

Major Development Public Company Limited
and its subsidiaries
Review report and interim consolidated financial
information
For the three-month period ended 31 March 2019

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Major Development Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Major Development Public Company Limited and its subsidiaries as at 31 March 2019, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Major Development Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Poonnard Paocharoen

Certified Public Accountant (Thailand) No. 5238

EY Office Limited

Bangkok: 14 May 2019

Major Development Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 March 2019	31 December 2018	1 January 2018	31 March 2019	31 December 2018	1 January 2018
		(Unaudited but reviewed)	(Restated)	(Restated)	(Unaudited but reviewed)	(Restated)	(Restated)
Assets							
Current assets							
Cash and cash equivalents		385,625	848,625	716,715	188,613	517,308	97,912
Trade and other receivables	3, 9	109,917	93,038	213,687	1,450,308	1,473,543	1,198,771
Short-term loans to related parties	9	-	-	-	2,284,975	2,237,975	1,992,015
Current portion of long-term loans to related parties		-	-	480,947	-	-	480,947
Land and construction in progress	4	10,879,062	11,121,330	11,927,940	1,525,961	1,782,322	2,551,757
Advances for construction		535,127	629,300	391,174	55,874	117,693	114,317
Deposits for purchase of land		198,861	198,861	172,050	37,077	37,077	37,077
Cost to obtain contracts with customers		577,249	593,018	142,175	11,059	25,480	1,550
Other current assets		200,218	183,130	159,502	37,386	35,223	27,133
Total current assets		12,886,059	13,667,302	14,204,190	5,591,253	6,226,621	6,501,479
Non-current assets							
Pledged deposits at banks	16.3	17,181	17,165	17,170	1,829	1,829	5,670
Investments in subsidiaries	5	-	-	-	4,599,126	4,534,126	4,623,626
Investments in joint ventures	6	201,127	345,398	61,731	62,990	62,990	74,991
Long-term loans to related parties	9	387,600	387,600	140,204	387,600	387,600	244,800
Investment properties	7	2,911,996	2,615,867	2,439,047	783,198	788,688	745,434
Land held for development		-	-	335,332	-	-	-
Property, plant and equipment	8	2,460,153	2,507,007	2,328,203	32,423	33,761	44,563
Intangible assets		39,792	40,680	24,240	5,251	5,796	7,582
Deposits for purchase of land	16.5	75,000	75,000	-	-	-	-
Deferred tax assets		148,594	138,480	107,385	36,456	23,234	50,166
Other non-current assets		10,708	12,990	13,199	6,918	9,437	10,500
Total non-current assets		6,252,151	6,140,187	5,466,511	5,915,791	5,847,461	5,807,332
Total assets		19,138,210	19,807,489	19,670,701	11,507,044	12,074,082	12,308,811

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

Major Development Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 March 2019	31 December 2018	1 January 2018	31 March 2019	31 December 2018	1 January 2018
		(Unaudited but reviewed)	(Restated)	(Restated)	(Unaudited but reviewed)	(Restated)	(Restated)
Liabilities and equity							
Current liabilities							
Bank overdrafts	10	-	19,425	13,864	-	-	9,854
Current portion of bills of exchange		-	-	1,012,179	-	-	1,012,179
Trade and other payables		958,821	1,334,302	1,404,153	621,637	756,806	449,876
Current portion of long-term loans from financial institutions	12	1,685,228	548,766	2,915,684	254,974	-	496,050
Short-term debentures	11	450,000	810,000	510,000	450,000	810,000	510,000
Current portion of long-term debentures	11	3,139,786	3,889,139	300,000	3,050,000	3,799,618	300,000
Short-term loans from related parties	9	-	-	84,000	180,000	-	146,200
Current portion of long-term loans from related party	9	50,000	50,000	-	50,000	50,000	-
Current portion of liabilities under finance lease agreements	13	5,487	5,649	1,609	-	-	195
Income tax payable		33,461	20,569	-	3,439	3,439	-
Retention payables		304,962	342,824	401,179	115,008	121,480	194,318
Deposits and advances from customers		1,750,437	1,810,662	1,215,764	207,467	231,167	178,971
Other current liabilities		279,980	196,746	174,495	222,555	145,533	119,787
Total current liabilities		8,658,162	9,028,082	8,032,927	5,155,080	5,918,043	3,417,430
Non-current liabilities							
Bills of exchange		-	-	108,585	-	-	-
Long-term debentures	11	1,638,987	1,677,477	3,870,933	1,638,987	1,677,477	3,782,483
Long-term loans from financial institutions	12	3,256,405	3,666,116	3,464,211	-	-	672,744
Long-term loans from related parties		-	-	50,000	-	-	50,000
Liabilities under finance lease agreements	13	10,893	11,944	4,637	-	-	161
Provision for long-term employee benefits		30,662	29,739	31,135	4,421	4,322	10,841
Deferred tax liabilities		283,982	286,771	150,845	133,695	136,215	120,983
Other non-current liabilities		22,441	21,825	22,706	-	-	-
Total non-current liabilities		5,243,370	5,693,872	7,703,052	1,777,103	1,818,014	4,637,212
Total liabilities		13,901,532	14,721,954	15,735,979	6,932,183	7,736,057	8,054,642

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

Major Development Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2019

(Unit: Thousand Baht)

Note	Consolidated financial statements			Separate financial statements		
	31 March 2019	31 December 2018	1 January 2018	31 March 2019	31 December 2018	1 January 2018
	(Unaudited but reviewed)	(Restated)	(Restated)	(Unaudited but reviewed)	(Restated)	(Restated)
Shareholders' equity						
Share capital						
Registered						
1,050,000,000 ordinary shares of Baht 1 each	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
Issued and paid-up						
860,411,939 ordinary shares of Baht 1 each	860,412	860,412	860,412	860,412	860,412	860,412
Premium on ordinary shares	875,267	875,267	875,267	875,267	875,267	875,267
Retained earnings						
Appropriated - statutory reserve	105,000	105,000	105,000	105,000	105,000	105,000
Unappropriated	3,203,726	3,052,583	1,950,662	2,734,182	2,497,346	2,413,490
Other components of shareholders' equity	192,273	192,273	143,381	-	-	-
Total shareholders' equity	5,236,678	5,085,535	3,934,722	4,574,861	4,338,025	4,254,169
Total liabilities and shareholders' equity	19,138,210	19,807,489	19,670,701	11,507,044	12,074,082	12,308,811
	-	-	-	-	-	-

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

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Directors
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(Unaudited but reviewed)

Major Development Public Company Limited and its subsidiaries**Income statement****For the three-month period ended 31 March 2019**

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018 (Restated)	2019	2018 (Restated)
Revenues					
Sales of units in condominium projects		1,298,111	524,223	428,122	197,137
Revenues from hotel operations		88,149	78,968	-	-
Management fee income		20,810	10,000	-	4,500
Rental and services income		22,596	21,553	1,218	1,200
Other income					
Dividend income from joint venture	6.2	-	-	280,491	-
Interest income		5,307	10,505	47,040	46,195
Others		28,550	37,118	10,702	26,435
Total revenues		1,463,523	682,367	767,573	275,467
Expenses					
Cost of units in condominium projects sold		804,670	292,570	261,861	102,051
Cost from hotel operations		57,232	47,625	-	-
Cost of management services		15,623	9,264	-	3,150
Cost of rental and services		8,454	7,846	-	-
Selling expenses		203,758	94,807	98,262	19,736
Administrative expenses		259,484	104,783	86,524	14,004
Total expenses		1,349,221	556,895	446,647	138,941
Profit before share of gain from investments in joint ventures, finance cost and income tax expenses					
Share of gain from investments in joint ventures	6.2	136,220	135,382	-	-
Profit before finance cost and income tax expenses		250,522	260,854	320,926	136,526
Finance cost		(90,562)	(141,708)	(99,832)	(112,452)
Profit before income tax expenses		159,960	119,146	221,094	24,074
Income tax income (expenses)	14	(8,817)	2,847	15,742	(5,563)
Profit for the period		151,143	121,993	236,836	18,511
Earnings per share					
Basic earnings per share					
Profit for the period		0.18	0.14	0.28	0.02

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

(Unaudited but reviewed)

Major Development Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u> (Restated)	<u>2019</u>	<u>2018</u> (Restated)
Profit for the period	<u>151,143</u>	<u>121,993</u>	<u>236,836</u>	<u>18,511</u>
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>151,143</u></u>	<u><u>121,993</u></u>	<u><u>236,836</u></u>	<u><u>18,511</u></u>

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

(Unaudited but reviewed)

Major Development Public Company Limited and its subsidiaries

Statement of cash flows

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
		(Restated)		(Restated)
Cash flows from operating activities				
Profit before tax	159,960	119,146	221,094	24,074
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	42,073	25,265	1,900	2,467
Write off assets	12,632	1,197	-	-
Loss (gain) on sale of assets	490	(1,576)	490	(1,547)
Provision for long-term employee benefits	923	582	99	-
Share of gain from investments in joint ventures	(136,220)	(135,382)	-	-
Dividend income from joint venture	-	-	(280,491)	-
Interest income	(5,307)	(10,505)	(47,040)	(46,195)
Interest expense	83,825	118,366	93,441	108,951
Profit (loss) from operating activities before changes in operating assets and liabilities	158,376	117,093	(10,507)	87,750
Operating assets (increase) decrease				
Trade and other receivables	(11,820)	(13,354)	5,255	(18,156)
Land and construction in progress	304,695	(131,231)	256,361	102,074
Advances for construction	94,173	43,140	61,819	165
Cost to obtain contracts with customers	15,769	(120,040)	14,421	-
Other current assets	(10,966)	573	2,490	(4,873)
Other non-current assets	2,282	(996)	2,519	20

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

(Unaudited but reviewed)

Major Development Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
		(Restated)		(Restated)
Operating liabilities increase (decrease)				
Trade and other payables	(267,033)	(173,067)	(22,920)	44,647
Retention payables	(37,862)	(16,046)	(6,472)	(39,166)
Deposits and advances from customers	(60,225)	259,126	(23,700)	5,944
Other current liabilities	11,141	(5,700)	4,929	(6,618)
Other non-current liabilities	616	(1,774)	-	-
Cash flows from (used in) operating activities	199,146	(42,276)	284,195	171,787
Cash paid for interest expense	(183,170)	(174,319)	(121,705)	(103,873)
Cash paid for corporate income tax	(14,949)	(9,077)	(4,653)	(2,173)
Net cash from (used in) operating activities	1,027	(225,672)	157,837	65,741
Cash flows from investing activities				
Increase in pledged deposits at banks	(16)	(2,333)	-	-
Acquisition of investment properties	(293,973)	(1,332)	-	-
Cash received from sales of investment properties	5,000	13,000	5,000	13,000
Acquisition of property, plant and equipment	(1,498)	(58,158)	(17)	(477)
Cash received from sales of property, plant and equipmer	-	559	-	459
Acquisition of intangible assets	(392)	(541)	-	-
Cash received from short-term loans to related parties	-	-	-	45,840
Cash payment for short-term loans to related parties	-	-	(47,000)	(95,500)
Interest income	248	359	20	2,617
Dividend income	280,491	-	280,491	-
Net cash from (used in) investing activities	(10,140)	(48,446)	238,494	(34,061)

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

(Unaudited but reviewed)

Major Development Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u> (Restated)	<u>2019</u>	<u>2018</u> (Restated)
Cash flows from financing activities				
Decrease in overdrafts	(19,425)	(4,291)	-	(9,854)
Cash received from short-term loans from related parties	-	35,000	180,000	57,400
Repayment of long-term loans from related parties	-	(45,000)	-	(10,000)
Repayment of liabilities under finance lease agreements	(1,213)	(1,430)	-	(356)
Cash received from short-term debentures	450,000	399,817	450,000	399,553
Repayment of short-term debentures	(810,000)	-	(810,000)	-
Repayment of long-term debentures	(800,000)	-	(800,000)	-
Cash received from long-term loans from financial institutions	1,708,520	635,393	454,072	100,000
Repayment of long-term loans from financial institutions	(981,769)	(895,387)	(199,098)	(553,178)
Net cash from (used in) financing activities	<u>(453,887)</u>	<u>124,102</u>	<u>(725,026)</u>	<u>(16,435)</u>
Net increase (decrease) in cash and cash equivalents	(463,000)	(150,016)	(328,695)	15,245
Cash and cash equivalents at beginning of period	848,625	716,715	517,308	97,912
Cash and cash equivalents at end of period	<u>385,625</u>	<u>566,699</u>	<u>188,613</u>	<u>113,157</u>
	-	-	-	-
Supplemental cash flows information				
Non-cash items				
Intangible asset purchased under financial lease	-	15,703	-	-
Accrued project cost	-	1,305	-	-
Transferred advance to investment in subsidiary	-	-	65,000	-

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

(Unaudited but reviewed)

Major Development Public Company Limited and its subsidiaries**Statement of changes in shareholders' equity****For the three-month period ended 31 March 2019**

(Unit: Thousand Baht)

Consolidated financial statements

	Equity attributable to owners of the Company						
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other component of equity		Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	Other comprehensive		
					income	Total other	
Surplus on revaluation of assets	components of shareholders' equity						
Balance as at 1 January 2018							
- as previously reported	860,412	875,267	105,000	1,800,921	143,381	143,381	3,784,981
Cumulative effects of the change in accounting policies due to the adoption of new financial reporting standard	-	-	-	149,741	-	-	149,741
Balance as at 1 January 2018 - as restated	860,412	875,267	105,000	1,950,662	143,381	143,381	3,934,722
Total comprehensive income for the period (Restated)	-	-	-	121,993	-	-	121,993
Balance as at 31 March 2018	860,412	875,267	105,000	2,072,655	143,381	143,381	4,056,715
Balance as at 1 January 2019							
- as previously reported	860,412	875,267	105,000	2,537,839	192,273	192,273	4,570,791
Cumulative effects of the change in accounting policies due to the adoption of new financial reporting standard	-	-	-	514,744	-	-	514,744
Balance as at 1 January 2019 - as restated	860,412	875,267	105,000	3,052,583	192,273	192,273	5,085,535
Total comprehensive income for the period	-	-	-	151,143	-	-	151,143
Balance as at 31 March 2019	860,412	875,267	105,000	3,203,726	192,273	192,273	5,236,678
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

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

(Unaudited but reviewed)

Major Development Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

	Separate financial statements				Total shareholders' equity
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2018 - as previously reported	860,412	875,267	105,000	2,412,250	4,252,929
Cumulative effects of the change in accounting policies due to the adoption of new financial reporting standard	-	-	-	1,240	1,240
Balance as at 1 January 2018 - as restated	860,412	875,267	105,000	2,413,490	4,254,169
Total comprehensive income for the period (Restated)	-	-	-	18,511	18,511
Balance as at 31 March 2018	<u>860,412</u>	<u>875,267</u>	<u>105,000</u>	<u>2,432,001</u>	<u>4,272,680</u>
Balance as at 1 January 2019 - as previously reported	860,412	875,267	105,000	2,476,962	4,317,641
Cumulative effects of the change in accounting policies due to the adoption of new financial reporting standard	-	-	-	20,384	20,384
Balance as at 1 January 2019 - as restated	860,412	875,267	105,000	2,497,346	4,338,025
Total comprehensive income for the period	-	-	-	236,836	236,836
Balance as at 31 March 2019	<u>860,412</u>	<u>875,267</u>	<u>105,000</u>	<u>2,734,182</u>	<u>4,574,861</u>
	-	-	-	-	-
	-	-	-	-	-

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

Major Development Public Company Limited and its subsidiaries

Notes to consolidated interim financial statements

For the three-month 31 March 2019

1. General information

1.1 The Company's general information

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

1.2 Basis for the preparation of interim financial statements

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

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

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

1.3 Basis of consolidation

These consolidated interim financial statements included the financial statements of Major Development Public Company Limited and its subsidiaries, and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2018, with the same composition of the subsidiaries in the current period.

1.4 New financial reporting standards

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

During the period, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods 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 Company's and its subsidiaries' 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
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being 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 Company and its subsidiaries adopted IFRS 15 using the full retrospective method of adoption. The Company and its subsidiaries elect to apply the practical expedient to not disclose the effect of the transition on the current period.

The cumulative effect of the change is described in Note 2.

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

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards 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 to 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.

(Unaudited but reviewed)

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 is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2018, except for the change in the accounting policies due to the adoption of TFRS 15, *Revenue from Contracts with Customers*, as follow:

Cost to obtain a contract

The Company and its subsidiaries recognise commission paid to obtain a customer contract as an asset and amortised to expenses on a systematic basis 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 consideration that the entity expects to receive less direct costs. Provided that the amortisation period of the asset that the Company and its subsidiaries otherwise would have used is one year or less, costs to obtain a contract are immediately recognised as expenses.

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

As described in Note 1.4 to the financial statements, during the current period, the Company and its subsidiaries have 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.

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at 31 December 2018	As at 1 January 2018	As at 31 December 2018	As at 1 January 2018
Increase in assets recognised from the costs to obtain contracts with customers	593,01	142,17	25,4	1,
Increase in investments in joint ventures	8,			
Increase in long-term loans to related party	31,8	36,0		
Increase in deferred tax liabilities	118,60	28,4	5,	
Increase in inappropriate retained earnings	514,74	149,74	20,3	1,

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
	For the three-month period ended 31 March 2018	For the three-month period ended 31 March 2018
Income statements		
Decrease in selling expenses	120,041	-
Decrease in share of profit from investments in joint ventures	143	-
Increase in tax expenses	24,008	473
Increase in profit	95,890	1,892
Increase in basic earnings per share (Baht)	0.11	-

The nature of the adjustment is described below:

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

(Unaudited but reviewed)

3. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 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	28,644	20,035	4,925	-
3 - 6 months	1,120	5,623	-	-
6 - 12 months	4,174	1,496	-	-
Over 12 months	44	44	-	-
Total trade receivables - unrelated parties	33,982	27,198	4,925	-
Total trade receivables	33,982	27,198	4,925	-
<u>Other receivables</u>				
Other receivables and advances - related parties	20,692	21,002	1,174,158	1,258,113
Other receivables and advances - unrelated parties	24,265	18,920	12,431	3,656
Interest receivables - related parties	30,978	25,918	258,794	211,774
Total other receivables	75,935	65,840	1,445,383	1,473,543
Total trade and other receivables	109,917	93,038	1,450,308	1,473,543

4. Land and construction in progress

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Condominium/commercial buildings for sales	4,346,144	5,144,038	1,525,961	1,782,322
Construction in progress				
Land cost	3,647,439	3,647,439	-	-
Construction in progress	2,505,602	2,012,815	-	-
Capitalised interest	379,877	317,038	-	-
Total	6,532,918	5,977,292	-	-
Net	10,879,062	11,121,330	1,525,961	1,782,322

4.1 Land and construction thereon of condominium projects with carrying values as at 31 March 2019 amounting to Baht 10,537 million (Separate financial statements: Baht 1,443 million) (31 December 2018: Consolidated financial statements: Baht 10,741 million, Separate financial statements: Baht 1,624 million) have been mortgaged with local commercial banks as collateral against credit facilities received from banks.

(Unaudited but reviewed)

4.2 During the three-month period ended 31 March 2019, subsidiaries capitalised interest amounting to Baht 63 million (2018: Baht 48 million) to the costs of land and construction in progress. The capitalisation rates of interest are based on the borrowing costs of the specific loans, as described in Notes 11 and 12 to the financial statements.

4.3 Additional information of the Company's and its subsidiaries' projects are as follows:

(Unit: Million Baht)

	Consolidated financial			
	statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
Total estimated project value	51,615	51,350	25,898	26,348
Sales with signed agreements	39,950	38,945	23,545	22,985
The ratio of sales with signed agreements				
to total estimated project value (%)	77	76	91	87
Total value of contracts signed not yet				
recognised as income	8,547	8,832	495	356

5. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Shareholding				Allowance for impairment				Carrying amounts-net	
	Paid-up capital		percentage		Cost		of investments			
	31	31	31	31	31	31	31	31	31	31
	March	December	March	December	March	December	March	December	March	December
2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
		Percentage	Percentage							
Major Development Hotels and Resorts Company Limited	400,000	400,000	100	100	399,999	399,999	(187,000)	(187,000)	212,999	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 Hospitality Company Limited	550,000	550,000	100	100	550,000	550,000	-	-	550,000	550,000
Major Development Property Consultant Company Limited	8,000	8,000	100	100	7,999	7,999	-	-	7,999	7,999
M J A I Development Company Limited	25,000	25,000	100	100	19,002	19,002	-	-	19,002	19,002
Total					5,149,749	5,084,749	(550,623)	(550,623)	4,599,126	4,534,126

(Unaudited but reviewed)

Movements of the investment in subsidiaries during the three-month period ended 31 March 2019 are as follows:

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.

6. Investments in joint ventures

6.1 Detail of investments in joint ventures:

(Unit: Thousand Baht)

Consolidated financial statements								
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
			(%)	(%)				(Restated)
Major Residences Company Limited	Development of properties for sales	Thailand	51	51	12,750	12,750	146,024	295,580
TMDC Construction Company Limited	Construction service	Thailand	51	51	81,599	81,599	48,369	49,818
MJD-JV1 Company Limited	Development of properties for sales	Thailand	51	51	510	510	6,734	-
Total					94,859	94,859	201,127	345,398

(Unit: Thousand Baht)

Separate financial statements										
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
			31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 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

(Unaudited but reviewed)

6.2 Share of comprehensive income and dividend received

During the three-month periods ended 31 March 2019 and 2018, the Company recognised its share of income from investments in the joint ventures in the consolidated financial statements and dividend income in separate financial statements as follows:

Joint ventures	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investment in joint ventures during the year		Dividend received during the year	
	2019	2018	2019	2018
		(Restated)		
Major Residences Company Limited	149,515	144,974	280,491	-
TMDC Construction Company Limited	(1,449)	(1,052)	-	-
MJD-JV 1 Company Limited	(11,846)	(8,540)	-	-
Total	<u>136,220</u>	<u>135,382</u>	<u>280,491</u>	<u>-</u>

7. Investment properties

Movements of the investment properties account during the three-month period ended 31 March 2019 are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2019	2,615,867	788,688
Additions during period	293,973	-
Capitalised interest	8,074	-
Transfer to property plant and equipment	(95)	-
Adjustment	(333)	-
Disposals	<u>(5,490)</u>	<u>(5,490)</u>
Balance as at 31 March 2019	<u>2,911,996</u>	<u>783,198</u>

During the three-month period ended 31 March 2019, subsidiaries capitalised interest amounted to Baht 8 million (2018: Baht 1 million) to the cost of construction in progress. The capitalisation rates of interest were MLR.

(Unaudited but reviewed)

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

The Company and its subsidiaries have mortgaged investment properties with carrying values as at 31 March 2019 amounting to Baht 2,568 million (Separate financial statements: Baht 703 million) (31 December 2018: Consolidated financial statements: Baht 2,267 million, Separate financial statements: Baht 703 million) with commercial banks as collateral against credit facilities received from banks.

8. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2019 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2019	2,507,007	33,761
Additions during period - cost	5,182	17
Capitalised interest	961	-
Write-off	(12,770)	-
Transfer from property, plant and equipment	95	-
Adjustment	471	-
Depreciation for the period	(40,793)	(1,355)
Balance as at 31 March 2019	<u>2,460,153</u>	<u>32,423</u>

During the three-month period ended 31 March 2019, subsidiaries capitalised interest of Baht 1 million (2018: Baht 1 million) to the cost of construction in progress. The capitalisation rates of interest were MLR.

Land and building with carrying values as at 31 March 2019 amounting to Baht 2,306 million (Separate financial statements: Baht 11 million) (31 December 2018: Consolidated financial statements: Baht 2,346 million, Separate financial statements: Baht 11 million) have been mortgaged with local commercial banks as collateral against credit facilities received from banks.

9. Related party transactions

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

(Unit: Thousand Baht)

	For the three-month periods ended				Transfer pricing policy
	31 March				
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2019	2018	2019	2018	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	41,961	36,049	6.0% - 7.5% per annum
Land rental income	-	-	1,218	1,200	Cost plus margin
Interest expense (some charged to project costs)	-	-	925	1,881	7.50% per annum (2018: 5.075% to 5.45% per annum)
Rental and service expenses	-	-	84	852	Cost plus margin
Other expenses	-	-	45	27	Agreed price
Commission expenses	-	-	3,878	205	Percentage of revenue
<u>Transactions with related persons and parties</u>					
Interest income	5,059	10,146	5,059	10,146	5.025% to 5.45% per annum (2018: 5.45% to 5.775% per annum)
Management income	10,200	4,500	-	4,500	Cost plus margin
Interest expenses	740	1,384	740	1,384	6.0% per annum (2018: 4.3% to 6.0% per annum)

As at 31 March 2019 and 31 December 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	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
<u>Trade and other receivables - related parties (Note 3)</u>				
Subsidiaries	-	-	1,382,875	1,424,387
Joint ventures	51,670	46,920	50,077	45,500
Total other receivables - related parties	51,670	46,920	1,432,952	1,469,887
<u>Trade and other payables - related parties</u>				
Subsidiaries	-	-	410,069	476,119
Joint ventures	1,392	4,629	1,392	1,392
Related persons (Director and person who is related to management)	1,874	26,890	1,874	26,890
Total trade and other payables - related parties	3,266	31,519	413,335	504,401

(Unaudited but reviewed)

Loans to related parties and loans from related persons and parties

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

(Unit: Thousand Baht)

Short-term loans to	Interest rate (% per annum)	Principal repayment	Separate financial statements			Balance as at 31 March 2019
			Balance as at 31 December 2018	Increase	Decrease	
Major Development Estate Company Limited	7.50	At call	2,163,775	-	-	2,163,775
Major Development Property Consultant Company Limited	6.00	At call	10,200	-	-	10,200
Major Development Hospitality Company Limited	7.50	At call	60,000	41,000	-	101,000
Major Development Hotels and Resorts Company Limited	7.50	At call	4,000	6,000	-	10,000
Total			<u>2,237,975</u>	<u>47,000</u>	<u>-</u>	<u>2,284,975</u>

(Unit: Thousand Baht)

Long-term loans to	Interest rate (% per annum)	Principal repayment	Consolidated financial statements			Balance as at 31 March 2019
			Balance as at 31 December 2018	Increase	Decrease	
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 and April 2022	204,000	-	-	204,000
Total			<u>387,600</u>	<u>-</u>	<u>-</u>	<u>387,600</u>

(Unit: Thousand Baht)

Long-term loans to	Interest rate (% per annum)	Principal repayment	Separate financial statements			Balance as at 31 March 2019
			Balance as at 31 December 2018	Increase	Decrease	
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 and April 2022	204,000	-	-	204,000
Total			<u>387,600</u>	<u>-</u>	<u>-</u>	<u>387,600</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

Separate financial statements						
Short-term loans from	Interest rate (% per annum)	Principal repayment	Balance as at		Balance as at	
			31 December 2018	Increase	Decrease	31 March 2019
Major Development Estate Company Limited	7.80	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 March 2019
Director	6.00	Within May 2019	50,000	-	-	50,000
Total			50,000	-	-	50,000
Less: Current portion			(50,000)			(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 March 2019
Director	6.00	Within May 2019	50,000	-	-	50,000
Total			50,000	-	-	50,000
Less: Current portion			(50,000)			(50,000)
Long-term portion			-			-

Directors' and management's remuneration

During the three-month periods ended 31 March 2019 and 2018, the Company and its subsidiaries had employee benefit expenses to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term employee benefits	39.8	32.3	5.4	11.5
Post-employment benefits	0.5	0.6	-	-
Total	40.3	32.9	5.4	11.5

(Unaudited but reviewed)

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
MJR Development Company Limited	90
MJP Property Company Limited	465
MJC Development Company Limited	544
MJD Residences Company Limited	1,674
Major Development Estate Company Limited	5,961
Major Development Hospitality Company Limited	2,769
MJ One Company Limited	185
Joint venture	Credit guarantees
Major Residences Company Limited	3,149
MJD-JV1 Company Limited	1,462

10. Bank overdrafts

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated		Separate	
			financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Bank overdrafts	-	MOR	-	19,425	-	-
Total			-	19,425	-	-

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

11. 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.

(Unaudited but reviewed)

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

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

(Unit: Million Baht)

No.	Principal repayment	Interest rate (% per annum)	Consolidated financial statements		Separate financial statements	
			31 March 2019	31 December 2018	31 March 2019	31 December 2018
1/2018	February 2019	6.35	-	510	-	510
2/2018	March 2019	6.35	-	300	-	300
1/2019	November 2019	6.50	450	-	450	-
Total			450	810	450	810

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

(Unit: Million Baht)

Year of issuance	Interest rate (% per annum)		Terms (years)		Consolidated financial statements		Separate financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	2016	4.90 - 5.00	4.50 - 5.40	3	2 - 3	1,500	2,000	1,500
2017	6.00 - 7.50	6.00 - 7.50	2	1.5 - 2	1,590	1,890	1,500	1,800
2018	6.70 - 7.50	6.70 - 7.50	1.5 - 2	1.5 - 2	1,699	1,700	1,699	1,700
Total long-term debentures, at face value					4,789	5,590	4,699	5,500
Less: Unamortised costs relating to the issuance of the debentures					(10)	(24)	(10)	(23)
Long-term debentures - net					4,779	5,566	4,689	5,477
Less: Long-term debentures - portion due within one year					(3,140)	(3,889)	(3,050)	(3,800)
Debentures - portion due over one year					1,639	1,677	1,639	1,677

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

(Unaudited but reviewed)

12. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Long-term loans from financial institutions	4,941,633	4,214,882	254,974	-
Less: current portion	(1,685,228)	(548,766)	(254,974)	-
Long-term portion	3,256,405	3,666,116	-	-

Movements of the long-term loans account during the three-month period ended 31 March 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial	financial
	statements	statements
Balance as at 1 January 2019	4,214,882	-
Add: Additional borrowings	1,708,520	454,072
Less: Repayment	(981,769)	(199,098)
Balance as at 31 March 2018	4,941,633	254,974

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

As at 31 March 2019, the Company and its subsidiaries had credit facilities which have not drawn down of Baht 5,874 million (Separate financial statements: none) (31 December 2018: Consolidated financial statements: Baht 6,756 million, Separate financial statements: Baht 119 million).

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

(Unaudited but reviewed)

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

13. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 March 2019	31 December 2018
Liabilities under finance lease agreements	18,129	19,612
Less: Deferred interest expense	(1,749)	(2,019)
Total	16,380	17,593
Less: Portion due within one year	(5,487)	(5,649)
Long-term portion	10,893	11,944

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

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

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 March 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	6,333	11,796	18,129	6,588	13,024	19,612
Deferred interest expenses	(846)	(903)	(1,749)	(939)	(1,080)	(2,019)
Present value of future minimum lease payments	5,487	10,893	16,380	5,649	11,944	17,593

14. Income tax

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

Income tax expenses for the three-month periods ended 31 March 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month period ended 31 March			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
2019	2018	2019	2018	
	(Restated)		(Restated)	
Current income tax:				
Interim corporate income tax charge	21,720	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(12,903)	(2,847)	(15,742)	5,563
Income tax expenses (income) reported in the statements of income	<u>8,817</u>	<u>(2,847)</u>	<u>(15,742)</u>	<u>5,563</u>

15. Segment information

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

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

- Development of properties for sales business
- Hotel business and properties rental and service business

The chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements. However, the Company and its subsidiaries financing activities (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Inter-segment revenues are eliminated on consolidation.

(Unaudited but reviewed)

Revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month periods ended 31 March 2019 and 2018 are as follows.

(Unit: Million Baht)

	For the three-month periods ended 31 March									
	Development of properties for sales		Hotel business and properties rental and service business		Others		Elimination		Consolidated financial statements	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
Revenue from external customers	1,298	524	120	110	38	12	(26)	(11)	1,430	635
Segment operating profit (loss)	186	215	22	23	11	(5)	(2)	6	217	214
Unallocated income and expenses:										
Other income									34	48
Finance cost									(91)	(142)
Income tax income (expenses)									(9)	3
Profit for the period									151	123

16. Commitments and contingent liabilities

16.1 Capital commitments

As at 31 March 2019 and 31 December 2018, the Company and its subsidiaries had capital commitments as follows.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
Construction costs of condominium projects and service agreements	3,847	3,647	1	1
The purchases of land agreements	1,055	1,198	-	-

16.2 Operating lease commitments

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

(Unaudited but reviewed)
(Unit: Million Baht)

Consolidated
financial statements

Payable	31 March	31 December
	2019	2018
In up to 1 year	-	-
In over 1 and up to 5 years	3	2
In over 5 years	9	9

16.3 Bank guarantees

As at 31 March 2019 and 31 December 2018, there were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business as follows.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
Bank guarantee for electricity use	3	3	2	2
Bank guarantee for public utility	34	34	-	-
Bank guarantee for payments due to creditors	1	1	-	-
Total	38	38	2	2

As at 31 March 2019, the Company and its subsidiaries placed deposits at banks of Baht 17.2 million (Separate financial statements: Baht 1.8 million) (31 December 2018: Consolidated financial statements: Baht 17.2 million, Separate financial statements: Baht 1.8 million) and mortgaged the land and construction of condominium projects with the banks to secure the issuance of bank guarantees.

16.4 Long-term service commitment

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

16.5 Litigations

As at 31 March 2019, the following lawsuits have been filed against the Company, its subsidiaries and joint venture.

- a) The Company and its subsidiaries were sued by third parties on ground of seeking refunds of payments for condominiums and other expenses, payment of construction expenses and a joint defendant with the constructor for damaged properties in 30 cases, claiming damages of Baht 410 million. Currently, the cases are being investigated. However, the Company's management and its legal consultant have determined the possible losses from the litigations and recorded provision amounting to Baht 337 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 for estimated loss that might be incurred.
- 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 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.

17. Events after the reporting period

In April 2019, the Company issued unsecured and unsubordinated bearer debentures, in total of Baht 2,500 million. The maturity of the debentures will be 2 years at the interest rate of 7.00% per annum.

18. Approval of interim financial statements

The interim financial statements were authorised for issue by the Company's Board of Directors on 14 May 2019.