 January 2018	860,412	875,267	105,000	1,800,921	143,381	143,381	3,784,981
Total comprehensive income for the period	-	-	-	26,103	-	-	26,103
Balance as at 31 March 2018	<u>860,412</u>	<u>875,267</u>	<u>105,000</u>	<u>1,827,024</u>	<u>143,381</u>	<u>143,381</u>	<u>3,811,084</u>

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

(Unaudited but reviewed)

Major Development Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2018

(Unit: Thousand 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	860,412	875,267	105,000	2,953,780	4,794,459
Total comprehensive income for the period	-	-	-	(29,868)	(29,868)
Balance as at 31 March 2017	<u>860,412</u>	<u>875,267</u>	<u>105,000</u>	<u>2,923,912</u>	<u>4,764,591</u>
Balance as at 1 January 2018	860,412	875,267	105,000	2,412,250	4,252,929
Total comprehensive income for the period	-	-	-	18,511	18,511
Balance as at 31 March 2018	<u>860,412</u>	<u>875,267</u>	<u>105,000</u>	<u>2,430,761</u>	<u>4,271,440</u>
					-

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

Major Development Public Company Limited and its subsidiaries
Notes to consolidated interim financial statements
For the three-month period ended 31 March 2018

1. General information

1.1 The Company's 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.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, statements of income, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.3 Basis of consolidation

These consolidated interim financial statements included the financial statements of Major Development Public Company Limited and its subsidiaries, and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2017, with the same composition of the subsidiaries in the current period.

1.4 New financial reporting standards

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

During the period, 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 standard that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarized below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. 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.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.

(Unaudited but reviewed)

3. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 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	30,503	16,488	6,659	-
3 - 6 months	3,572	2,525	-	-
6 - 12 months	692	249	-	-
Over 12 months	305	305	10	10
Total trade receivables - unrelated parties	35,072	19,567	6,669	10
Total trade receivables	35,072	19,567	6,669	10
<u>Other receivables</u>				
Other receivables and advances - related parties	21,641	21,694	991,423	977,248
Other receivables and advances - unrelated parties	14,854	16,952	4,237	6,915
Interest receivables - related parties	165,621	155,475	258,176	214,598
Total other receivables	202,116	194,121	1,253,836	1,198,761
Total trade and other receivables	237,188	213,688	1,260,505	1,198,771

4. Land and construction in progress

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Condominium/commercial buildings for sales	5,160,447	5,453,005	2,449,683	2,551,757
Land cost	4,717,941	4,665,118	-	-
Construction in progress	1,977,488	1,635,008	-	-
Capitalised interest	271,971	223,990	-	-
Total	12,127,847	11,977,121	2,449,683	2,551,757
Less: Reduction of cost to net realisable value	-	(49,181)	-	-
Net	12,127,847	11,927,940	2,449,683	2,551,757

(Unaudited but reviewed)

- 4.1 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 current period, 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 commercial buildings and found that their market price had increased. Therefore, the subsidiary reversed the allowance for diminution in value amounting to Baht 49 million which was presented as reduction of cost to net realisable value in the income statement.

- 4.2 Land and construction thereon of condominium projects with carrying values as at 31 March 2018 amounting to Baht 11,827 million (Separate financial statements: Baht 2,321 million) (31 December 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.
- 4.3 During the three-month period ended 31 March 2018, subsidiaries capitalised interest amounting to Baht 48 million (2017: Baht 23 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 11, 12 and 13 to the financial statements.
- 4.4 Additional information of the Company’s and its subsidiaries’ projects are as follows: -

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Total estimated project value	51,663	53,405	28,042	27,955
Sales with signed agreements	36,531	35,358	23,430	23,379
The ratio of sales with signed agreements to total estimated project value (%)	71	66	84	84
Total value of contracts signed not yet recognised as income	9,051	7,983	390	479

(Unaudited but reviewed)

5. Investments in joint ventures

5.1 Detail of investments in joint ventures:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements						
			Shareholding percentage		Cost		Carrying amounts based on equity method		
			31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017	
			(%)	(%)					
Major Residences Company Limited	Development of properties for sales	Thailand	51	51	12,750	12,750	11,908	-	
TMDC Construction Company Limited	Construction service	Thailand	51	51	81,599	81,599	60,678	61,730	
MJD-JV1 Company Limited	Development of properties for sales	Thailand	51	51	510	510	-	-	
Total					94,859	94,859	72,586	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 March 2018, the Company presented loss on investment in joint ventures amounting to Baht 16 million (2017: Baht 1 million) 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	
			31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 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	(19,869)	(19,869)	61,730	61,730
MJD-JV1 Company Limited	Development of properties for sales	Thailand	51	51	510	510	-	-	510	510
Total					94,859	94,859	(19,869)	(19,869)	74,990	74,990

(Unaudited but reviewed)

5.2 Share of gain (loss)

During the three-month periods ended 31 March 2018 and 2017, the Company recognised its share of gain (loss) from investments in the joint ventures in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements	
	For the three-month periods	
	ended 31 March	
	2018	2017
M J A I Development Company Limited*	-	(11)
Major Residences Company Limited	151,633	(16,408)
TMDC Construction Company Limited	(1,052)	(876)
MJD-JV1 Company Limited	(15,056)	-
Total	135,525	(17,295)

* On 22 December 2017, the Company purchased all shares held by foreign jointly entities at 49% interest at a price of Baht 2. Consequently, all share capital are held by the Company. As at 31 December 2017, the investment is accounted for investments in subsidiaries.

6. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method-net	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
			Percentage	Percentage						
Major Development Hotels and Resorts Company Limited	400,000	400,000	100	100	399,999	399,999	-	-	399,999	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	587,500	587,500	100	100	587,500	587,500	-	-	587,500	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					4,987,249	4,987,249	(363,623)	(363,623)	4,623,626	4,623,626

(Unaudited but reviewed)

7. Investment properties

Movements of the investment properties account during the three-month period ended 31 March 2018 are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2018	2,439,047	745,434
Additions during period	1,332	-
Capitalised interest	1,777	-
Adjustment	(448)	-
Disposals	(11,435)	(11,435)
Balance as at 31 March 2018	<u>2,430,273</u>	<u>733,999</u>

During the three-month period ended 31 March 2018, subsidiaries capitalised interest amounted to Baht 1 million (2017: None) to the cost of construction in progress. The capitalisation rates of interest were MLR.

The fair value of the land awaiting development for rental projects and condominium units have been determined based on market prices, while that of land and office building for rent has been determined using the income approach.

The Company and its subsidiaries have pledged investment properties with carrying values as at 31 March 2018 amounting to Baht 2,084 million (Separate financial statements: Baht 652 million) (31 December 2017: Consolidated financial statements: Baht 1,837 million, Separate financial statements: Baht 652 million) with commercial banks as collateral against credit facilities received from banks.

(Unaudited but reviewed)

8. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2018 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2018	2,328,203	44,563
Additions during period - cost	58,158	477
Capitalised interest	1,094	-
Disposals	(548)	(477)
Write-off	(533)	-
Adjustment	(216)	-
Depreciation for the period	(23,783)	(1,953)
Balance as at 31 March 2018	<u>2,362,375</u>	<u>42,610</u>

During the three-month period ended 31 March 2018, subsidiaries capitalised interest of Baht 1 million (2017: None) to the cost of construction in progress. The capitalisation rates of interest were MLR.

Land and building with carrying values as at 31 March 2018 amounting to Baht 2,218 million (Separate financial statements: Baht 11 million) (31 December 2017: Consolidated financial statements: Baht 2,180 million, Separate financial statements: Baht 12 million) have been mortgaged with local commercial banks as collateral against credit facilities received from banks.

9. Related party transactions

During the period, the Company and its subsidiaries had significant business transactions with related persons and 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.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the three-month periods ended 31 March				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2018	2017	2018	2017	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	36,049	11,518	6.0% - 7.5% per annum (2017: 2.5% per annum)
Land rental income	-	-	1,200	1,200	Cost plus margin
Interest expense (some charged to project costs)	-	-	1,881	22	5.075% to 5.45% per annum (2017: 2.5% per annum)
Rental and service expenses	-	-	852	1,829	Cost plus margin
Other expenses	-	-	27	1,368	Agreed price
Commission expenses	-	-	205	-	Percentage of revenue

Transactions with related persons and parties

Interest income	10,146	7,541	10,146	7,541	5.45% to 5.775% per annum (2017: 5.775% per annum)
Management income	4,500	7,048	4,500	7,048	Cost plus margin
Rental and service income	-	906	-	-	Cost plus margin
Interest expenses	1,384	-	1,384	-	4.30% to 6.0% per annum

As at 31 March 2018 and 31 December 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	financial statements	financial statements
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
<u>Trade and other receivables - related parties (Note 3)</u>				
Subsidiaries	-	-	1,062,424	1,015,634
Joint ventures	187,262	177,169	187,175	176,212
Total other receivables - related parties	187,262	177,169	1,249,599	1,191,846
<u>Trade and other payables - related parties</u>				
Subsidiaries	-	-	200,739	178,609
Joint ventures	1,392	1,392	1,392	-
Related persons (Director and person who is related to management)	2,985	2,860	2,416	2,117
Total trade and other payables - related parties	4,377	4,252	204,547	180,726

(Unaudited but reviewed)

Loans to related parties and loans from related parties

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

(Unit: Thousand Baht)

			Separate financial statements			
Short-term loans to	Interest rate (% per annum)	Principal repayment	Balance as at 31 December 2017	Increase	Decrease	Balance as at 31 March 2018
Major Development Estate Company Limited	7.50	At call	1,981,815	80,000	(45,840)	2,015,975
Major Development Hospitality Company Limited	7.50	At call	-	15,500	-	15,500
Major Development Property Consultants Company Limited	6.00	At call	10,200	-	-	10,200
Total			1,992,015	95,500	(45,840)	2,041,675

(Unit: Thousand Baht)

			Consolidated financial statements			
Long-term loans to	Interest rate (% per annum)	Principal repayment	Balance as at 31 December 2017	Increase	Decrease	Balance as at 31 March 2018
Major Residences Company Limited	MLR - 0.75 and 0.50	Within June 2018 and September 2021	664,547	-	-	664,547
MJD-JV1 Company Limited	MLR - 0.75	Within August 2021	61,200	-	-	61,200
Total			725,747	-	-	725,747
Less: Loss reserve from investment in joint ventures			(140,598)	-	124,670	(15,928)
Total			585,149	-	124,670	709,819
Less: Current portion			(480,947)	-	-	(480,947)
Long-term portion			104,202	-	-	228,872

(Unit: Thousand Baht)

			Separate financial statements			
Long-term loans to	Interest rate (% per annum)	Principal repayment	Balance as at 31 December 2017	Increase	Decrease	Balance as at 31 March 2018
Major Residences Company Limited	MLR - 0.75 and 0.50	Within June 2018 and September 2021	664,547	-	-	664,547
MJD-JV1 Company Limited	MLR - 0.75	Within August 2021	61,200	-	-	61,200
Total			725,747	-	-	725,747
Less: Current portion			(480,947)	-	-	(480,947)
Long-term portion			244,800	-	-	244,800

(Unit: Thousand Baht)

			Consolidated financial statements			
Short-term loans from	Interest rate (% per annum)	Principal repayment	Balance as at 31 December 2017	Increase	Decrease	Balance as at 31 March 2018
Directors	4.30	At call	84,000	35,000	(45,000)	74,000
Total			84,000	35,000	(45,000)	74,000

(Unaudited but reviewed)

(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 March 2018
MJD Residences Company Limited	5.45	At call	128,000	22,400	-	150,600
Director	4.30	At call	18,000	35,000	(10,000)	43,000
Total			146,200	57,400	(10,000)	193,600

(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 March 2018
Director	6.00	Within May 2019	50,000	-	-	50,000
Total			50,000	-	-	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 March 2018
Director	6.00	Within May 2019	50,000	-	-	50,000
Total			50,000	-	-	50,000

Directors' and management's remuneration

During the three-month periods ended 31 March 2018 and 2017, the Company and its subsidiaries had employee benefit expenses to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	2018	2017	2018	2017
Short-term employee benefits	32.3	29.4	11.5	10.5
Post-employment benefits	0.6	0.5	-	0.1
Total	32.9	29.9	11.5	10.6

(Unaudited but reviewed)

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)

<u>Subsidiaries</u>	<u>Credit guarantees</u>
Major Development Hotels and Resorts Company Limited	410
MJR Development Company Limited	277
MJP Property Company Limited	155
MJC Development Company Limited	156
MJD Residences Company Limited	749
Major Development Estate Company Limited	8,092
Major Development Hospitality Company Limited	2,785
MJ One Company Limited	93

<u>Joint venture</u>	<u>Credit guarantees</u>
Major Residences Company Limited	3,149

10. Bank overdrafts

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated		Separate	
			financial statements		financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Bank overdrafts	MOR	MOR	9,573	13,864	-	9,854
Total			9,573	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.

(Unaudited but reviewed)

11. Bills of exchange

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(% per annum)		financial statements		financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Bills of exchange - Face value			1,144,000	1,144,000	1,034,000	1,034,000
Less: Prepaid interest expenses	6.50 - 7.50	6.50 - 7.50	(21,951)	(23,236)	(16,743)	(21,821)
Bills of exchange - net			1,122,049	1,120,764	1,017,257	1,012,179
Less: Bills of exchange - portion due within one year			(1,017,257)	(1,012,179)	(1,017,257)	(1,012,179)
Bills of exchange - portion due over one year			104,792	108,585	-	-

Bills of exchange have repayment schedule from May 2018 to June 2019. Bills of exchange of a subsidiary are secured by the mortgage of all lands in Chic District Ram 53 project excluding construction and by the guarantees of the Company and the Company's director.

12. 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 and payment 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 March 2018 and 31 December 2017 are detailed below.

(Unit: Million Baht)

No.	Principal repayment	Interest rate (% per annum)	Consolidated financial statements		Separate financial statements	
			31 March 2018	31 December 2017	31 March 2018	31 December 2017
1/2017	June 2018	5.75	510	510	510	510
Total			510	510	510	510

(Unaudited but reviewed)

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

(Unit: Million Baht)

Year of issuance	Long-term debentures							
	Interest rate (% p.a.)				Consolidated financial statements		Separate financial statements	
	31 March		31 December		31 March		31 December	
	2018	2017	2018	2017	2018	2017	2018	2017
2015	4.90	4.90	3	3	150	150	150	150
2016	4.50 - 5.40	4.50 - 5.40	2 - 3	2 - 3	2,150	2,150	2,150	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	-	2	-	399	-	399	-
Total long-term debentures, at face value					4,589	4,190	4,499	4,100
Less: Unamortised costs relating to the issuance of the debentures					(18)	(19)	(17)	(18)
Long-term debentures - net					4,571	4,171	4,482	4,082
Less: Long-term debentures - portion due within one year					(800)	(300)	(800)	(300)
Debentures - portion due over one year					3,771	3,871	3,682	3,782

Debenture which was issued by a subsidiary are secured by the mortgage of all lands in Chic District Ram 53 project excluding construction and by the guarantees of the Company and the Company's director.

13. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
Long-term loans from financial institutions	6,119,901	6,379,895	715,616	1,168,794
Less: current portion	(2,923,776)	(2,915,684)	(502,857)	(496,050)
Long-term portion	3,196,125	3,464,211	212,759	672,744

Movements of the long-term loans account during the three-month period ended 31 March 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2018	6,379,895	1,168,794
Add: Additional borrowings	635,393	100,000
Less: Repayment	(895,387)	(553,178)
Balance as at 31 March 2018	6,119,901	715,616

(Unaudited but reviewed)

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 2018 - 2030.

As at 31 March 2018, the Company and its subsidiaries had credit facilities which have not drawn down of Baht 7,789 million (Separate financial statements: Baht 362 million) (31 December 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 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.

On 29 March 2018, the Company and its subsidiaries granted consent letters from a commercial bank to maintain a debt to equity ratio not exceeding 3.50 for the consolidated financial statement for the period ended 31 March 2018 and for the period ending 30 June 2018.

As at 31 March 2018, two subsidiaries had outstanding bank loans amounting to Baht 156 million. The subsidiaries were unable to maintain a debt to equity ratio not exceeding 3:1 for the consolidated financial statement for the period ended 31 March 2018. However, as at 15 March 2018, the subsidiaries have requested waivers from the banks. In order to report in compliance with the relevant financial reporting standards, as at 31 March 2018, the subsidiaries have presented the balance of these loans as current portion of long-term loans from financial institutions in the statement of financial position. The subsidiaries received such waiver letter for the period ended 31 March 2018 and for the period ending 30 June 2018 on 17 April 2018.

(Unaudited but reviewed)

14. Liabilities under finance lease agreements

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Liabilities under finance lease agreements	24,292	6,929	-	394
Less: Deferred interest expense	(2,944)	(683)	-	(38)
Total	21,348	6,246	-	356
Less: Portion due within one year	(4,583)	(1,609)	-	(195)
Long-term portion	16,765	4,637	-	161

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

As at 31 March 2018 and 31 December 2017, future minimum lease payments of the Company and its subsidiaries required under the finance lease agreements were as follows.

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	As at 31 March 2018			As at 31 December 2017		
	Less than 1 year	1 - 6 years	Total	Less than 1 year	1 - 6 years	Total
Future minimum lease payments	5,767	18,525	24,292	1,971	4,958	6,929
Deferred interest expense	(1,184)	(1,760)	(2,944)	(362)	(321)	(683)
Present value of future minimum lease payments	4,583	16,765	21,348	1,609	4,637	6,246

	(Unit: Thousand Baht)					
	Separate financial statements					
	As at 31 March 2018			As at 31 December 2017		
	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 expense	-	-	-	(30)	(8)	(38)
Present value of future minimum lease payments	-	-	-	195	161	356

(Unaudited but reviewed)

15. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month periods ended 31 March 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
Current income tax:				
Interim corporate income tax charge	-	7,838	-	7,838
Deferred tax:				
Relating to origination and reversal of temporary differences	(26,855)	(14,742)	5,563	(1,692)
Income tax expenses (income) reported in the statements of income	<u>(26,855)</u>	<u>(6,904)</u>	<u>5,563</u>	<u>6,146</u>

16. 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 and properties rental and service business

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 in the financial statements. However, the Company and its subsidiaries financing activities (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

(Unaudited but reviewed)

Inter-segment revenues are eliminated on consolidation.

Revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month periods ended 31 March 2018 and 2017 are as follows.

(Unit: Million Baht)

	For the three-month periods ended 31 March									
	Development of properties for sales		Hotel business and properties rental and service business		Others		Elimination		Consolidated financial statements	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from external customers	524	403	110	100	12	15	(11)	(8)	635	510
Segment operating profit (loss)	69	(68)	23	16	(5)	(4)	6	(4)	93	(60)
Unallocated income and expenses:										
Other income									48	31
Finance cost									(142)	(82)
Income tax income									27	7
Profit (loss) for the period									26	(104)

17. Commitments and contingent liabilities

17.1 Capital commitments

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	Construction costs of condominium projects and service agreements	1,327	1,048	1
The purchases of land agreements	532	970	-	-

(Unaudited but reviewed)

17.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of space and related services. The terms of the agreements are generally between 1 to 15 years. Future minimum lease payments required under these operating leases contracts were as follows.

(Unit: Million Baht)

Payable	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
In up to 1 year	9	8	-	5
In over 1 and up to 5 years	3	4	-	-
In over 5 years	10	10	-	-

17.3 Bank guarantees

As at 31 March 2018 and 31 December 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		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
Bank guarantee for electricity use	5	9	2	6
Bank guarantee for public utility	8	12	-	-
Bank guarantee for payments due to creditors	1	-	-	-
Total	14	21	2	6

As at 31 March 2018, the Company and its subsidiaries placed deposits at banks of Baht 19.5 million (Separate financial statements: Baht 5.7 million) (31 December 2017: Consolidated financial statements: Baht 17.2 million, Separate financial statements: Baht 5.7 million) and mortgaged the land and construction of condominium projects with the banks to secure the issuance of bank guarantees.

17.4 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.

17.5 Litigations

As at 31 March 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 27 cases, claiming damages of Baht 344 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 48 million in its accounts.
- b) A customer filed a lawsuit against the Company for the repayment of deposit and interest, totaling Baht 146 million, in relation to Sales and Purchase of condominium units. As of 31 March 2018, the Company has deposit received from this customer amounting Baht 102 million and the Company is entitled withhold such deposit because the customer has failed to transfer the condominium units as agreed. Subsequently, on 30 April 2018, the customer requested to withdraw the lawsuit.

18. Approval of interim financial statements

The interim financial statements were authorised for issue by the Company's Board of Directors on 15 May 2018.