

Major Development Public Company Limited  
and its subsidiaries  
Review report and interim consolidated financial  
information  
For the three-month and six-month periods ended  
30 June 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 30 June 2018, the related consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2018, the statements of changes in shareholders' equity and cash flows for the six-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 periods. 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: 14 August 2018

**Major Development Public Company Limited and its subsidiaries**

**Statement of financial position**

**As at 30 June 2018**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		568,863	716,715	187,512	97,912
Trade and other receivables	3, 9	255,223	213,688	1,299,324	1,198,771
Short-term loans to related parties	9	-	-	1,988,675	1,992,015
Current portion of long-term loans to related parties	9	254,947	480,947	254,947	480,947
Land and construction in progress	4	11,611,859	11,927,940	2,247,139	2,551,757
Advances for construction		445,790	391,174	114,662	114,318
Deposits for purchase of land		298,861	172,050	37,077	37,077
Other current assets		190,971	159,504	38,072	27,134
<b>Total current assets</b>		<b>13,626,514</b>	<b>14,062,018</b>	<b>6,167,408</b>	<b>6,499,931</b>
<b>Non-current assets</b>					
Pledged deposits at banks	17.3	21,065	17,170	5,670	5,670
Investments in joint ventures	5	269,989	61,730	74,990	74,990
Investments in subsidiaries	6	-	-	4,623,626	4,623,626
Long-term loans to related parties	9	372,359	104,202	387,600	244,800
Investment properties	7	2,434,262	2,439,047	733,999	745,434
Land held for development		335,332	335,332	-	-
Property, plant and equipment	8	2,415,950	2,328,203	36,756	44,563
Intangible assets		40,358	24,240	6,620	7,582
Deferred tax assets	15	169,869	140,762	37,742	50,166
Other non-current assets		13,993	13,198	9,437	10,499
<b>Total non-current assets</b>		<b>6,073,177</b>	<b>5,463,884</b>	<b>5,916,440</b>	<b>5,807,330</b>
<b>Total assets</b>		<b>19,699,691</b>	<b>19,525,902</b>	<b>12,083,848</b>	<b>12,307,261</b>

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 30 June 2018**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Bank overdrafts	10	9,326	13,864	-	9,854
Current portion of bills of exchange	11	446,479	1,012,179	339,736	1,012,179
Trade and other payables		1,420,439	1,404,153	473,155	449,876
Current portion of long-term loans from financial institutions	13	1,858,134	2,915,684	141,976	496,050
Short-term debentures	12	810,000	510,000	810,000	510,000
Current portion of long-term debentures	12	2,887,850	300,000	2,798,868	300,000
Short-term loans from related parties	9	199,000	84,000	228,000	146,200
Current portion of long-term loans from related parties	9	50,000	-	50,000	-
Current portion of liabilities under finance lease agreements	14	4,642	1,609	-	195
Income tax payable		17,792	-	17,792	-
Retention payables		355,075	401,179	133,235	194,318
Deposits and advances from customers		1,720,767	1,215,764	318,371	178,971
Other current liabilities		188,562	174,495	126,970	119,786
<b>Total current liabilities</b>		<b>9,968,066</b>	<b>8,032,927</b>	<b>5,438,103</b>	<b>3,417,429</b>
<b>Non-current liabilities</b>					
Bills of exchange	11	-	108,585	-	-
Long-term debentures	12	1,684,170	3,870,933	1,684,170	3,782,483
Long-term loans from financial institutions	13	3,735,428	3,464,211	529,566	672,744
Long-term loans from related parties	9	-	50,000	-	50,000
Liabilities under finance lease agreements	14	15,608	4,637	-	161
Provision for long-term employee benefits		33,671	31,135	-	10,841
Deferred tax liabilities	15	142,888	155,787	106,339	120,674
Other non-current liabilities		21,126	22,706	-	-
<b>Total non-current liabilities</b>		<b>5,632,891</b>	<b>7,707,994</b>	<b>2,320,075</b>	<b>4,636,903</b>
<b>Total liabilities</b>		<b>15,600,957</b>	<b>15,740,921</b>	<b>7,758,178</b>	<b>8,054,332</b>

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 30 June 2018**

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements	
	30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
<b>Shareholders' equity</b>				
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	2,114,674	1,800,921	2,484,991	2,412,250
Other components of shareholders' equity	143,381	143,381	-	-
<b>Total shareholders' equity</b>	<b>4,098,734</b>	<b>3,784,981</b>	<b>4,325,670</b>	<b>4,252,929</b>
<b>Total liabilities and shareholders' equity</b>	<b>19,699,691</b>	<b>19,525,902</b>	<b>12,083,848</b>	<b>12,307,261</b>
	-	-	-	-

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 30 June 2018**

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

	Note	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2018	2017	2018	2017
<b>Revenues</b>					
Sales of units in condominium projects		1,609,836	515,821	409,969	330,949
Revenues from hotel operations		62,372	66,046	-	-
Management fee income		12,681	9,658	-	4,500
Rental and services income		23,332	22,610	1,200	1,200
Other income					
Interest income		11,857	10,343	48,543	18,771
Others		6,290	37,566	538	1,180
<b>Total revenues</b>		<b>1,726,368</b>	<b>662,044</b>	<b>460,250</b>	<b>356,600</b>
<b>Expenses</b>					
Cost of units in condominium projects sold		988,928	344,057	202,927	208,406
Cost from hotel operations		48,745	47,605	-	-
Cost of management services		10,274	7,617	-	3,151
Cost of rental and services		8,160	5,656	-	-
Selling expenses		308,684	89,350	55,455	44,100
Administrative expenses		167,007	168,468	19,114	63,126
<b>Total expenses</b>		<b>1,531,798</b>	<b>662,753</b>	<b>277,496</b>	<b>318,783</b>
<b>Profit (loss) before share of gain (loss) from investments in joint ventures, finance cost and income tax expenses</b>					
Share of gain (loss) from investments in joint ventures	5.2	198,091	(4,528)	-	-
<b>Profit (loss) before finance cost and income tax expenses</b>		<b>392,661</b>	<b>(5,237)</b>	<b>182,754</b>	<b>37,817</b>
Finance cost		(95,937)	(106,469)	(111,773)	(99,976)
<b>Profit (loss) before income tax expenses</b>		<b>296,724</b>	<b>(111,706)</b>	<b>70,981</b>	<b>(62,159)</b>
Income tax income (expenses)	15	(9,074)	25,688	(16,751)	14,500
<b>Profit (loss) for the period</b>		<b>287,650</b>	<b>(86,018)</b>	<b>54,230</b>	<b>(47,659)</b>
<b>Earnings per share</b>					
Basic earnings per share					
Profit (loss) for the period		0.33	(0.10)	0.06	(0.06)

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 30 June 2018**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Profit (loss) for the period</b>	<u>287,650</u>	<u>(86,018)</u>	<u>54,230</u>	<u>(47,659)</u>
<b>Other comprehensive income for the period</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u><u>287,650</u></u>	<u><u>(86,018)</u></u>	<u><u>54,230</u></u>	<u><u>(47,659)</u></u>

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

(Unaudited but reviewed)

**Major Development Public Company Limited and its subsidiaries****Income statement****For the six-month period ended 30 June 2018**

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

	Note	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2018	2017	2018	2017
<b>Revenues</b>					
Sales of units in condominium projects		2,134,059	918,337	607,106	587,976
Revenues from hotel operations		141,340	139,198	-	-
Management fee income		22,681	22,012	4,500	11,548
Rental and services income		44,885	44,128	2,400	2,400
Gain on change in fair value of investment properties		-	15,105	-	-
Other income					
Interest income		22,362	18,574	94,738	38,146
Others		43,408	60,168	26,973	13,336
<b>Total revenues</b>		<b>2,408,735</b>	<b>1,217,522</b>	<b>735,717</b>	<b>653,406</b>
<b>Expenses</b>					
Cost of units in condominium projects sold		1,281,498	576,903	304,978	343,360
Cost from hotel operations		96,370	95,248	-	-
Cost of management services		19,538	19,402	3,150	7,450
Cost of rental and services		16,006	15,528	-	-
Selling expenses		523,532	163,077	75,191	86,260
Administrative expenses		320,971	311,034	33,118	117,216
Reduction of cost to net realisable value (reversal)	4	(49,181)	49,181	-	-
<b>Total expenses</b>		<b>2,208,734</b>	<b>1,230,373</b>	<b>416,437</b>	<b>554,286</b>
<b>Profit (loss) before share of gain (loss) from investments in joint ventures, finance cost and income tax expenses</b>					
Share of gain (loss) from investments in joint ventures	5.2	333,616	(21,823)	-	-
<b>Profit (loss) before finance cost and income tax expenses</b>		<b>533,617</b>	<b>(34,674)</b>	<b>319,280</b>	<b>99,120</b>
Finance cost		(237,645)	(188,470)	(224,225)	(185,001)
<b>Profit (loss) before income tax expenses</b>		<b>295,972</b>	<b>(223,144)</b>	<b>95,055</b>	<b>(85,881)</b>
Income tax income (expenses)	15	17,781	32,592	(22,314)	8,354
<b>Profit (loss) for the period</b>		<b>313,753</b>	<b>(190,552)</b>	<b>72,741</b>	<b>(77,527)</b>
<b>Earnings per share</b>					
Basic earnings per share					
Profit (loss) for the period		0.36	(0.22)	0.08	(0.09)

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 six-month period ended 30 June 2018**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Profit (loss) for the period</b>	<u>313,753</u>	<u>(190,552)</u>	<u>72,741</u>	<u>(77,527)</u>
<b>Other comprehensive income for the period</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u><u>313,753</u></u>	<u><u>(190,552)</u></u>	<u><u>72,741</u></u>	<u><u>(77,527)</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 six-month period ended 30 June 2018**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	295,972	(223,144)	95,055	(85,881)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	53,426	47,855	4,919	4,994
Write off assets	2,020	11,328	-	-
Gain on sale of assets	(1,110)	(15)	(1,120)	(11)
Reduction of cost to net realisable value (reversal)				
- Land and construction in progress	(49,181)	49,181	-	-
Provision for long-term employee benefits	2,536	1,484	-	871
Share of (gain) loss from investments in joint ventures	(333,616)	21,823	-	-
Gain on change in fair value of investment properties	-	(15,105)	-	-
Provision	2,582	17,402	2,582	16,343
Transferred deposits and advances to other income (reversal)	(5,000)	(12,266)	2,521	(7,341)
Interest income	(22,362)	(18,574)	(94,738)	(38,146)
Interest expense	237,614	187,286	216,293	184,117
Profit from operating activities before changes in operating assets and liabilities	182,881	67,255	225,512	74,946
Operating assets (increase) decrease				
Trade and other receivables	(20,791)	(53,398)	(12,864)	146,172
Land and construction in progress	571,134	(1,119,880)	304,618	345,365
Advances for construction	(54,616)	66,654	(344)	3,622
Deposits for purchase of land	(126,811)	(26,192)	-	20,000
Other current assets	(14,392)	(9,719)	(10,953)	(6,652)
Other non-current assets	(795)	1,302	1,062	1,314

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 six-month period ended 30 June 2018**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
Operating liabilities increase (decrease)				
Trade and other payables	(76,113)	(48,495)	27,612	(127,054)
Retention payables	(46,104)	2,370	(61,083)	(5,470)
Deposits and advances from customers	510,003	105,500	136,879	21,206
Other current liabilities	11,485	11,463	4,602	10,511
Other non-current liabilities	(1,580)	2,313	-	-
Cash flows from (used in) operating activities	934,301	(1,000,827)	615,041	483,960
Cash paid for interest expense	(365,462)	(232,751)	(213,910)	(159,388)
Cash paid for corporate income tax	(23,823)	(12,596)	(6,433)	(5,803)
<b>Net cash from (used in) operating activities</b>	<b>545,016</b>	<b>(1,246,174)</b>	<b>394,698</b>	<b>318,769</b>
<b>Cash flows from investing activities</b>				
Increase in pledged deposits at banks	(3,895)	-	-	-
Acquisition of investment properties	(6,125)	(217,393)	-	-
Cash received from sales of investment properties	13,000	95,000	13,000	-
Acquisition of property, plant and equipment	(115,272)	(36,922)	(490)	(1,550)
Cash received from sales of property, plant and equipment	4,065	49,241	3,965	41
Acquisition of intangible assets	(2,976)	(5,377)	(55)	(408)
Cash payment for investment in subsidiaries	-	-	-	(537,500)
Cash payment for investment in joint ventures	-	(30,600)	-	(30,600)
Cash received from short-term loans to related parties	-	-	112,840	715,900
Cash payment for short-term loans to related parties	-	-	(109,500)	(692,075)
Cash received from long-term loans to related parties	226,000	-	226,000	-
Cash payment for long-term loans to related parties	(142,800)	-	(142,800)	-
Interest income	1,618	3,407	7,049	9,579
<b>Net cash from (used in) investing activities</b>	<b>(26,385)</b>	<b>(142,644)</b>	<b>110,009</b>	<b>(536,613)</b>

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 six-month period ended 30 June 2018**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(4,538)	235,816	(9,854)	-
Decrease in bills of exchange	(690,000)	(917,356)	(690,000)	(1,022,000)
Cash received from short-term loans from related parties	160,000	-	261,800	5,000
Repayment of long-term loans from related parties	(45,000)	-	(180,000)	(5,000)
Short-term loans to unrelated parties	-	(20,500)	-	-
Repayment of liabilities under finance lease agreements	(1,699)	(1,781)	(356)	(441)
Cash received from long-term loans from related parties	-	50,000	-	50,000
Cash received from short-term debentures	810,000	-	810,000	-
Repayment of long-term debentures	(510,000)	-	(510,000)	-
Cash received from long-term debentures	401,087	1,566,658	400,555	1,478,698
Repayment of long-term debentures	-	(1,000,000)	-	(1,000,000)
Cash received from long-term loans from financial institutions	1,356,231	1,994,295	393,017	1,012,991
Repayment of long-term loans from financial institutions	(2,142,564)	(336,254)	(890,269)	(225,547)
<b>Net cash from (used in) financing activities</b>	<b>(666,483)</b>	<b>1,570,878</b>	<b>(415,107)</b>	<b>293,701</b>
Net increase (decrease) in cash and cash equivalents	(147,852)	182,060	89,600	75,857
Cash and cash equivalents at beginning of period	716,715	750,645	97,912	173,921
<b>Cash and cash equivalents at end of period</b>	<b>568,863</b>	<b>932,705</b>	<b>187,512</b>	<b>249,778</b>
	-	-	-	-
<b>Supplemental cash flows information</b>				
Non-cash items				
Asset purchased under financial lease	15,703	3,193	-	-
Accrued project cost	106,219	17,435	-	-
Transferred investment properties to land and construction in progress	-	11,085	-	-
Transferred property, plant and equipment to investment properties	-	9,248	-	9,248
Transferred deposits for purchase of land to trade and other receivables - subsidiaries	-	-	-	100,000
Transferred land and construction in progress to trade and other receivables - subsidiaries	-	-	-	2,001

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 six-month period ended 30 June 2018**

(Unit: Thousand Baht)

**Consolidated financial statements**

	Equity attributable to owners of the Company				Other component of equity		
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other comprehensive	Total other components of shareholders' equity	Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	income Surplus on revaluation of assets		
<b>Balance as at 1 January 2017</b>	860,412	875,267	105,000	1,987,949	134,483	134,483	3,963,111
Total comprehensive income for the period	-	-	-	(190,552)	-	-	(190,552)
<b>Balance as at 30 June 2017</b>	860,412	875,267	105,000	1,797,397	134,483	134,483	3,772,559
<b>Balance as at 1 January 2018</b>	860,412	875,267	105,000	1,800,921	143,381	143,381	3,784,981
Total comprehensive income for the period	-	-	-	313,753	-	-	313,753
<b>Balance as at 30 June 2018</b>	860,412	875,267	105,000	2,114,674	143,381	143,381	4,098,734

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 six-month period ended 30 June 2018**

(Unit: Thousand Baht)

	<b>Separate financial statements</b>				<b>Total shareholders' equity</b>
	<b>Issued and paid-up share capital</b>	<b>Premium on ordinary shares</b>	<b>Retained earnings Appropriated - statutory reserve</b>	<b>Unappropriated</b>	
<b>Balance as at 1 January 2017</b>	860,412	875,267	105,000	2,953,780	4,794,459
Total comprehensive income for the period	-	-	-	(77,527)	(77,527)
<b>Balance as at 30 June 2017</b>	<u>860,412</u>	<u>875,267</u>	<u>105,000</u>	<u>2,876,253</u>	<u>4,716,932</u>
<b>Balance as at 1 January 2018</b>	860,412	875,267	105,000	2,412,250	4,252,929
Total comprehensive income for the period	-	-	-	72,741	72,741
<b>Balance as at 30 June 2018</b>	<u>860,412</u>	<u>875,267</u>	<u>105,000</u>	<u>2,484,991</u>	<u>4,325,670</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 and six-month periods ended 30 June 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	
	30 June 2018	31 December 2017	30 June 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	34,100	16,488	11,470	-
3 - 6 months	3,043	2,525	-	-
6 - 12 months	1,865	249	-	-
Over 12 months	344	305	-	10
Total trade receivables - unrelated parties	39,352	19,567	11,470	10
Total trade receivables	39,352	19,567	11,470	10
<u>Other receivables</u>				
Other receivables and advances - related parties	22,008	21,694	982,248	977,248
Other receivables and advances - unrelated parties	17,644	16,952	3,319	6,915
Interest receivables - related parties	176,219	155,475	302,287	214,598
Total other receivables	215,871	194,121	1,287,854	1,198,761
Total trade and other receivables	255,223	213,688	1,299,324	1,198,771

**4. Land and construction in progress**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Condominium/commercial buildings for sales	6,359,154	5,453,005	2,247,139	2,551,757
Land cost	3,830,660	4,665,118	-	-
Construction in progress	1,172,942	1,635,008	-	-
Capitalised interest	239,103	223,990	-	-
Total	11,611,859	11,977,121	2,247,139	2,551,757
Less: Reduction of cost to net realisable value	-	(49,181)	-	-
Net	11,611,859	11,927,940	2,247,139	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 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.

4.2 Land and construction thereon of condominium projects with carrying values as at 30 June 2018 amounting to Baht 11,318 million (Separate financial statements: Baht 2,118 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 six-month period ended 30 June 2018, subsidiaries capitalised interest amounting to Baht 125 million (2017: Baht 70 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	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Total estimated project value	55,273	53,405	28,227	27,955
Sales with signed agreements	38,136	35,358	24,179	23,379
The ratio of sales with signed agreements to total estimated project value (%)	69	66	86	84
Total value of contracts signed not yet recognised as income	9,046	7,983	665	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	
			30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017
			(%)	(%)				
Major Residences Company Limited	Development of properties for sales	Thailand	51	51	12,750	12,750	208,992	-
TMDC Construction Company Limited	Construction service	Thailand	51	51	81,599	81,599	60,997	61,730
MJD-JV1 Company Limited	Development of properties for sales	Thailand	51	51	510	510	-	-
Total					94,859	94,859	269,989	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 30 June 2018, the Company presented loss on investment in joint ventures amounting to Baht 15 million (31 December 2017: Baht 1 million) based on equity method, offset with loans to joint ventures in consolidated financial statements.

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
			30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 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 and six-month periods ended 30 June 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 30 June		For the six-month periods ended 30 June	
	2018	2017	2018	2017
M J A I Development Company Limited*	-	(141)	-	(152)
Major Residences Company Limited	197,085	(13,890)	348,718	(30,298)
TMDC Construction Company Limited	319	9,503	(733)	8,627
MJD-JV1 Company Limited	687	-	(14,369)	-
Total	198,091	(4,528)	333,616	(21,823)

\* 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	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 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)

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.

## 7. Investment properties

Movements of the investment properties account during the six-month period ended 30 June 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	3,411	-
Capitalised interest	4,022	-
Adjustment	(783)	-
Disposals	(11,435)	(11,435)
Balance as at 30 June 2018	<u>2,434,262</u>	<u>733,999</u>

During the six-month period ended 30 June 2018, subsidiaries capitalised interest amounted to Baht 4 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 30 June 2018 amounting to Baht 2,088 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 six-month period ended 30 June 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	140,105	490
Capitalised interest	3,949	-
Disposals	(4,520)	(4,410)
Write-off	(540)	-
Adjustment	(382)	15
Depreciation for the period	(50,865)	(3,902)
Balance as at 30 June 2018	<u>2,415,950</u>	<u>36,756</u>

During the six-month period ended 30 June 2018, subsidiaries capitalised interest of Baht 4 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 30 June 2018 amounting to Baht 2,248 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 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2018	2017	2018	2017	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	37,576	10,307	6.00% to 7.50% per annum (2017: 2.50% per annum)
Land rental income	-	-	1,200	1,200	Cost plus margin
Interest expense (some charged to project cost)	-	-	2,915	7	5.08% to 7.50% per annum (2017: 2.50% per annum)
Rental and service income	-	-	93	1,887	Cost plus margin
Other expenses	-	-	92	3,062	Agreed basis
Commission expense	-	-	-	2,507	Percentage of income
<u>Transactions with related persons and parties</u>					
Interest income	10,598	7,627	10,598	7,627	5.45% to 5.78% per annum
Management fee income	4,500	4,500	-	4,500	Cost plus margin
Rental and services income	-	924	-	-	Cost plus margin
Sales of property, plant and equipment	-	49,200	-	-	Close to the prices charged to other customers of the same condominium project
Interest expense	2,267	304	2,267	304	4.30% to 6.00% per annum (2017: 6.00% per annum)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2018	2017	2018	2017	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	73,625	21,824	6.00% to 7.50% per annum (2017: 2.50% per annum)
Land rental income	-	-	2,400	2,400	Cost plus margin
Interest expense (some charged to project cost)	-	-	4,796	29	5.08% to 7.50% per annum (2017: 2.50% per annum)
Rental and service income	-	-	781	3,716	Cost plus margin
Other expenses	-	-	119	4,430	Agreed basis
Commission expense	-	-	205	2,507	Percentage of income
<u>Transactions with related persons and parties</u>					
Interest income	20,744	15,168	20,744	15,168	5.45% to 5.78% per annum
Management fee income	9,000	10,948	4,500	10,948	Cost plus margin
Rental and services income	-	1,830	-	-	Cost plus margin
Sales of property, plant and equipment	-	49,200	-	-	Close to the prices charged to other customers of the same condominium project
Interest expense	3,651	304	3,651	304	4.30% to 6.00% per annum (2017: 6.00% per annum)

(Unaudited but reviewed)

As at 30 June 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	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
<b>Trade and other receivables - related parties (Note 3)</b>				
Subsidiaries	-	-	1,086,374	1,015,634
Joint ventures	198,227	177,169	198,161	176,212
Total other receivables - related parties	198,227	177,169	1,284,535	1,191,846
<b>Trade and other payables - related parties</b>				
Subsidiaries	-	-	196,157	178,609
Joint ventures	1,392	1,392	1,392	-
Related persons (Director and person who is related to management)	3,855	2,860	2,893	2,117
Total trade and other payables - related parties	5,247	4,252	200,442	180,726

**Loans to related parties and loans from related parties**

As at 30 June 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)

Short-term loans to	Interest rate (% per annum)	Principal repayment	Separate financial statements			
			Balance as at 31 December 2017	Increase	Decrease	Balance as at 30 June 2018
Major Development Estate Company Limited	7.50	At call	1,981,815	80,000	(97,340)	1,964,475
Major Development Property Consultants Company Limited	6.00	At call	10,200	-	-	10,200
Major Development Hospitality Company Limited	7.50	At call	-	29,500	(15,500)	14,000
Total			1,992,015	109,500	(112,840)	1,988,675

(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 30 June 2018
Major Residences Company Limited	MLR - 0.75 and 0.50	Within June 2018 and September 2021	664,547	-	(226,000)	438,547
MJD-JV1 Company Limited	MLR - 0.75	Within August 2021	61,200	142,800	-	204,000
Total			725,747	142,800	(226,000)	642,547
Less: Loss reserve from investment in joint ventures			(140,598)	(14,369)	139,726	(15,241)
Total			585,149	128,431	(86,274)	627,306
Less: Current portion			(480,947)			(254,947)
Long-term portion			104,202			372,359



## (Unaudited but reviewed)

(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	30 June 2018
Major Residences Company Limited	MLR - 0.75 and 0.50	Within June 2018 and September 2021	664,547	-	(226,000)	438,547
MJD-JV1 Company Limited	MLR - 0.75	Within August 2021	61,200	142,800	-	204,000
Total			725,747	142,800	(226,000)	642,547
Less: Current portion			(480,947)			(254,947)
Long-term portion			244,800			387,600

(Unit: Thousand Baht)

		Consolidated financial statements				
Short-term loans from	Interest rate (% per annum)	Principal repayment	Balance as at			Balance as at
			31 December 2017	Increase	Decrease	30 June 2018
Directors	4.30	At call	84,000	160,000	(45,000)	199,000
Total			84,000	160,000	(45,000)	199,000

(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	30 June 2018
MJD Residences Company Limited	5.45	At call	128,200	56,800	-	185,000
Director	4.30	At call	18,000	35,000	(10,000)	43,000
Major Development Estate Company Limited	7.50	At call	-	170,000	(170,000)	-
Total			146,200	261,800	(180,000)	228,000

(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	30 June 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	30 June 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			-

(Unaudited but reviewed)

### Directors' and management's remuneration

During the three-month and six-month periods ended 30 June 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			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2018	2017	2018	2017
Short-term employee benefits	29.5	26.9	61.9	56.3
Post-employment benefits	0.4	0.5	0.9	1.0
Total	29.9	27.4	62.8	57.3

(Unit: Million Baht)

	Separate financial statements			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2018	2017	2018	2017
Short-term employee benefits	5.1	10.7	10.2	21.2
Post-employment benefits	-	0.2	0.1	0.3
Total	5.1	10.9	10.3	21.5

### 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	277
MJP Property Company Limited	465
MJC Development Company Limited	744
MJD Residences Company Limited	1,674
Major Development Estate Company Limited	8,092
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

(Unaudited but reviewed)

**10. Bank overdrafts**

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated		Separate	
			financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Bank overdrafts	MOR	MOR	9,326	13,864	-	9,854
Total			9,326	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.

**11. Bills of exchange**

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated		Separate	
			financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Bills of exchange - Face value			454,000	1,144,000	344,000	1,034,000
Less: Prepaid interest expenses	6.50 - 7.50	6.50 - 7.50	(7,521)	(23,236)	(4,264)	(21,821)
Bills of exchange - net			446,479	1,120,764	339,736	1,012,179
Less: Bills of exchange - portion due within one year			(446,479)	(1,012,179)	(339,736)	(1,012,179)
Bills of exchange - portion due over one year			-	108,585	-	-

Bills of exchange have repayment schedule from September 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.

(Unaudited but reviewed)

The outstanding balance of short-term debentures as at 30 June 2018 and 31 December 2017 are detailed below.

(Unit: Million Baht)

No.	Principal repayment	Interest rate (% per annum)	Consolidated financial statements		Separate financial statements	
			30 June 2018	31 December 2017	30 June 2018	31 December 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 30 June 2018 and 31 December 2017 are detailed below.

(Unit: Million Baht)

Year of issuance	Interest rate (% p.a.)		Terms (years)		Consolidated financial statements		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	2015	4.90	4.90	3	3	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	5.75 - 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					(17)	(19)	(16)	(18)
Long-term debentures - net					4,572	4,171	4,483	4,082
Less: Long-term debentures - portion due within one year					(2,888)	(300)	(2,799)	(300)
Debentures - portion due over one year					1,684	3,871	1,684	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.

(Unaudited but reviewed)

### 13. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
Long-term loans from financial institutions	5,593,562	6,379,895	671,542	1,168,794
Less: current portion	(1,858,134)	(2,915,684)	(141,976)	(496,050)
Long-term portion	<u>3,735,428</u>	<u>3,464,211</u>	<u>529,566</u>	<u>672,744</u>

Movements of the long-term loans account during the six-month period ended 30 June 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	1,356,231	393,017
Less: Repayment	<u>(2,142,564)</u>	<u>(890,269)</u>
Balance as at 30 June 2018	<u>5,593,562</u>	<u>671,542</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 2018 - 2030.

As at 30 June 2018, the Company and its subsidiaries had credit facilities which have not drawn down of Baht 7,271 million (Separate financial statements: Baht 119 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.

(Unaudited but reviewed)

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 and 17 April 2018, the Company and its subsidiaries granted consent letters from two commercial banks to maintain a debt to equity ratio not exceeding 3.50 for the consolidated financial statement for the period ended 31 March 2018 and 30 June 2018.

#### 14. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Liabilities under finance lease agreements	22,869	6,929	-	394
Less: Deferred interest expense	(2,619)	(683)	-	(38)
Total	20,250	6,246	-	356
Less: Portion due within one year	(4,642)	(1,609)	-	(195)
Long-term portion	15,608	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 30 June 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 30 June 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	5,735	17,134	22,869	1,971	4,958	6,929
Deferred interest expense	(1,093)	(1,526)	(2,619)	(362)	(321)	(683)
Present value of future minimum lease payments	4,642	15,608	20,250	1,609	4,637	6,246

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements					
	As at 30 June 2018			As at 31 December 2017		
	Less than		Total	Less than		Total
1 year	1 - 6 years	1 year		1 - 6 years		
Future minimum lease payments	-	-	-	225	169	394
Deferred interest expense	-	-	-	(30)	(8)	(38)
Present value of future minimum lease payments	-	-	-	195	161	356

## 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 and six-month periods ended 30 June 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b>Current income tax:</b>				
Interim corporate income tax charge	24,225	(7,789)	24,225	(7,838)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(15,151)	(17,899)	(7,474)	(6,662)
<b>Income tax expenses (income) reported in the statements of income</b>	<b>9,074</b>	<b>(25,688)</b>	<b>16,751</b>	<b>(14,500)</b>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b>Current income tax:</b>				
Interim corporate income tax charge	24,225	49	24,225	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(42,006)	(32,641)	(1,911)	(8,354)
<b>Income tax expenses (income) reported in the statements of income</b>	<b>(17,781)</b>	<b>(32,592)</b>	<b>22,314</b>	<b>(8,354)</b>

## 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.

Inter-segment revenues are eliminated on consolidation.



(Unaudited but reviewed)

Revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month and six-month periods ended 30 June 2018 and 2017 are as follows.

(Unit: Million Baht)

	For the three-month periods ended 30 June								Consolidated financial statements	
	Development of properties for sales		Hotel business and rental and services		Others		Elimination			
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from external customers	1,622	525	87	96	10	13	(10)	(23)	1,709	611
Segment operating profit (loss)	362	(75)	2	16	1	7	10	(5)	375	(57)
Unallocated income and expenses:										
Finance cost									(96)	(106)
Other income									17	50
Income tax (expenses) income									(9)	26
Profit (loss) for the period									287	(87)

(Unit: Million Baht)

	For the six-month periods ended 30 June								Consolidated financial statements	
	Development of properties for sales		Hotel business and rental and services		Others		Elimination			
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from external customers	2,160	955	192	191	17	21	(21)	(31)	2,348	1,136
Segment operating profit (loss)	436	(143)	25	32	(4)	3	16	(9)	473	(117)
Unallocated income and expenses:										
Finance cost									(238)	(188)
Other income									60	81
Income tax income									18	33
Profit (loss) for the period									313	(191)

## 17. Commitments and contingent liabilities

### 17.1 Capital commitments

As at 30 June 2018 and 31 December 2017, the Company and its subsidiaries had capital commitments as follows.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Construction costs of condominium projects and service agreements	2,215	1,048	1	1
The purchases of land agreements	1,198	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	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
In up to 1 year	4	8	-	5
In over 1 and up to 5 years	3	4	-	-
In over 5 years	10	10	-	-

## 17.3 Bank guarantees

As at 30 June 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	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
Bank guarantee for electricity use	5	9	2	6
Bank guarantee for public utility	34	12	-	-
Bank guarantee for payments due to creditors	1	-	-	-
Total	40	21	2	6

As at 30 June 2018, the Company and its subsidiaries placed deposits at banks of Baht 21.1 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 30 June 2018, 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 837 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 52 million in its accounts.

#### **18. Approval of interim financial statements**

The interim financial statements were authorised for issue by the Company's Board of Directors on 14 August 2018.