

Major Development Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2019

## **Independent Auditor's Report**

To the Shareholders of Major Development Public Company Limited

### **Opinion**

I have audited the accompanying consolidated financial statements of Major Development Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Major Development Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Major Development Public Company Limited and its subsidiaries and of Major Development Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Emphasis of Matter**

As described in Note 4 to the financial statements, during the current year, the Group have adopted TFRS 15 *Revenue from contracts with customers*. The cumulative effect of initially applying TFRS 15 is recognised as an adjustment to retained earnings as at 1 January 2018. My opinion is not modified in respect of this matter.

## **Key Audit Matter**

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

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

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

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

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

### ***Recognition of revenue from sale of real estate***

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

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

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

## **Other Information**

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

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

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

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

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

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

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

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

Poonnard Paocharoen  
Certified Public Accountant (Thailand) No. 5238

EY Office Limited  
Bangkok: 25 February 2020

Major Development Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2019

(Unit: Baht)

Note	Consolidated financial statements			Separate financial statements			
	As at	As at	As at	As at	As at	As at	
	31 December 2019	31 December 2018 (Restated)	1 January 2018	31 December 2019	31 December 2018 (Restated)	1 January 2018	
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	8	388,685,674	816,406,547	694,993,519	125,936,945	501,537,727	82,219,817
Trade and other receivables	7, 9	117,331,060	93,037,936	213,687,499	1,278,819,725	1,473,542,524	1,198,770,831
Short-term loans to related parties	7	-	-	-	2,994,275,000	2,237,975,000	1,992,015,000
Current portion of long-term loans to related parties	7	51,000,000	-	480,947,309	51,000,000	-	480,947,309
Real estate development cost	10	10,501,954,033	11,121,330,133	11,927,939,990	883,852,174	1,782,322,227	2,551,757,326
Advances for construction		351,675,126	629,299,752	391,173,582	53,447,038	117,692,574	114,317,492
Deposits for purchase of land		408,461,349	198,861,349	172,049,893	37,076,903	37,076,903	37,076,903
Prepayment for purchase of shares	13	165,270,000	-	-	-	-	-
Cost to obtain contracts with customers	11	473,972,712	593,018,734	142,174,332	1,318,465	25,480,410	1,550,000
Other current assets		196,625,776	183,129,310	159,502,254	41,163,306	35,223,775	27,132,750
<b>Total current assets</b>		<b>12,654,975,730</b>	<b>13,635,083,761</b>	<b>14,182,468,378</b>	<b>5,466,889,556</b>	<b>6,210,851,140</b>	<b>6,485,787,428</b>
<b>Non-current assets</b>							
Restricted bank deposits	12	61,490,968	49,383,499	38,891,854	1,846,863	17,598,563	21,362,208
Investments in subsidiaries	13	-	-	-	4,677,324,327	4,534,126,486	4,623,626,486
Investments in joint ventures	14	155,832,696	358,641,992	61,730,937	62,990,837	62,990,837	74,990,837
Long-term loans to related parties	7	325,865,059	374,355,698	140,203,585	367,200,000	387,600,000	244,800,000
Investment properties	15	3,355,035,893	2,615,866,473	2,439,046,783	787,132,000	788,688,000	745,434,125
Land held for development		-	-	335,332,267	-	-	-
Property, plant and equipment	16	2,740,713,793	2,507,006,528	2,328,203,263	62,204,246	33,761,038	44,562,523
Intangible assets	17	23,252,962	40,680,202	24,240,493	4,162,096	5,796,201	7,582,067
Deposits for purchase of land	32.6	75,000,000	75,000,000	-	-	-	-
Deferred tax assets	29	188,231,197	138,480,469	107,384,589	27,806,815	23,233,825	50,166,015
Other non-current assets		12,280,303	12,989,546	13,198,196	7,451,753	9,437,127	10,498,702
<b>Total non-current assets</b>		<b>6,937,702,871</b>	<b>6,172,404,407</b>	<b>5,488,231,967</b>	<b>5,998,118,937</b>	<b>5,863,232,077</b>	<b>5,823,022,963</b>
<b>Total assets</b>		<b>19,592,678,601</b>	<b>19,807,488,168</b>	<b>19,670,700,345</b>	<b>11,465,008,493</b>	<b>12,074,083,217</b>	<b>12,308,810,391</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 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		As at	As at	As at	As at	As at	As at
		31 December 2019	31 December 2018 (Restated)	1 January 2018	31 December 2019	31 December 2018 (Restated)	1 January 2018
<b>Liabilities and shareholders' equity</b>							
<b>Current liabilities</b>							
Bank overdrafts from financial institutions	18	967,921	19,424,800	13,864,125	-	-	9,853,879
Short-term bills of exchange	19	357,798,617	-	1,012,178,529	357,798,617	-	1,012,178,523
Trade and other payables	20	921,824,072	1,334,302,243	1,404,153,023	282,629,046	756,805,642	449,875,978
Retention payables		327,892,338	342,824,309	401,178,602	53,976,725	121,479,589	194,318,241
Deposits and advances from customers		1,578,893,419	1,810,661,545	1,215,764,355	158,965,073	231,167,438	178,970,979
Current portion of long-term loans from financial institutions	21	1,891,774,803	548,766,321	2,915,683,608	-	-	496,050,337
Short-term debentures	22	-	810,000,000	510,000,000	-	810,000,000	510,000,000
Current portion of long-term debentures	22	1,694,671,196	3,889,138,955	300,000,000	1,694,671,196	3,799,617,446	300,000,000
Short-term loans from related parties	7	-	-	84,000,000	-	-	146,200,000
Current portion of long-term loans from related party	7	-	50,000,000	-	-	50,000,000	-
Current portion of liabilities under finance lease agreements	23	5,064,041	5,648,959	1,609,275	631,598	-	194,728
Income tax payable		48,813,465	20,568,929	-	-	3,439,309	-
Other current liabilities		242,258,266	196,746,262	174,494,579	170,014,284	145,533,403	119,787,429
<b>Total current liabilities</b>		<b>7,069,958,138</b>	<b>9,028,082,323</b>	<b>8,032,926,096</b>	<b>2,718,686,539</b>	<b>5,918,042,827</b>	<b>3,417,430,094</b>
<b>Non-current liabilities</b>							
Bills of exchange		-	-	108,585,800	-	-	-
Long-term debentures	22	3,957,998,209	1,677,477,177	3,870,932,683	3,957,998,209	1,677,477,177	3,782,482,640
Long-term loans from financial institutions	21	2,736,091,965	3,666,115,417	3,464,210,890	-	-	672,743,890
Long-term loans from related party		-	-	50,000,000	-	-	50,000,000
Liabilities under finance lease agreements	23	10,836,704	11,943,777	4,637,114	1,860,312	-	160,541
Provision for long-term employee benefits	24	50,440,349	29,738,735	31,135,035	7,381,992	4,322,327	10,841,065
Deferred tax liabilities	29	286,493,027	286,770,796	150,844,861	133,455,846	136,215,385	120,983,525
Other non-current liabilities		24,600,905	21,825,604	22,706,186	-	-	-
<b>Total non-current liabilities</b>		<b>7,066,461,159</b>	<b>5,693,871,506</b>	<b>7,703,052,569</b>	<b>4,100,696,359</b>	<b>1,818,014,889</b>	<b>4,637,211,661</b>
<b>Total liabilities</b>		<b>14,136,419,297</b>	<b>14,721,953,829</b>	<b>15,735,978,665</b>	<b>6,819,382,898</b>	<b>7,736,057,716</b>	<b>8,054,641,755</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 31 December 2019

(Unit: Baht)

Note	Consolidated financial statements			Separate financial statements		
	As at	As at	As at	As at	As at	As at
	31 December 2019	31 December 2018 (Restated)	1 January 2018	31 December 2019	31 December 2018 (Restated)	1 January 2018
<b>Shareholders' equity</b>						
Share capital						
Registered						
	1,050,000,000 ordinary shares of Baht 1 each	1,050,000,000	1,050,000,000	1,050,000,000	1,050,000,000	1,050,000,000
Issued and paid-up						
	860,411,939 ordinary shares of Baht 1 each	860,411,939	860,411,939	860,411,939	860,411,939	860,411,939
	Premium on ordinary shares	875,266,939	875,266,939	875,266,939	875,266,939	875,266,939
Retained earnings						
	Appropriated - statutory reserve	105,000,000	105,000,000	105,000,000	105,000,000	105,000,000
	Unappropriated	3,371,358,717	3,052,582,803	1,950,662,291	2,804,946,717	2,413,489,758
	Other components of shareholders' equity	244,221,709	192,272,658	143,380,511	-	-
	<b>Total shareholders' equity</b>	<b>5,456,259,304</b>	<b>5,085,534,339</b>	<b>3,934,721,680</b>	<b>4,645,625,595</b>	<b>4,254,168,636</b>
	<b>Total liabilities and shareholders' equity</b>	<b>19,592,678,601</b>	<b>19,807,488,168</b>	<b>19,670,700,345</b>	<b>11,465,008,493</b>	<b>12,308,810,391</b>
		-	-	-	-	-

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

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Directors  
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Major Development Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018 (Restated)	2019	2018 (Restated)
<b>Revenues</b>					
Sales	27	5,439,987,942	4,790,473,964	1,545,470,144	1,369,750,211
Revenues from hotel operations		304,368,268	278,908,003	-	-
Management fee income		87,929,189	59,507,243	-	4,500,000
Rental income		95,716,148	90,977,362	4,872,000	4,818,000
Net gain from change in fair value of investment properties	15	55,782,827	38,493,870	13,874,000	54,689,000
Other income					
Dividend from joint venture	14.2	-	-	402,887,360	123,671,120
Interest income		24,497,145	36,427,412	208,340,423	184,962,688
Gain on sales of land held for development		-	263,808,258	-	-
Others		99,640,075	86,359,874	42,029,393	29,099,887
<b>Total revenues</b>		<b>6,107,921,594</b>	<b>5,644,955,986</b>	<b>2,217,473,320</b>	<b>1,771,490,906</b>
<b>Expenses</b>					
Cost of sales		3,348,819,847	2,819,493,633	870,451,953	718,858,628
Cost from hotel operations		214,265,056	201,359,911	-	-
Cost of services		63,450,024	49,641,421	-	3,150,000
Cost of rental		32,695,977	31,336,481	-	-
Selling expenses		872,148,542	616,918,489	358,912,658	176,781,702
Administrative expenses		958,379,577	697,931,296	192,967,410	76,459,588
Impairment loss on fixed assets	16	14,400,000	-	-	-
Impairment loss on investments	13, 14	-	-	52,800,000	199,000,000
<b>Total expenses</b>		<b>5,504,159,023</b>	<b>4,416,681,231</b>	<b>1,475,132,021</b>	<b>1,174,249,918</b>
<b>Profit before share of gain from investments</b>					
<b>in joint ventures, finance cost and income tax expenses</b>		<b>603,762,571</b>	<b>1,228,274,755</b>	<b>742,341,299</b>	<b>597,240,988</b>
Share of gain from investments in joint ventures	14.2	171,987,425	511,934,289	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>775,749,996</b>	<b>1,740,209,044</b>	<b>742,341,299</b>	<b>597,240,988</b>
Finance cost		(418,277,032)	(460,409,774)	(441,861,270)	(433,730,554)
<b>Profit before income tax expenses</b>		<b>357,472,964</b>	<b>1,279,799,270</b>	<b>300,480,029</b>	<b>163,510,434</b>
Income tax income (expenses)	29	(36,501,561)	(181,656,583)	7,290,035	(79,653,569)
<b>Profit for the year</b>		<b>320,971,403</b>	<b>1,098,142,687</b>	<b>307,770,064</b>	<b>83,856,865</b>
<b>Earnings per share</b>					
Basic earnings per share					
Profit for the year		0.37	1.28	0.36	0.10

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

Major Development Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018 (Restated)
<b>Profit for the year</b>	320,971,403	1,098,142,687	307,770,064	83,856,865
<b>Other comprehensive income:</b>				
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Actuarial gain (loss)	(2,744,361)	4,722,281	(212,463)	-
Less: Income tax effect	548,872	(944,456)	42,493	-
	(2,195,489)	3,777,825	(169,970)	-
Changes in revaluation of assets	64,936,314	61,115,185	-	-
Less: Income tax effect	(12,987,263)	(12,223,038)	-	-
	51,949,051	48,892,147	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	49,753,562	52,669,972	(169,970)	-
<b>Total comprehensive income for the year</b>	<b>370,724,965</b>	<b>1,150,812,659</b>	<b>307,600,094</b>	<b>83,856,865</b>

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

Major Development Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2019

(Unit: Baht)

Consolidated financial statements							
Equity attributable to owners of the Company							
				Other component of equity			
				Retained earnings		Other comprehensive income	
Issued and paid-up share capital	Premium on ordinary shares	Appropriated - statutory reserve	Unappropriated	Surplus on revaluation of assets	Total other components of shareholders' equity	Total shareholders' equity	
<b>Balance as at 31 December 2017 - as previously reported</b>	860,411,939	875,266,939	105,000,000	1,800,920,846	143,380,511	143,380,511	3,784,980,235
Cumulative effects of the change in accounting policies due to the adoption of new financial reporting standard (Note 4)	-	-	-	149,741,445	-	-	149,741,445
<b>Balance as at 31 December 2017 - as restated</b>	860,411,939	875,266,939	105,000,000	1,950,662,291	143,380,511	143,380,511	3,934,721,680
Profit for the year (Restated)	-	-	-	1,098,142,687	-	-	1,098,142,687
Other comprehensive income for the year	-	-	-	3,777,825	48,892,147	48,892,147	52,669,972
Total comprehensive income for the year	-	-	-	1,101,920,512	48,892,147	48,892,147	1,150,812,659
<b>Balance as at 31 December 2018</b>	860,411,939	875,266,939	105,000,000	3,052,582,803	192,272,658	192,272,658	5,085,534,339
<b>Balance as at 31 December 2018 - as previously reported</b>	860,411,939	875,266,939	105,000,000	2,537,838,502	192,272,658	192,272,658	4,570,790,038
Cumulative effects of the change in accounting policies due to the adoption of new financial reporting standard (Note 4)	-	-	-	514,744,301	-	-	514,744,301
<b>Balance as at 31 December 2018 - as restated</b>	860,411,939	875,266,939	105,000,000	3,052,582,803	192,272,658	192,272,658	5,085,534,339
Profit for the year	-	-	-	320,971,403	-	-	320,971,403
Other comprehensive income for the year	-	-	-	(2,195,489)	51,949,051	51,949,051	49,753,562
Total comprehensive income for the year	-	-	-	318,775,914	51,949,051	51,949,051	370,724,965
<b>Balance as at 31 December 2019</b>	860,411,939	875,266,939	105,000,000	3,371,358,717	244,221,709	244,221,709	5,456,259,304
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

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

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

**Statement of changes in shareholders' equity (continued)**

**For the year ended 31 December 2019**

(Unit: Baht)

	<b>Separate financial statements</b>				Total shareholders' equity
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		
			Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 31 December 2017 - as previously reported</b>	860,411,939	875,266,939	105,000,000	2,412,249,758	4,252,928,636
Cumulative effects of the change in accounting policies due to the adoption of new financial reporting standard (Note 4)	-	-	-	1,240,000	1,240,000
<b>Balance as at 31 December 2017 - as restated</b>	860,411,939	875,266,939	105,000,000	2,413,489,758	4,254,168,636
Profit for the year (Restated)	-	-	-	83,856,865	83,856,865
Total comprehensive income for the year	-	-	-	83,856,865	83,856,865
<b>Balance as at 31 December 2018</b>	860,411,939	875,266,939	105,000,000	2,497,346,623	4,338,025,501
<b>Balance as at 31 December 2018 - as previously reported</b>	860,411,939	875,266,939	105,000,000	2,476,962,295	4,317,641,173
Cumulative effects of the change in accounting policies due to the adoption of new financial reporting standard (Note 4)	-	-	-	20,384,328	20,384,328
<b>Balance as at 31 December 2018 - as restated</b>	860,411,939	875,266,939	105,000,000	2,497,346,623	4,338,025,501
Profit for the year	-	-	-	307,770,064	307,770,064
Other comprehensive income for the year	-	-	-	(169,970)	(169,970)
Total comprehensive income for the year	-	-	-	307,600,094	307,600,094
<b>Balance as at 31 December 2019</b>	860,411,939	875,266,939	105,000,000	2,804,946,717	4,645,625,595
	-	-	-	-	-
	-	-	-	-	-

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

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

**Statement of cash flows**

**For the year ended 31 December 2019**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018 (Restated)
<b>Cash flows from operating activities</b>				
Profit before tax	357,472,964	1,279,799,270	300,480,029	163,510,434
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	146,768,558	141,795,897	7,563,563	8,888,387
Write-off assets	34,610,455	11,739,157	-	-
(Gain) loss on sales of assets	2,312,758	(141,888)	1,430,000	(504,389)
Provision for impairment assets				
- Property plant and equipment	14,400,000	(926,704)	-	(926,704)
- Deposits for purchase of land	-	(25,000,000)	-	-
Gain on sales of land awaiting development	-	(263,808,258)	-	-
Provision for long-term employee benefits	17,957,253	3,722,365	2,847,202	378,000
Share of gain from investments in joint ventures	(171,987,425)	(511,934,289)	-	-
Gain on change in fair value of investment properties	(55,782,827)	(38,493,519)	(13,874,000)	(54,689,000)
Impairment loss on investments in subsidiaries	-	-	52,800,000	199,000,000
Dividend income from joint venture	-	-	(402,887,360)	(123,671,120)
Interest income	(24,497,145)	(36,427,412)	(208,340,423)	(184,962,688)
Interest expense	385,575,457	456,878,621	411,000,841	413,366,471
Profit from operating activities before changes in operating assets and liabilities	706,830,048	1,017,203,240	151,019,852	420,389,391
Operating assets (increase) decrease				
Trade and other receivables	(3,247,555)	(8,906,391)	201,918,110	(375,096,555)
Real estate development cost	827,919,907	1,044,499,721	898,470,053	769,435,099
Advances for construction	277,624,626	(238,126,170)	64,245,536	(3,375,082)
Deposits for purchase of land	(209,600,000)	(76,811,456)	-	-
Cost to obtain contracts with customers	119,046,022	(450,844,402)	24,161,945	(23,930,410)
Other current assets	14,180,582	(30,009,762)	12,318,128	(8,063,834)
Other non-current assets	709,243	208,650	1,985,374	1,061,575
Operating liabilities increase (decrease)				
Trade and other payables	(412,478,688)	(138,278,206)	(441,214,196)	253,290,973
Retention payables	(14,931,971)	(58,354,293)	(67,502,864)	(72,838,652)
Deposits and advances from customers	(231,768,126)	594,897,190	(72,202,365)	52,196,459
Other current liabilities	45,512,004	9,129,985	24,480,881	29,595,654
Other non-current liabilities	2,775,301	(880,582)	-	-
Cash flows from operating activities	1,122,571,393	1,663,727,524	797,680,454	1,042,664,618
Cash paid for interest expense	(723,532,613)	(645,498,480)	(477,589,842)	(353,440,738)
Cash paid for corporate income tax	(98,400,961)	(51,283,291)	(21,696,969)	(34,050,210)
<b>Net cash flows from operating activities</b>	<b>300,637,819</b>	<b>966,945,753</b>	<b>298,393,643</b>	<b>655,173,670</b>

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

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

**Statement of cash flows (continued)**

**For the year ended 31 December 2019**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018 (Restated)	2019	2018 (Restated)
<b>Cash flows from investing activities</b>				
Increase (decrease) in restricted bank deposits	(12,107,469)	(10,491,645)	15,751,700	3,763,645
Acquisition of investment properties	(836,108,368)	(202,083,877)	-	-
Cash received from sales of investment properties	14,000,000	13,000,000	14,000,000	13,000,000
Acquisition of property, plant and equipment	(106,288,153)	(178,600,981)	(30,239,115)	(490,231)
Cash received from sales of equipment	1,047,760	4,377,015	-	4,276,462
Cash received from sales of land awaiting development	-	599,140,525	-	-
Acquisition of intangible assets	(3,115,502)	(6,072,897)	(283,551)	(248,240)
Cash payment for purchase of shares	(165,270,000)	-	-	-
Cash payment for investments in subsidiaries	-	-	(150,000,000)	-
Cash received from liquidation in subsidiaries	-	-	19,002,159	-
Cash received from short-term loans to related parties	-	-	956,200,000	321,540,000
Cash payment for short-term loans to related parties	-	-	(1,712,500,000)	(567,500,000)
Cash received from long-term loans to related parties	-	480,947,309	-	480,947,309
Cash payment for long-term loans to related parties	(30,600,000)	(142,800,000)	(30,600,000)	(142,800,000)
Interest income	3,451,576	165,999,369	136,145,112	187,787,550
Dividend income	402,887,360	123,671,120	402,887,360	123,671,120
<b>Net cash flows from (used in) investing activities</b>	<b>(732,102,796)</b>	<b>847,085,938</b>	<b>(379,636,335)</b>	<b>423,947,615</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in overdrafts and short-term loans	(18,456,879)	5,560,675	-	(9,853,879)
Increase (decrease) in bills of exchange	367,000,000	(1,144,000,000)	367,000,000	(1,034,000,000)
Cash received from short-term loans from related parties	20,000,000	150,000,000	180,000,000	251,800,000
Repayment of short-term loans from related parties	(20,000,000)	(234,000,000)	(180,000,000)	(398,000,000)
Repayment of long-term loans from related party	(50,000,000)	-	(50,000,000)	-
Repayment of liabilities under finance lease agreements	(7,784,047)	(4,566,577)	(1,358,090)	(355,269)
Cash received from short-term debentures	450,000,000	810,000,000	450,000,000	810,000,000
Repayment of short-term debentures	(1,260,000,000)	(510,000,000)	(1,260,000,000)	(510,000,000)
Cash received from long-term debentures	4,000,000,000	1,699,400,000	4,000,000,000	1,699,400,000
Repayment of long-term debentures	(3,890,000,000)	(300,000,000)	(3,800,000,000)	(300,000,000)
Cash received from long-term loans from financial institutions	4,722,020,110	2,800,284,008	749,268,027	508,017,008
Repayment of long-term loans from financial institutions	(4,309,035,080)	(4,965,296,769)	(749,268,027)	(1,676,811,235)
<b>Net cash flows from (used in) financing activities</b>	<b>3,744,104</b>	<b>(1,692,618,663)</b>	<b>(294,358,090)</b>	<b>(659,803,375)</b>
Net increase (decrease) in cash and cash equivalents	(427,720,873)	121,413,028	(375,600,782)	419,317,910
Cash and cash equivalents at beginning of year	816,406,547	694,993,519	501,537,727	82,219,817
<b>Cash and cash equivalents at end of year (Note 8)</b>	<b>388,685,674</b>	<b>816,406,547</b>	<b>125,936,945</b>	<b>501,537,727</b>
	-	-	-	-

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

Major Development Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
		(Restated)		(Restated)
Supplemental cash flows information				
Non-cash items				
Asset purchased under financial lease	6,092,056	15,702,924	3,850,000	-
Transferred investment properties to property, plant and equipment	187,448,505	62,123,467	-	-
Transferred advance to investment in subsidiary	-	-	65,000,000	97,500,000
Transferred provision long-term employee benefits to related party	-	-	-	6,896,739

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



## Major Development Public Company Limited and its subsidiaries

### Notes to consolidated financial statements

For the year ended 31 December 2019

#### 1. General information

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

#### 2. Basis of preparation

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

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

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

#### 2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019 Percent	2018 Percent
<u>Direct shareholding</u>				
Major Development Hotels and Resorts Company Limited	Hotel	Thailand	100	100
Major Development Residences Company Limited	Development of properties for sales	Thailand	100	100
MJR Development Company Limited	Development of properties for sales and properties rental	Thailand	100	100
MJP Property Company Limited	Development of properties for sales and hotel	Thailand	100	100
MJC Development Company Limited	Development of properties for sales	Thailand	100	100
MJD Residences Company Limited	Development of properties for sales	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019	2018
			Percent	Percent
Major Development Property Partners Company Limited	Condominium juristic person management	Thailand	100	100
Major Development Estate Company Limited	Development of properties for sales	Thailand	100	100
Major Development Commercial Company Limited (Formerly known as "Major Development Hospitality Company Limited")	Hotel and properties rental	Thailand	100	100
MDPC Company Limited (Formerly known as "Major Development Property Consultant Company Limited")	Agent, representative and real estate advisor business	Thailand	100	100
M J A I Development Company Limited	Development of properties for sales	Thailand	100	100
<u>Indirectly owned by subsidiaries</u>				
MJ One Company Limited	Development of properties for sales	Thailand	100	100

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

### 3. New financial reporting standards

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

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes the following accounting standards together with related interpretations.

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

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

The Group adopted IFRS 15 using the full retrospective method of adoption. The Group elects to apply the practical expedient to not disclose the effect of the transition on the current year.

The cumulative effect of the change is described in Note 4.

**(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

**Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

## TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Group believes that the adoption of this standard will not have any significant impact to the financial statements.

#### 4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard

As described in Note 3 to the financial statements, during the current year, the Group has adopted TFRS 15 using the full retrospective method of adoption. The cumulative effect of the change in accounting policy is presented as a separate item in the statement of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the income statements are summarised below.

	(Unit: Thousand Baht)			
	Consolidated financial		Separate	
	statements		financial statements	
	As at	As at	As at	As at
31 December	1 January	31 December	1 January	
2018	2018	2018	2018	
<b>Statement of financial position</b>				
Increase in costs to obtain contracts with customers	593,018	142,175	25,480	1,550
Increase in investments in joint ventures	21,750	-	-	-
Increase in long-term loans to related parties	18,580	36,001	-	-
Increase in deferred tax liabilities	118,604	28,435	5,096	310
Increase in inappropriate retained earnings	514,744	149,741	20,384	1,240

(Unit: Thousand Baht)

For the period ended 31 December 2019

	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
<b>Income statements</b>		
Decrease in sales	(34,787)	(20,371)
Decrease in selling expenses	485,632	44,301
Increase in share of profit from investments in joint ventures	4,327	-
Increase in income tax expenses	(90,169)	(4,786)
Increase in profit	365,003	19,144
Increase in basic earnings per share (Baht)	0.43	0.28

The nature of the adjustment is described below:

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

## 5. Significant accounting policies

### 5.1 Revenue recognition

#### a) Revenue from sales of real estate

Revenue from sales of land and houses and residential condominium units is recognised at the point in time when control of the real estate is transferred to the customer, generally upon transfer of the legal ownership/delivery of the goods. Revenue from sales of real estate is measured at the amount of the consideration received after deducting discounts and considerations payable to the customer. The terms of payment are in accordance with the payment schedule specified in the customer contract. Considerations received before transferring control of the real estate to the customer are presented under the caption of “Advances received from customers” in the statement of financial position.

#### b) Revenue from hotel operations

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

**c) Rendering of services**

Service revenue is recognised at a point in time upon completion of the service.

**d) Rental income**

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

**e) Interest income**

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

**f) Dividends**

Dividends are recognised when the right to receive the dividends is established.

**5.2 Cost of real estate sales**

In determining the costs of land and houses sold and cost of residential condominium units sold, the anticipated total development costs (taking into account actual costs incurred to date) are attributed to land and houses and residential condominium units on the basis of the saleable area and selling price.

Cost of real estate sales includes cost of other goods, such as furniture and fixtures, that are considered part of the house or residential condominium unit and transferred to a customer in accordance with the contract.

Selling expenses directly associated with projects, such as specific business tax and transfer fees, are recognised as expenses when the sale occurs.

**5.3 Cash and cash equivalents**

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

**5.4 Trade accounts receivable**

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

**5.5 Inventories**

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

## **5.6 Real estate development costs**

Real estate development costs are stated at the lower of cost and net realisable value. Cost consists of the cost of land, land improvement costs, design fees, utilities, construction costs, capitalised borrowing costs and other related expenses, as well as estimated project development costs.

The Group recognises losses on diminution in value of projects (if any) in profit or loss.

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

## **5.7 Cost to obtain a contract**

The Group recognises a commission paid to obtain a customer contract as an asset and amortises it to expenses that is consistent with the pattern of revenue recognition. An impairment loss is recognised to the extent that the carrying amount of an asset recognised exceeds the remaining amount of the consideration that the entity expects to receive less direct costs. Provided that the amortisation period of the asset that the Group otherwise would have used is one year or less, cost to obtain a contract are immediately recognised as expenses.

## **5.8 Land awaiting development**

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

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

## **5.9 Investments**

- a) Investments in joint ventures are accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and joint ventures are accounted for in the separate financial statements using the cost method net of impairment loss (if any).

## **5.10 Investment properties**

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

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



## 5.11 Property, plant and equipment/Depreciation

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

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

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

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

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

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

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

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

## **5.12 Borrowing costs**

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

## **5.13 Intangible assets**

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

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

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

No amortisation is provided on computer software under installation.

## **5.14 Related party transactions**

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

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

## **5.15 Long-term leases**

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

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

#### **5.16 Foreign currencies**

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

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

Gains and losses on exchange are included in determining income.

#### **5.17 Impairment of assets**

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

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

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

## **5.18 Employee benefits**

### ***Short-term employee benefits***

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

### ***Post-employment benefits***

#### ***Defined contribution plans***

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

#### ***Defined benefit plans***

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

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

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

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

## **5.19 Provisions**

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

## **5.20 Income tax**

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

### **Current tax**

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

## **Deferred tax**

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

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

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

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

### **5.21 Fair value measurement**

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

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

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

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

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

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

## **6. Significant accounting judgements and estimates**

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

### **Investment properties**

The Group presents investment properties at the fair value estimated by an independent appraiser, and recognises changes in the fair value in profit or loss. The independent appraiser valued some items of the investment properties using the income approach, because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 15.

### **Property plant and equipment/Depreciation**

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

The Group measures land at revalued amounts. Such amounts are determined by the independent valuer using the market approach. The valuation involves certain assumptions and estimates.

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

### **Impairment of investments in subsidiaries and joint ventures**

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

### **Litigations**

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

## 7. Related party transactions

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

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

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2019	2018	2019	2018	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	186	151	6.0% to 7.5% per annum
Land rental income	-	-	5	5	Cost plus margin
Interest expense	-	-	2	16	7.5% per annum (2018: 5.0% to 7.5% per annum)
Rental and utilities expenses	-	-	-	1	Cost plus margin
Other expenses	-	-	-	2	Agreed basis
Commission expenses	-	-	17	2	Percentage of revenue
<u>Transactions with related person and parties</u>					
Interest income	21	33	21	33	5.025% to 5.45% per annum (2018: 5.45% to 5.775 per annum)
Management fee income	40	29	-	29	Cost plus margin
Interest expense	2	6	1	6	6% to 7.5% per annum (2018: 4.3% to 6.0% per annum)
Sales of condominium unit	8	-	-	-	Close to the prices charged to other customers of the same condominium project
Purchase of assets	30	-	30	-	Market

As at 31 December 2019 and 2018, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b><u>Trade and other receivables - related parties (Note 9)</u></b>				
Subsidiaries	-	-	1,201,142	1,424,387
Joint ventures	68,385	46,920	66,651	45,500
Total other receivables - related parties	68,385	46,920	1,267,793	1,469,887



(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b><u>Trade and other payables - related parties (Note 17)</u></b>				
Subsidiaries	-	-	148,591	476,119
Joint ventures	1,392	4,629	1,392	1,392
Related persons (Director and person who is related to management)	-	26,890	-	26,890
Total trade other payable - related parties	1,392	31,519	149,983	504,401

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

As at 31 December 2019 and 2018, the balances of loans between the Company and those related companies and the movements are as follows:

Short-term loans to	Interest rate (% per annum)	Principal repayment	Separate financial statements			
			Balance as at 31 December 2018	Increase	Decrease	Balance as at 31 December 2019
			Major Development Estate Company Limited	7.5	At call	2,163,775
MDPC Company Limited (Formerly known as "Major Development Property Consultant Company Limited")	6.0	At call	10,200	-	(10,200)	-
Major Development Commercial Company Limited (Formerly known as "Major Development Hospitality Company Limited")	7.5	At call	60,000	186,000	(36,000)	210,000
Major Development Hotels and Resorts Company Limited	7.25	At call	4,000	59,000	-	63,000
MJD Residences Company Limited	7.25	At call	-	141,500	(44,300)	97,200
Total			2,237,975	1,712,500	(956,200)	2,994,275

Long-term loans to	Interest rate (% per annum)	Principal repayment	Consolidated financial statements			
			Balance as at 31 December 2018	Increase	Decrease	Balance as at 31 December 2019
			Major Residences Company Limited	MLR - 0.75	Within September 2021	183,600
MJD-JV1 Company Limited	MLR - 0.75 and 1.25	Within August 2021 - July 2023	204,000	30,600	-	234,600
Total			387,600	30,600	-	418,200
Less: Allowance for impairment loss from investments in joint venture			(13,244)			(41,335)
Total			374,356			376,865
Less: Current portion			-			(51,000)
Long-term portion			374,356			325,865

(Unit: Thousand Baht)

Separate financial statements						
Long-term loans to	Interest rate (% per annum)	Principal repayment	Balance as at			Balance as at
			31 December 2018	Increase	Decrease	31 December 2019
Major Residences Company Limited	MLR - 0.75	Within September 2021	183,600	-	-	183,600
MJD-JV1 Company Limited	MLR - 0.75 and 1.25	Within August 2021 - July 2023	204,000	30,600	-	234,600
Total			387,600	30,600	-	418,200
Less: Current portion			-			(51,000)
Long-term portion			387,600			367,200

(Unit: Thousand Baht)

Consolidated financial statements						
Short-term loan from	Interest rate (% per annum)	Principal repayment	Balance as at			Balance as at
			31 December 2018	Increase	Decrease	31 December 2019
Director	6.70	At call	-	20,000	(20,000)	-
Total			-	20,000	(20,000)	-

(Unit: Thousand Baht)

Separate financial statements						
Short-term loans from	Interest rate (% per annum)	Principal repayment	Balance as at			Balance as at
			31 December 2018	Increase	Decrease	31 December 2019
Major Development Estate Company Limited	7.50	At call	-	180,000	(180,000)	-
Total			-	180,000	(180,000)	-

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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

### Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to its directors and management as below.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Short-term employee benefits	154	133	24	27
Post-employment benefits	2	2	-	-
Total	156	135	24	27

### Guarantee obligations with related parties

The Company has obligations in respect of guarantees of the following loans of subsidiaries and joint ventures 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
MJP Property Company Limited		520
MJC Development Company Limited		544
MJD Residences Company Limited		1,674
Major Development Estate Company Limited		5,319
MJ One Company Limited		200
Major Development Commercial Company Limited (Formerly known as "Major Development Hospitality Company Limited")		2,819
	Joint ventures	Credit guarantees
Major Residences Company Limited		520
MJD-JV1 Company Limited		746

## 8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cash	1,053	1,517	89	48
Bank deposits	387,633	814,890	125,848	501,490
<b>Total</b>	<b>388,686</b>	<b>816,407</b>	<b>125,937</b>	<b>501,538</b>

As at 31 December 2019, bank deposits in saving accounts and fixed deposits carried interests between 0.2% and 0.75% per annum (2018: 0.4% and 1.5% per annum).

## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<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	22,410	20,035	-	-
3 - 6 months	2,562	5,623	-	-
6 - 12 months	1,576	1,496	-	-
Over 12 months	1,280	44	-	-
Total trade receivables - unrelated parties	27,828	27,198	-	-
Total trade receivables	27,828	27,198	-	-
<u>Other receivables</u>				
Other receivables and advances - related parties	21,421	21,002	983,824	1,258,113
Other receivables and advances - unrelated parties	21,118	18,920	11,027	3,656
Interest receivables - related parties	46,964	25,918	283,969	211,774
Total other receivables	89,503	65,840	1,278,820	1,473,543
<b>Total trade and other receivables</b>	<b>117,331</b>	<b>93,038</b>	<b>1,278,820</b>	<b>1,473,543</b>

## 10. Land and construction in progress

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Land and construction under development	5,355,675	5,977,292	-	-
Developed land and construction	5,146,279	5,144,038	883,852	1,782,322
Net	<u>10,501,954</u>	<u>11,121,330</u>	<u>883,852</u>	<u>1,782,322</u>

During the years, the amounts of borrowing costs capitalised as real estate development costs were calculated using capitalisation rates derived from the weighted average rates of loans are described in Note 7, 21 and 22, as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Borrowing costs included in real estate development costs (Million Baht)	219	235	-	-

As at 31 December 2019 and 2018, the Group has pledged some project land and construction thereon as collateral for credit facilities and legal cases. Their net book values are as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Net book values of land and construction thereon that have been pledged as collateral	10,252	10,741	756	1,624
Net book values of land and construction thereon that have been guaranteed due to legal cases	75	13	69	7

## 11. Assets recognised in respect of costs to obtain a contract with a customer

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
		(Restated)		(Restated)
Net book value at beginning of year	593,019	142,174	25,480	1,550
Additions	351,503	612,388	207,174	80,990
Amortisation	(470,639)	(161,543)	(231,336)	(57,060)
Net book value at end of year	473,973	593,019	1,318	25,480

## 12. Restricted bank deposits

These represent bank deposits to secure the issuance of bank guarantees in respect of certain performance bonds as required in the normal course of business.

## 13. 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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
			(%)	(%)						
Major Development Hotels and Resorts Company Limited	400,000	400,000	100	100	399,999	399,999	(239,800)	(187,000)	160,199	212,999
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	750,000	685,000	100	100	750,000	685,000	-	-	750,000	685,000
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 Commercial Company Limited (Formerly known as "Major Development Hospitality Company Limited")	700,000	550,000	100	100	700,000	550,000	-	-	700,000	550,000
MDPC Company Limited (Formerly Known as "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	100	100	-	19,002	-	-	-	19,002
Total					5,280,747	5,084,749	(603,423)	(550,623)	4,677,324	4,534,126

Movements of the investments in subsidiaries during the year ended 31 December 2019 are as follows:

**a) MJD Residences Company Limited**

In March 2019, MJD Residences Company Limited called up the capital of Baht 65 million or 10% of additional registered share in the year 2017. The Company paid up by offset with amount due from subsidiary. The subsidiary registered the increase in its share capital with the Ministry of Commerce on 27 March 2019.

**b) Major Development Commercial Company Limited (Formerly known as “Major development Hospitality Company Limited”)**

In December 2019, Major Development Commercial Company Limited (“the subsidiary”) called up the capital of Baht 150 million or 75% of additional registered share in the year 2017. The subsidiary registered the increase in its share capital with the Ministry of Commerce on 12 December 2019.

**c) M J A I Development Company Limited**

On 31 May 2018, an extraordinary general meeting of shareholders of M J A I Development Company Limited (“the subsidiary”) approved the dissolution of the company, and a subsidiary registered its dissolution with the Ministry of Commerce on 5 June 2018 and liquidated the company on 19 December 2019. The Company received cash from the liquidation of Baht 19 million.

**d) Major Development Estate Company Limited**

In November 2019, Major Development Estate Company Limited (“the subsidiary”) entered into a share purchase and sale agreement to acquire 400,000 ordinary shares of a company, representing 100% of the shareholding in such company, with a contract value of Baht 1,653 million. The subsidiary paid advance payment to the seller by Baht 165 million, which expected to register the share transfer in July 2020. As at 31 December 2019, the subsidiary presented this advance payment as “Prepayment for purchase of shares” in the consolidated statement of financial position.

## 14. Investments in joint ventures

### 14.1 Details of investment in joint ventures

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

(Unit: Thousand Baht)

Joint ventures	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2019	2018	2019	2018	2019	2018
			(%)	(%)				(Restated)
Major Residences Company Limited	Development of properties for sales	Thailand	51	51	12,750	12,750	108,548	308,824
TMDC Construction Company Limited	Construction service	Thailand	51	51	81,599	81,599	47,285	49,818
MJD-JV1 Company Limited	Development of properties for sales	Thailand	51	51	510	510	-	-
Total					94,859	94,859	155,833	358,642

(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	
			2019	2018	2019	2018	2019	2018	2019	2018
Major Residences Company Limited	Development of properties for sales	Thailand	51	51	12,750	12,750	-	-	12,750	12,750
TMDC Construction Company Limited	Construction service	Thailand	51	51	81,599	81,599	(31,869)	(31,869)	49,730	49,730
MJD-JV1 Company Limited	Development of properties for sales	Thailand	51	51	510	510	-	-	510	510
Total					94,859	94,859	(31,869)	(31,869)	62,990	62,990



## 14.2 Share of comprehensive income and dividend received

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

Joint ventures	Consolidated financial statements				(Unit: Thousand Baht) Separate financial statements	
	Share of profit (loss) from investments in joint ventures during the year		Share of other comprehensive income from investments in joint ventures during the year		Dividend received during the year	
	2019	2018	2019	2018	2019	2018
	(Restated)					
Major Residences Company Limited	202,611	536,218	-	-	402,887	123,671
TMDC Construction Company Limited	(2,533)	(11,912)	-	-	-	-
MJD-JV1 Company Limited	(28,091)	(12,372)	-	-	-	-
<b>Total</b>	<b>171,987</b>	<b>511,934</b>	<b>-</b>	<b>-</b>	<b>402,887</b>	<b>123,671</b>

## 14.3 Summarised financial information about material jointly controlled entity

Summarised information about financial position

	(Unit: Million Baht)			
	Major Residences Company Limited		MJD-JV1 Company Limited	
	2019	2018	2019	2018
	(Restated)		(Restated)	
Cash and cash equivalent	76	263	8	23
Real estate development cost	1,945	2,100	1,445	1,258
Advances for construction	47	117	45	9
Other current assets	41	65	18	47
Cost to obtain contracts customers	46	53	43	45
Other non-current assets	45	64	49	55
<b>Total assets</b>	<b>2,200</b>	<b>2,662</b>	<b>1,608</b>	<b>1,437</b>
Current portion of long-term loan	871	62	-	-
Deposits and advances from customers	479	715	313	211
Other current liabilities	228	370	86	41
Long-term loans	294	803	1,252	1,192
<b>Total liabilities</b>	<b>1,872</b>	<b>1,950</b>	<b>1,651</b>	<b>1,444</b>
<b>Net assets</b>	<b>328</b>	<b>712</b>	<b>(43)</b>	<b>(7)</b>
Shareholding percentage (%)	51	51	51	51
<b>Net assets in proportion of shareholding percentage</b>	<b>168</b>	<b>363</b>	<b>(22)</b>	<b>(4)</b>
Elimination entries	(59)	(54)	(18)	(8)
<b>Carrying amounts of joint ventures based on equity method</b>	<b>109</b>	<b>309</b>	<b>(40)</b>	<b>(12)</b>

## Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December			
	Major Residences Company Limited		MJD-JV1 Company Limited	
	2019	2018	2019	2018
		(Restated)		(Restated)
Revenue	1,275	4,239	-	-
Other income	3	5	-	-
Cost of sales	(662)	(2,667)	-	-
Selling and administrative expenses	(128)	(306)	(40)	(37)
Interest expenses	(1)	(42)	-	(2)
Income tax income (expenses)	(98)	(246)	3	28
<b>Profit (loss)</b>	<b>389</b>	<b>983</b>	<b>(37)</b>	<b>(11)</b>
Shareholding percentage (%)	51	51	51	51
<b>Profit (loss) in proportion of shareholding percentage</b>	<b>198</b>	<b>501</b>	<b>(19)</b>	<b>(6)</b>
Elimination entries	5	36	(9)	(6)
<b>Share of gain (loss) from investments in joint ventures</b>	<b>203</b>	<b>537</b>	<b>(28)</b>	<b>(12)</b>

## 15. Investment properties

(Unit: Thousand Baht)

	Consolidated financial statements				
	Land awaiting for sale and land for rent project under construction	Land and building for rent	Condominium units for rent	Construction in progress	Total
Net book value as at 1 January 2018	577,366	1,781,686	38,955	41,040	2,439,047
Additions	-	865	-	198,871	199,736
Capitalised interest	-	-	-	13,665	13,665
Transferred to property, plant and equipment	-	(62,123)	-	-	(62,123)
Adjust	(163)	(1,350)	-	(4)	(1,517)
Disposals	-	-	(11,435)	-	(11,435)
Gain on change in fair value of investment properties	15,394	19,750	3,350	-	38,494
Net book value as at 31 December 2018	592,597	1,738,828	30,870	253,572	2,615,867
Additions	151,047	48	-	686,342	837,437
Capitalised interest	-	-	-	50,362	50,362
Transferred to property, plant and equipment	-	(187,449)	-	-	(187,449)
Adjust	-	(1,533)	-	-	(1,533)
Disposals	-	-	(15,430)	-	(15,430)
Gain on change in fair value of investment properties	11,720	44,063	-	-	55,783
Net book value as at 31 December 2019	755,364	1,593,957	15,440	990,276	3,355,037

(Unit: Thousand Baht)

	Separate financial statements				Total
	Land awaiting for sale and land for rent project	Land and building for rent projects	Condominium units for rent	Construction in progress	
Net book value as at 1 January 2018	706,479	-	38,955	-	745,434
Disposals	-	-	(11,435)	-	(11,435)
Gain on change in fair value of investment properties	51,339	-	3,350	-	54,689
Net book value as at 31 December 2018	757,818	-	30,870	-	788,688
Disposals	-	-	(15,430)	-	(15,430)
Gain on change in fair value of investment properties	13,874	-	-	-	13,874
Net book value as at 31 December 2019	771,692	-	15,440	-	787,132

During the year 2019, a subsidiary capitalised interest of Baht 50 million (2018: Baht 14 million) to the cost of construction in progress. The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was MLR (2018: MLR).

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

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

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

The Group has pledged investment properties with carrying values as at 31 December 2019 amounting to Baht 2,437 million (Separate financial statements: Baht 772 million) (2018: Consolidated financial statements: Baht 2,261 million, Separate financial statements: Baht 703 million) with commercial banks as collateral against credit facilities received from banks and guarantee at the court.

## 16. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements					Total
	Revaluation	Cost basis				
	basis	Buildings, and	Furniture, fixtures and	Motor	Construction	
	Land	improvements	office equipment	vehicles	in progress	
<b>Cost/Revalued amount:</b>						
1 January 2018	896,252	1,419,217	276,890	45,759	122,578	2,760,696
Additions	-	43,340	48,295	210	108,316	200,161
Capitalised interest	-	-	-	-	4,240	4,240
Disposals	-	(5,383)	(3,630)	(7,200)	-	(16,213)
Write-off	-	(9,375)	(1,998)	-	-	(11,378)
Transferred to investment properties	36,645	25,478	-	-	-	62,123
Transfers in (out)	-	219,867	3,982	-	(217,071)	6,778
Adjust	(315)	(6,674)	1,383	-	-	(5,606)
Revaluations	61,115	-	-	-	-	61,115
31 December 2018	993,697	1,686,470	324,922	38,769	18,063	3,061,921
Additions	-	38,372	14,510	7,454	88,015	147,991
Capitalised interest	-	-	-	-	3,865	3,865
Disposals	-	-	(3,486)	(1,579)	-	(5,065)
Write-off	-	(99,993)	(3,456)	-	-	(103,449)
Transfers in (out)	165,868	27,680	22,734	-	(8,422)	207,860
Revaluations	64,936	-	-	-	-	64,936
31 December 2019	1,224,501	1,652,529	354,864	44,644	101,521	3,378,059
<b>Accumulated depreciation:</b>						
1 January 2018	2,366	208,901	180,998	38,466	-	430,731
Depreciation for the year	-	100,247	33,633	2,579	-	136,459
Depreciation on disposals	-	(494)	(2,340)	(7,200)	-	(10,034)
Depreciation on write-off	-	(2,463)	(587)	-	-	(3,050)
Adjust	-	(57)	30	-	-	(27)
31 December 2018	2,366	306,134	211,734	33,845	-	554,079
Depreciation for the year	-	99,587	42,578	2,453	-	144,618
Depreciation on disposals	-	-	(2,423)	(711)	-	(3,134)
Depreciation on write-off	-	(69,472)	(899)	-	-	(70,371)
Depreciation for transfer out	-	(3,082)	-	-	-	(3,082)
31 December 2019	2,366	333,167	250,990	35,587	-	622,110
<b>Allowance for impairment loss:</b>						
1 January 2018	-	1,762	-	-	-	1,762
Decrease	-	(927)	-	-	-	(927)
31 December 2018	-	835	-	-	-	835
Increase	-	14,400	-	-	-	14,400
31 December 2019	-	15,235	-	-	-	15,235
<b>Net book value:</b>						
31 December 2018	991,331	1,379,501	113,188	4,924	18,063	2,507,007
31 December 2019	1,222,135	1,304,127	103,874	9,057	101,521	2,740,714
<b>Depreciation for the year</b>						
2018 (Baht 72 million included in cost from hotel operations, and the balance in administrative expenses)						136,459
2019 (Baht 76 million included in cost from hotel operations, and the balance in administrative expenses)						144,618

Separate financial statements						
	Revaluation basis		Cost basis			Total
	Land	Buildings, and improvements	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	
<b>Cost/Revalued amount:</b>						
1 January 2018	-	62,928	80,239	31,631	474	175,272
Additions	-	156	334	-	-	490
Disposals	-	(5,383)	(2,667)	(7,200)	-	(15,250)
Transfers in	-	474	-	-	(474)	-
Adjust	-	-	(39)	-	-	(39)
31 December 2018	-	58,175	77,869	24,431	-	160,475
Additions	-	30,183	56	3,850	-	34,089
Disposals	-	-	(528)	-	-	(528)
Write-off	-	(8,280)	(5)	-	-	(8,285)
31 December 2019	-	80,078	77,390	28,281	-	185,751
<b>Accumulated depreciation:</b>						
1 January 2018	-	27,544	70,358	31,045	-	128,947
Depreciation for the year	-	2,575	3,693	586	-	6,854
Depreciation on disposals	-	(494)	(2,220)	(7,200)	-	(9,914)
Depreciation on adjustment	-	-	(10)	-	-	(10)
31 December 2018	-	29,625	71,821	24,431	-	125,877
Depreciation for the year	-	2,515	2,819	312	-	5,646
Depreciation on disposals	-	-	(528)	-	-	(528)
Depreciation on write-off	-	(8,280)	(5)	-	-	(8,285)
31 December 2019	-	23,860	74,107	24,743	-	122,710
<b>Allowance for impairment loss:</b>						
1 January 2018	-	1,762	-	-	-	1,762
Decrease	-	(927)	-	-	-	(927)
31 December 2018	-	835	-	-	-	835
31 December 2019	-	835	-	-	-	835
<b>Net book value:</b>						
31 December 2018	-	27,715	6,046	-	-	33,761
31 December 2019	-	55,383	3,283	3,538	-	62,204
<b>Depreciation for the year</b>						
2018 (included in administrative expenses)						6,854
2019 (included in administrative expenses)						5,646

The Group arranged for an independent professional valuer to appraise the value of land in 2019 on an asset-by-asset basis using the market approach.

The Group had the lands been carried in the financial statements on a historical cost basis, their net book value as of 31 December 2019 and 2018 would have been approximately Baht 779 million and Baht 705 million, respectively.

During the year 2019, subsidiaries capitalised interest of Baht 4 million (2018: Baht 4 million) to the cost of construction in progress. The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was MLR (2018: MLR).

As at 31 December 2019, the Group had vehicles and equipment under finance lease agreements with net book values amounting to Baht 24 million (Separate financial statements: Baht 4 million) (2018: Consolidated financial statements: Baht 5 million, Separated financial statements: None).

As at 31 December 2019, certain building and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 206 million (2018: Baht 178 million).

Land, buildings and building improvements of the Group with carrying values as at 31 December 2019 amounting to Baht 2,579 million (Separate financial statements: Baht 10 million) (2018: Consolidated financial statements: Baht 2,247 million, Separate financial statements: Baht 11 million) have been mortgaged with local commercial banks as collateral against credit facilities received from banks.

## 17. Intangible assets

The net book value of intangible assets as at 31 December 2019 and 2018 is presented below.

	Consolidated financial statements			Separate financial statements		
	Computer software	Computer software under installation	Total	Computer software	Computer software under installation	Total
(Unit: Thousand Baht)						
As at 31 December 2019						
Cost	46,486	1,327	47,813	15,540	-	15,540
<u>Less Accumulated amortisation</u>	<u>(24,560)</u>	<u>-</u>	<u>(24,560)</u>	<u>(11,378)</u>	<u>-</u>	<u>(11,378)</u>
Net book value	<u>21,926</u>	<u>1,327</u>	<u>23,253</u>	<u>4,162</u>	<u>-</u>	<u>4,162</u>
As at 31 December 2018						
Cost	43,491	16,910	60,401	15,063	193	15,256
<u>Less Accumulated amortisation</u>	<u>(19,721)</u>	<u>-</u>	<u>(19,721)</u>	<u>(9,460)</u>	<u>-</u>	<u>(9,460)</u>
Net book value	<u>23,770</u>	<u>16,910</u>	<u>40,680</u>	<u>5,603</u>	<u>193</u>	<u>5,796</u>

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

## 18. Bank overdrafts

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated		Separate	
			financial statements		financial statements	
	2019	2018	2019	2018	2019	2018
Bank overdrafts	MOR	MOR	968	19,425	-	-
Total			968	19,425	-	-

Bank overdrafts are secured by the mortgage of real estate development cost, investment properties and by the guarantees of the Company and the Company's directors.

## 19. Bills of exchange

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated		Separate	
			financial statements		financial statements	
	2019	2018	2019	2018	2019	2018
Bills of exchange - Face value			367,000	-	367,000	-
Less: Prepaid interest expenses	6.0 - 6.75	-	(8,857)	-	(8,857)	-
Total			358,143	-	358,143	-
Less: Unamortised costs related to the issuance of the bill of exchange			(344)	-	(344)	-
Bills of exchange - net			357,799	-	357,799	-

Bills of exchange have repayment schedule from January 2020 to August 2020.

## 20. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Trade and other payables - unrelated parties	709,578	1,102,153	70,153	151,144
Advance received from related parties	1,392	29,629	149,983	502,511
Advance received from unrelated parties	7,065	5,216	7,038	5,216
Accrued expenses - unrelated parties	203,789	195,414	55,455	96,045
Accrued expenses - related parties	-	1,890	-	1,890
Total	921,824	1,334,302	282,629	756,806

## 21. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Long-term loans from financial institutions	4,627,867	4,214,882	-	-
Less: current portion	(1,891,775)	(548,766)	-	-
Long-term portion	<u>2,736,092</u>	<u>3,666,116</u>	<u>-</u>	<u>-</u>

Movements of the long-term loans account for the year ended 31 December 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2019	4,214,882	-
Add: Additional borrowings	4,722,020	749,268
Less: Repayment	(4,309,035)	(749,268)
Balance as at 31 December 2019	<u>4,627,867</u>	<u>-</u>

Long-term loans of the Group has principal repayment conditions with the rates stipulated in the loan agreements when the collaterals mortgaged with the banks are redeemed. Interest is charged at rate based on MLR. Full settlement of these loans is to be made within 2020 to 2031.

As at 31 December 2019, the Group had credit facilities which have not drawn down of Baht 4,222 million (Separate financial statements: None) (2018: Consolidated financial statements: Baht 6,756 million, Separate financial statements: Baht 119 million).

The Group has mortgaged the real estate development cost, 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 Group to maintain a debt to equity ratio not exceeding 3:1 for the consolidated financial statements and 2:1 for the separate financial statements. Debt is defined all interest-bearing debt and equity includes shareholder's equity and loan from related parties.



## 22. Unsecured debentures

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

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

The outstanding balance of short-term debentures as at 31 December 2019 and 2018 are detailed below.

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

The outstanding balance of long-term debentures as at 31 December 2019 and 2018 are detailed below.

Year of issuance	Interest rate (% p.a.)		Terms (years)		Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018	2019	2018	2019	2018
	2016	-	4.5 - 5.4	-	2 - 3	-	2,000	-
2017	-	6.0 - 7.5	-	1.5 - 2	-	1,890	-	1,800
2018	-	6.7 - 7.0	1.5 - 2	1.5 - 2	1,700	1,700	1,700	1,700
2019	6.7 - 7.0	-	2 - 2.5	-	4,000	-	4,000	-
Total long-term debentures - at face value					5,700	5,590	5,700	5,500
Less: Unamortised costs relating to the issuance of the debentures					(47)	(24)	(47)	(23)
Long-term debentures - net					5,653	5,566	5,653	5,477
Less: Long-term debentures - portion due within one year					(1,695)	(3,889)	(1,695)	(3,800)
Debentures - portion due over one year					3,958	1,677	3,958	1,677

As at 31 December 2019, the subsidiary issued unsecured debentures which is secured by the mortgaged of land of Chic District Ram 53 project, excluding construction, and by guaranteed of the Company and the Company's directors. The subsidiary redeemed the debenture in June 2019.

### 23. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Liabilities under finance lease agreements	17,395	19,612	2,752	-
Less: Deferred interest expenses	(1,494)	(2,019)	(260)	-
Total	15,901	17,593	2,492	-
Less: Portion due within one year	(5,064)	(5,649)	(632)	-
Liabilities under finance lease agreements				
- net of current portion	10,837	11,944	1,860	-

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

As at 31 December 2019 and 2018, future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 December 2019			As at 31 December 2018		
	Less than 1 year	1 - 6 years	Total	Less than 1 year	1 - 6 years	Total
Future minimum lease payments	5,854	11,541	17,395	6,588	13,024	19,612
Deferred interest expenses	(790)	(704)	(1,494)	(939)	(1,080)	(2,019)
Present value of future minimum lease payments	5,064	10,837	15,901	5,649	11,944	17,593

(Unit: Million Baht)

	Separate financial statements					
	As at 31 December 2019			As at 31 December 2018		
	Less than 1 year	1 - 6 years	Total	Less than 1 year	1 - 6 years	Total
Future minimum lease payments	751	2,002	2,752	-	-	-
Deferred interest expenses	(119)	(141)	(260)	-	-	-
Present value of future minimum lease payments	632	1,860	2,492	-	-	-

## 24. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Provision for long-term employee benefits at beginning of year</b>	29,739	31,135	4,322	10,841
Included in profit or loss:				
Current service cost	8,484	3,032	1,277	288
Interest cost	1,081	691	132	90
Past service cost	8,392	-	1,439	-
Included in other comprehensive income:				
Actuarial gain (loss)	2,744	(4,722)	212	-
Benefits paid during the year	-	(397)	-	-
Benefits transfer to related parties	-	-	-	(6,897)
<b>Provision for long-term employee benefits at end of year</b>	<b>50,440</b>	<b>29,739</b>	<b>7,382</b>	<b>4,322</b>

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 8 million (Separate financial statements: Baht 1 million) as a result. The Group reflects the effect of the change by recognising past service costs as expenses in the income statement of the current year.

As at 31 December 2019 and 2018, the weighted average duration of the liabilities for long-term employee benefit is 17 - 27 years (Separate financial statements: 23 years).

Significant actuarial assumptions at the valuation date were as follows:

	(Unit: % per annum)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rate	1.40 - 2.79	2.29 - 3.27	1.40	2.29
Future salary increase rate	3.00 - 7.00	3.00 - 7.00	7.00	7.00
Staff turnover rate (depend on age)	1 - 80	1 - 80	1 - 80	1 - 80

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

(Unit: Million Baht)

	As at 31 December 2019			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(2,546)	2,144	(205)	212
Salary increase rate	2,978	(2,776)	239	(231)
Staff turnover rate	(2,849)	3,353	(161)	164

(Unit: Million Baht)

	As at 31 December 2018			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(1,996)	2,157	(161)	168
Salary increase rate	2,172	(2,028)	164	(159)
Staff turnover rate	(1,891)	2,216	(1)	1

## 25. Revaluation surplus

This represents surplus arising from revaluation of property. Movements of revaluation surplus account for the year ended 31 December 2019 and 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	2019	2018
	Balance - beginning of year	192,272
Add: Revaluations	81,896	61,115
Less: Impairment	(16,960)	-
Less: Income tax effect	(12,987)	(12,223)
Balance - end of year	(244,221)	192,272

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

## 26. Statutory reserve

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

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

## 27. Revenue from contracts with customers

### 27.1 Disaggregated revenue information

Type of goods:	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Revenue from land and houses sales	418,000	-	-	-
Revenue from residential condominium units sales	5,021,188	4,790,474	1,545,470	1,369,750
Total revenue from contracts with customers	<u>5,439,988</u>	<u>4,790,474</u>	<u>1,545,470</u>	<u>1,369,750</u>

### 27.2 Revenue to be recognised for the remaining performance obligations

As at 31 December 2019, revenue totaling Baht 6,948 million (2018: Baht 8,832 million) is expected to be recognised in the future in respect of performance obligations under contracts with customers that are unsatisfied.

The Group expects to satisfy these performance obligations within 1 - 3 years.

## 28. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
		(Restated)		(Restated)
Purchase of land and payment of construction during the year	2,774,001	2,012,884	16,539	-
Changes in real estate development cost	619,376	806,610	898,470	718,859
Salary, wages and other employee benefits	718,142	606,068	27,974	25,807
Depreciation and amortisation	144,955	141,796	7,564	8,837
Commission expenses	470,639	161,543	231,336	57,060
Advertising and promotion expenses	169,589	253,582	40,913	62,741
Specific business tax	186,633	180,408	54,945	46,664

## 29. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Current income tax:</b>				
Current income tax charge	98,968	107,670	-	37,490
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(62,466)	73,987	(7,290)	42,164
<b>(Income) expenses tax reported in profit or loss</b>	<b>36,502</b>	<b>181,657</b>	<b>(7,290)</b>	<b>79,654</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Actuarial gain (loss)	(549)	944	(42)	-
Deferred tax on gain from revaluation of land	12,987	12,223	-	-
	<b>12,438</b>	<b>13,167</b>	<b>(42)</b>	<b>-</b>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
		(Restated)		(Restated)
Accounting profit before tax	<u>357,473</u>	<u>1,279,799</u>	<u>300,480</u>	<u>163,510</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	71,495	255,960	60,096	32,702
Unrecognised deferred tax assets				
- Unused tax losses	56,694	7,794	42,862	-
- Impairment loss on investments	-	-	10,560	39,800
- Impairment loss on fixed assets	2,880	-	-	-
- Provisions	(1,170)	2,779	(1,170)	2,779

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	(Restated)		(Restated)	
Recognition of previously unrecognised deferred tax assets	(101,509)	(23,029)	(65,370)	-
Reversal of previously recognised deferred tax assets	24,289	46,662	22,932	33,255
Effects of eliminated transactions	13,750	(13,556)	-	-
Effects of:				
- Non-deductible income and expenses	2,711	6,712	(80,577)	(24,685)
- Share of gain from investments in joint ventures	(34,397)	(102,387)	-	-
- Others	1,759	722	3,377	(4,197)
(Income) expenses tax reported in profit or loss	<u>36,502</u>	<u>181,657</u>	<u>(7,290)</u>	<u>79,654</u>

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

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated financial		Separate financial	
	statements		statements	
	2019	2018	2019	2018
		(Restated)		(Restated)
<b>Deferred tax assets</b>				
Accrued expenses	25,624	7,272	3,398	-
Provision for long-term employee benefits	5,365	5,096	1,476	865
Unearned income	6,673	35,583	5,357	22,369
Unused tax losses	150,569	90,530	17,576	-
Total	<u>188,231</u>	<u>138,481</u>	<u>27,807</u>	<u>23,234</u>
<b>Deferred tax liabilities</b>				
Cost to obtain contracts with customers	94,795	118,604	264	5,096
Gain on change in fair value of investment properties	102,042	110,473	133,192	131,119
Surplus on revaluation of lands	89,656	57,694	-	-
Total	<u>286,493</u>	<u>286,771</u>	<u>133,456</u>	<u>136,215</u>

As at 31 December 2019, the Group has deductible temporary differences and unused tax losses totaling Baht 600 million (2018: Baht 317 million), on which deferred tax assets have not been recognised as it believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses. This unused tax losses will expire by 2020 - 2024.

### **30. 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 Group is organised into business units based on its products and services and have three reportable segments as follows:

- The property development business segment, which engages in the development of land and houses and residential condominium units for sale
- The hotel business segment, which engages in the provision of services relating to rooms, food and beverages and other services related to accommodation and travel
- The rental and service business segment, which engages in the rental of spaces in office buildings

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

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

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



The following tables present revenue, profit and total assets information regarding the Group's operating segments for the years ended 31 December 2019 and 2018, respectively.

(Unit: Million Baht)

	For the year ended 31 December										Consolidated	
	Development of properties for sales		Hotel business		Rental business		Others		Elimination		financial statements	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		(Restated)										(Restated)
Revenue from external customers	5,507	4,844	304	279	69	66	48	31	-	-	5,928	5,220
Inter-segment revenue	-	-	1	1	33	41	60	18	(94)	(60)	-	-
Total revenue	5,507	4,844	305	280	102	107	108	49	(94)	(60)	5,928	5,220
Cost of sale and services	(3,385)	(2,842)	(214)	(201)	(27)	(27)	(78)	(46)	45	14	(3,659)	(3,102)
Gross profit	2,122	2,002	91	79	75	80	30	3	(49)	(46)	2,269	2,118
Gain on change in fair value of investment properties	40	10	-	-	16	29	-	-	-	-	56	39
Operating expenses	(1,793)	(1,434)	(125)	(98)	(15)	(11)	(9)	(6)	96	234	(1,846)	(1,315)
Segment operation profit (loss) before share of profit (loss)												
from investment in joint ventures	369	578	(34)	(19)	76	98	21	(3)	47	188	479	842
Share of gain (loss) from investments in joint ventures	175	524	-	-	-	-	(3)	(12)	-	-	172	512
Segment operating profit (loss)	544	1,102	(34)	(19)	76	108	18	(15)	47	188	651	1,354
Interest income	224	193	-	-	-	-	1	1	(201)	(158)	24	36
Finance cost	(558)	(551)	(43)	(47)	(18)	(19)	-	(1)	201	158	(418)	(460)
Other income	97	347	1	-	1	2	1	1	-	-	100	350
Income tax income (expenses)	(32)	(184)	-	-	(4)	(8)	(3)	-	3	10	(36)	(182)
Profit (loss) for the year	275	907	(76)	(66)	55	73	17	(14)	50	198	321	1,098
Depreciation and amortisation	(66)	(66)	(70)	(68)	(7)	(7)	(2)	(1)	-	-	(145)	(142)

(Unit: Million Baht)

As at 31 December

	Development of properties										Consolidated	
	for sales		Hotel business		Rental business		Others		Elimination		financial statements	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Segment total assets</b>	(Restated)										(Restated)	
Trade and other receivables	1,726	2,232	16	39	163	142	121	126	(1,909)	(2,465)	117	93
Land and construction in progress	10,514	11,125	-	-	-	-	-	-	(12)	(4)	10,502	11,121
Investment properties	881	1,037	-	-	2,474	1,579	-	-	-	-	3,355	2,616
Property, plant and equipment	607	335	867	904	1,084	1,096	8	6	175	166	2,741	2,507
Investments in joint ventures accounted by the equity method	106	287	-	-	-	-	50	50	-	-	156	358
Others	10,066	9,731	16	32	101	172	17	10	(7,437)	(6,814)	2,722	3,131
<b>Total</b>	<b>23,900</b>	<b>24,768</b>	<b>899</b>	<b>975</b>	<b>3,822</b>	<b>2,989</b>	<b>196</b>	<b>192</b>	<b>(9,225)</b>	<b>(9,117)</b>	<b>19,593</b>	<b>19,807</b>

## Geographic information

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

During the year 2019 and 2018, the Group has no major customer which revenue of 10 percent or more of an entity's revenues.

### **31. Provident fund**

The Group and its employees has jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the fund monthly at the rates of 3% to 10% of basic salary. The funds, which are managed by Thai Military Bank Public Company Limited and Tisco Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the years 2019 and 2018, the Group contributed Baht 13 million and Baht 10 million, respectively (Separate financial statements: Baht 1 million and Baht 1 million, respectively) to the fund.

### **32. Commitments and contingent liabilities**

#### **32.1 Capital commitments**

As at 31 December 2019, the subsidiaries had capital commitments relating to the land purchase and sale agreements with other companies and third parties of Baht 3,292 million (2018: Baht 532 million).

#### **32.2 Servitude**

As at 31 December 2019 and 2018, the subsidiaries had servitude over land as follows.

	Consolidated financial statements	
	2019	2018
Servitude over land of approximately (rai)	4	4

Cost of servitude over land is included in real estate development cost, investment properties, and property, plant and equipment.

### 32.3 Commitments from construction agreements related to project development, office building for rental and hotel

As at 31 December 2019 and 2018, the subsidiaries had commitments from construction agreements related to projects development, office building for rental and hotel as follows.

(Unit: Million Baht)

Company's name	2019	2018
MJD Residences Company Limited	649	917
Major Development Estate Company Limited	669	1,093
MJ One Company Limited	-	38
MJP Property Company Limited	58	476
Major Development Commercial Company Limited (Formerly known as "Major Development Hospitality Company Limited")	123	694
MJC Development Company Limited	85	426
Total	<u>1,584</u>	<u>3,644</u>

### 32.4 Bank guarantees

- (1) The Company has guaranteed bank credit facilities of its subsidiaries and joint ventures amounting to Baht 12,752 million (2018: Baht 18,828 million).
- (2) As at 31 December 2019 and 2018, there were outstanding bank guarantees issued by the banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business as follows.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Bank guarantees for electricity use	5	3	2	2
Bank guarantees for public utility	31	34	-	-
Bank guarantees for payments due to creditors	1	1	-	-
Total	<u>37</u>	<u>38</u>	<u>2</u>	<u>2</u>

### **32.5 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 stipulated in the agreement.

### **32.6 Litigations**

As at 31 December 2019, the following lawsuits have been filed against the Group.

- a) The Group was 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 24 cases, claiming damages of Baht 178 million. Currently, the cases are being investigated. However, the Group's management and its legal consultant have determined the possible losses from the litigations and recorded provision amounting to Baht 73 million in its accounts.
- b) A subsidiary filed a lawsuit against a land seller for the repayment of land deposits amounting to Baht 100 million as the seller could not transferred the ownership to the subsidiary. Currently, the case is being investigated. However, the Company's management and its legal consultant are of the opinion that the subsidiary has a chance of winning the case. Consequently, the Company's management assessed recoverable amount of such deposit and recorded Baht 25 million allowance for doubtful debts.
- c) A joint venture filed, a notice demanding the portion of construction service fees and claimed for the damages incurred from the termination of contract due to the unfair event with a customer, with the Thai Arbitral Tribunal for the claim amount of Baht 144.27 million. However, the customer countersued the joint venture on the grounds that the joint venture failed to deliver the work within the agreed deadline and demanded compensatory damages for the work delay of Baht 202.27 million. Currently, the dispute is under the process of the investigation of the facts. In this regard, the joint venture submitted the facts and evidence for the interest of the dispute to be considered by the Thai Arbitral Tribunal. The Group's management and its legal consultant are of the opinion that the joint venture has evidence and information according to the contract to defend the issue in this dispute and considers that the dispute will probably not result in the joint venture incurring losses. Therefore, the joint venture has not recorded the estimated losses of relevant assets or provision in its accounts.

### 33. Fair value hierarchy

As at 31 December 2019 and 2018, the Group had the assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)			
	Consolidated Financial Statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Land (under property, plant and equipment account)	-	1,222	-	1,222
Investment properties	-	2,626	729	3,355
<b>Financial liabilities measured at fair value</b>				
Debentures	-	5,776	-	5,776

  

	(Unit: Million Baht)			
	Consolidated Financial Statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Land (under property, plant and equipment account)	-	991	-	991
Investment properties	-	1,883	733	2,616
<b>Financial liabilities measured at fair value</b>				
Debentures	-	6,402	-	6,402

  

	(Unit: Million Baht)			
	Separate Financial Statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investment properties (under property, plant and equipment account)	-	787	-	787
<b>Financial liabilities measured at fair value</b>				
Debentures	-	5,776	-	5,776

(Unit: Million Baht)

	Separate Financial Statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investment properties (under property, plant and equipment account)	-	789	-	789
<b>Financial liabilities measured at fair value</b>				
Debentures	-	6,312	-	6,312

### 34. Financial instruments

#### 34.1 Financial risk management

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

##### ***Credit risk***

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

##### ***Interest rate risk***

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

As at 31 December 2019 and 2018, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2019						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	within 1 year	over 1 year to 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	389	-	389	0.2 - 0.75
Restricted bank deposits	49	-	13	-	62	0.37 - 0.75
Loans to related parties	-	-	377	-	377	MLR
	49	-	779	-	828	
<b>Financial liabilities</b>						
Bank overdrafts	-	-	1	-	1	MOR
Bills of exchange	358	-	-	-	358	6.0 - 6.75
Unsecured debentures	1,695	3,958	-	-	5,653	6.7 - 7.5
Long-term loans from financial institutions	-	-	4,628	-	4,628	MLR
	2,053	3,958	4,629	-	10,640	

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2018						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	within 1 year	over 1 year to 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	816	-	816	0.4 - 1.1
Restricted bank deposits	49	-	-	-	49	0.5
Loans to related parties	-	-	374	-	374	MLR
	49	-	1,190	-	1,239	
<b>Financial liabilities</b>						
Bank overdrafts	-	-	19	-	19	7.2
Unsecured debentures	4,699	1,677	-	-	6,376	4.9 - 7.5
Long-term loans from related parties	50	-	-	-	50	6.0
Long-term loans from financial institutions	-	-	4,215	-	4,215	MLR
	4,749	1,677	4,234	-	10,660	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2019						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	within 1 year	over 1 year to 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	126	-	126	0.2 - 0.75
Restricted bank deposits	2	-	-	-	2	0.37 - 0.75
Loans to related parties	2,994	-	418	-	3,412	6.0 - 7.5
	2,996	-	544	-	3,540	
<b>Financial liabilities</b>						
Bank overdrafts	-	-	-	-	-	MOR
Bills of exchange	358	-	-	-	358	6.0 - 6.75
Unsecured debentures	1,695	3,958	-	-	5,653	6.7 - 7.5
	2,053	3,958	-	-	6,011	



(Unit: Million Baht)

Separate financial statements						
As at 31 December 2018						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	within 1 year	over 1 year to 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	502	-	502	0.4 - 1.45
Restricted bank deposits	18	-	-	-	18	0.37
Loans to related parties	2,238	-	388	-	2,626	6.0 - 7.5
	<u>2,256</u>	<u>-</u>	<u>890</u>	<u>-</u>	<u>3,146</u>	
<b>Financial liabilities</b>						
Unsecured debentures	4,610	1,677	-	-	6,287	6.35
Long-term loans from related parties	50	-	-	-	50	6.0
	<u>4,660</u>	<u>1,677</u>	<u>-</u>	<u>-</u>	<u>6,337</u>	

### **Foreign currency risk**

As at 31 December 2019 and 2018 the Group has no significant financial instruments in foreign currency.

### **34.2 Fair values of financial instruments**

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

The methods and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable and short-term loans lending, accounts payable and short-term loans borrowing, their carrying amounts in the statement of financial position approximate their fair value.
- b) For fixed rate debentures, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- c) For long-term loans, carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

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

### **35. Capital management**

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

In managing its capital position, the Group refers to its debt-to-equity ratio, in order to ensure compliance with a condition of long-term loan agreements with financial institutions and also debentures issuance as discussed in Note 21 and 22.

As at 31 December 2019, the Group's debt-to-equity ratio was 1.95:1 (2018: 2.10:1) and the Company's was 1.29:1 (2018: 1.36:1).

### **36. Approval of financial statements**

The financial statements were authorised for issue by the Company's Board of Directors on 25 February 2020.