

Major Development Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2020

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 2020, 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 2020, 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

I draw attention to Note 3 to the consolidated financial statements. In the fourth quarter of 2020, the Company has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets. As a result, in preparing the consolidated and separate financial statements for the year ended 31 December 2020, the Company has decided to discontinue application of all relief measures which the Company elected to apply under the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic issued by the Federation of Accounting Professions. This has no significant impact on the Company's consolidated and separate financial statements. 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 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 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 revenue recognition 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 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 matter. I describe this matter 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.

Manee Rattanabunnakit
Certified Public Accountant (Thailand) No. 5313

EY Office Limited
Bangkok: 25 February 2021

Major Development Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2020

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Assets					
Current assets					
Cash and cash equivalents	8	1,548,127,357	388,685,674	676,542,304	125,936,945
Trade and other receivables	7, 9	134,961,232	110,507,264	1,069,078,912	1,278,819,725
Short-term loans to related parties	7	-	-	2,768,800,000	2,994,275,000
Current portion of long-term loans					
to related parties	7	244,800,000	51,000,000	244,800,000	51,000,000
Real estate development cost	10	8,444,737,971	10,501,954,033	367,209,797	883,852,174
Advances for construction		151,533,927	351,675,126	44,906,884	53,447,038
Deposits for purchase of land		440,861,349	408,461,349	37,076,903	37,076,903
Prepayment for purchase of shares	13	397,905,000	165,270,000	-	-
Cost to obtain contracts with customers	11	220,432,822	473,972,712	-	1,318,465
Other current assets		115,670,807	196,625,776	22,996,374	41,163,306
Total current assets		11,699,030,465	12,648,151,934	5,231,411,174	5,466,889,556
Non-current assets					
Restricted bank deposits	12	32,525,887	61,490,968	1,866,347	1,846,863
Investments in subsidiaries	13	-	-	4,929,324,027	4,677,324,327
Investments in joint ventures	14	108,507,644	155,832,696	68,090,538	62,990,837
Long-term loans to related parties	7	201,187,410	325,865,059	556,400,000	367,200,000
Investment properties	15	3,743,794,578	3,355,035,893	802,762,000	787,132,000
Property, plant and equipment	16	2,684,844,429	2,740,713,793	55,260,334	62,204,246
Intangible assets	17	19,635,663	23,252,962	3,033,467	4,162,096
Deposits for purchase of land	34.6	87,500,000	75,000,000	-	-
Deferred tax assets	31	164,289,633	188,231,197	7,544,981	27,806,815
Other non-current assets		22,080,415	12,280,303	7,051,041	7,451,753
Total non-current assets		7,064,365,659	6,937,702,871	6,431,332,735	5,998,118,937
Total assets		18,763,396,124	19,585,854,805	11,662,743,909	11,465,008,493

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 2020

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts from financial institutions	18	-	967,921	-	-
Short-term bills of exchange	19	239,544,984	357,798,617	239,544,984	357,798,617
Trade and other payables	20	713,119,332	921,824,072	307,276,196	282,629,046
Retention payables		343,956,409	327,892,338	44,002,839	53,976,725
Deposits and advances from customers		893,031,735	1,572,069,623	33,156,939	158,965,073
Short-term loans from related parties	7	-	-	106,000,000	-
Current portion of long-term loans from financial institutions	21	1,549,502,198	1,891,774,803	-	-
Current portion of lease liabilities	23	10,092,470	5,064,041	666,526	631,598
Current portion of debentures	22	3,290,633,648	1,694,671,196	3,290,633,648	1,694,671,196
Income tax payable		45,355,500	48,813,465	-	-
Other current liabilities		176,316,055	242,258,266	132,540,076	170,014,284
Total current liabilities		7,261,552,331	7,063,134,342	4,153,821,208	2,718,686,539
Non-current liabilities					
Debentures	22	2,803,576,068	3,957,998,209	2,657,150,750	3,957,998,209
Long-term loans from financial institutions	21	2,672,835,316	2,736,091,965	-	-
Lease liabilities	23	26,622,253	10,836,704	1,193,786	1,860,312
Provision for long-term employee benefits	24	54,938,769	50,440,349	-	7,381,992
Deferred tax liabilities	31	266,900,297	286,493,027	138,302,153	133,455,846
Other non-current liabilities		23,468,850	24,600,905	-	-
Total non-current liabilities		5,848,341,553	7,066,461,159	2,796,646,689	4,100,696,359
Total liabilities		13,109,893,884	14,129,595,501	6,950,467,897	6,819,382,898

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 2020

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Shareholders' equity					
Share capital					
Registered					
1,050,000,000 ordinary shares of Baht 1 each		1,050,000,000	1,050,000,000	1,050,000,000	1,050,000,000
Issued and paid-up					
860,411,939 ordinary shares of Baht 1 each		860,411,939	860,411,939	860,411,939	860,411,939
Premium on ordinary shares		875,266,939	875,266,939	875,266,939	875,266,939
Retained earnings					
Appropriated - statutory reserve	26	105,000,000	105,000,000	105,000,000	105,000,000
Unappropriated		3,565,367,792	3,371,358,717	2,871,597,134	2,804,946,717
Other components of shareholders' equity	25	247,455,570	244,221,709	-	-
Total shareholders' equity		5,653,502,240	5,456,259,304	4,712,276,012	4,645,625,595
Total liabilities and shareholders' equity		18,763,396,124	19,585,854,805	11,662,743,909	11,465,008,493
		-	-	-	-

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

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 Directors

Major Development Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Revenues					
Sales	27	6,677,503,358	5,439,987,942	797,227,465	1,545,470,144
Revenues from hotel operations		155,704,071	304,368,268	-	-
Management fee income		89,924,644	87,929,189	-	-
Rental income		87,946,642	95,716,148	4,872,000	4,872,000
Net gain from change in fair value of investment properties	15	108,810,639	55,782,827	25,550,000	13,874,000
Dividend income	14.2	-	-	198,893,760	402,887,360
Other income		323,919,638	99,640,075	12,669,234	42,029,393
Total revenues		7,443,808,992	6,083,424,449	1,039,212,459	2,009,132,897
Expenses					
Cost of sales		4,796,950,014	3,348,819,847	517,028,331	870,451,953
Cost from hotel operations		160,829,932	214,265,056	-	-
Cost of services		70,533,261	63,450,024	-	-
Cost of rental		28,164,132	32,695,977	-	-
Selling expenses		981,551,779	872,148,542	131,602,171	358,912,658
Administrative expenses		754,230,027	958,379,577	67,605,042	192,967,410
Impairment loss on fixed assets	16	-	14,400,000	-	-
Impairment loss on investments		-	-	-	52,800,000
Total expenses		6,792,259,145	5,504,159,023	716,235,544	1,475,132,021
Operating profit		651,549,847	579,265,426	322,976,915	534,000,876
Share of profit from investments in joint ventures	14.2	132,591,359	171,987,425	-	-
Finance income	28	21,720,264	24,497,145	224,219,041	208,340,423
Finance cost	29	(490,135,713)	(418,277,032)	(455,649,860)	(441,861,270)
Profit before income tax expenses		315,725,757	357,472,964	91,546,096	300,480,029
Income tax income (expenses)	31	(116,389,761)	(36,501,561)	(25,065,649)	7,290,035
Profit for the year		199,335,996	320,971,403	66,480,447	307,770,064
Earnings per share					
Basic earnings per share					
Profit for the year		0.23	0.37	0.08	0.36

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 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit for the year	<u>199,335,996</u>	<u>320,971,403</u>	<u>66,480,447</u>	<u>307,770,064</u>
Other comprehensive income:				
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Actuarial gain (loss)	(6,658,651)	(2,744,361)	212,463	(212,463)
Less: Income tax effect	<u>1,331,730</u>	<u>548,872</u>	<u>(42,493)</u>	<u>42,493</u>
	<u>(5,326,921)</u>	<u>(2,195,489)</u>	<u>169,970</u>	<u>(169,970)</u>
Changes in revaluation of assets	4,042,326	64,936,314	-	-
Less: Income tax effect	<u>(808,465)</u>	<u>(12,987,263)</u>	<u>-</u>	<u>-</u>
	<u>3,233,861</u>	<u>51,949,051</u>	<u>-</u>	<u>-</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	<u>(2,093,060)</u>	<u>49,753,562</u>	<u>169,970</u>	<u>(169,970)</u>
Total comprehensive income for the year	<u><u>197,242,936</u></u>	<u><u>370,724,965</u></u>	<u><u>66,650,417</u></u>	<u><u>307,600,094</u></u>

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

Major Development Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2020

(Unit: 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	Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	equity Surplus on revaluation of assets	
Balance as at 1 January 2019	860,411,939	875,266,939	105,000,000	3,052,582,803	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	49,753,562
Total comprehensive income for the year	-	-	-	318,775,914	51,949,051	370,724,965
Balance as at 31 December 2019	<u>860,411,939</u>	<u>875,266,939</u>	<u>105,000,000</u>	<u>3,371,358,717</u>	<u>244,221,709</u>	<u>5,456,259,304</u>
Balance as at 1 January 2020	860,411,939	875,266,939	105,000,000	3,371,358,717	244,221,709	5,456,259,304
Profit for the year	-	-	-	199,335,996	-	199,335,996
Other comprehensive income for the year	-	-	-	(5,326,921)	3,233,861	(2,093,060)
Total comprehensive income for the year	-	-	-	194,009,075	3,233,861	197,242,936
Balance as at 31 December 2020	<u>860,411,939</u>	<u>875,266,939</u>	<u>105,000,000</u>	<u>3,565,367,792</u>	<u>247,455,570</u>	<u>5,653,502,240</u>
	-	-	-	-	-	-
	-	-	-	-	-	-

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

Major Development Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2020

(Unit: Baht)

Separate financial statements

	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2019	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
Balance as at 31 December 2019	<u>860,411,939</u>	<u>875,266,939</u>	<u>105,000,000</u>	<u>2,804,946,717</u>	<u>4,645,625,595</u>
Balance as at 1 January 2020	860,411,939	875,266,939	105,000,000	2,804,946,717	4,645,625,595
Profit for the year	-	-	-	66,480,447	66,480,447
Other comprehensive income for the year	-	-	-	169,970	169,970
Total comprehensive income for the year	-	-	-	66,650,417	66,650,417
Balance as at 31 December 2020	<u>860,411,939</u>	<u>875,266,939</u>	<u>105,000,000</u>	<u>2,871,597,134</u>	<u>4,712,276,012</u>
	-	-	-	-	-
	-	-	-	-	-

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

Major Development Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit before tax	315,725,757	357,472,964	91,546,096	300,480,029
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	134,860,445	146,768,558	8,586,490	7,563,563
Loss on sale and write-off assets	14,353,586	36,923,213	1,901,994	1,430,000
Provision for impairment on property, plant and equipment	-	14,400,000	-	-
Write-off of withholding tax deducted at source and value added tax	20,258,665	-	6,951,413	-
Provision for impairment on investments in subsidiaries	-	-	-	52,800,000
Reversal of provision for deposits for purchase of land	(12,500,000)	-	-	-
Provision for long-term employee benefits (reverse)	(2,160,231)	17,957,253	(7,169,529)	2,847,202
Share of profit from investments in joint ventures	(132,591,359)	(171,987,425)	-	-
Net gain on change in fair value of investment properties	(108,810,639)	(55,782,827)	(25,550,000)	(13,874,000)
Dividend income	-	-	(198,893,760)	(402,887,360)
Finance income	(21,720,264)	(24,497,145)	(224,219,041)	(208,340,423)
Finance cost	458,571,434	385,575,457	424,882,131	411,000,841
Profit from operating activities before changes in operating assets and liabilities	665,987,394	706,830,048	78,035,794	151,019,852
Operating assets (increase) decrease				
Trade and other receivables	(5,428,493)	(3,247,555)	18,762,124	201,918,110
Real estate development cost	2,125,949,667	827,919,907	516,642,377	898,470,053
Advances for construction	200,141,199	277,624,626	8,540,154	64,245,536
Deposits for purchase of land	(37,500,000)	(209,600,000)	-	-
Cost to obtain contracts with customers	253,539,890	119,046,022	1,318,465	24,161,945
Other current assets	14,380,422	14,180,582	3,535,040	12,318,128
Other non-current assets	(9,800,112)	709,243	400,712	1,985,374
Operating liabilities increase (decrease)				
Trade and other payables	(274,892,519)	(412,478,688)	29,090,553	(441,214,196)
Retention payables	16,064,071	(14,931,971)	(9,973,886)	(67,502,864)
Deposits and advances from customers	(679,037,888)	(231,768,126)	(125,808,134)	(72,202,365)
Other current liabilities	(65,942,210)	45,512,004	(37,474,208)	24,480,881
Other non-current liabilities	(1,132,055)	2,775,301	-	-
Cash flows from operating activities	2,202,329,366	1,122,571,393	483,068,991	797,680,454
Interest paid	(617,426,477)	(723,532,613)	(416,664,174)	(477,589,842)
Cash received from withholding tax deducted at source and value added tax	75,471,417	-	18,257,660	-
Corporate income tax paid	(147,700,585)	(98,400,961)	(10,577,181)	(21,696,969)
Net cash flows from operating activities	1,512,673,721	300,637,819	74,085,296	298,393,643

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 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from investing activities				
Decrease (increase) in restricted bank deposits	28,965,081	(12,107,469)	(19,484)	15,751,700
Acquisition of investment properties	(107,578,173)	(836,108,368)	-	-
Cash received from sales of investment properties	8,000,000	14,000,000	8,000,000	14,000,000
Acquisition of property, plant and equipment	(97,547,161)	(106,288,153)	-	(30,239,115)
Cash received from sales of equipment	40,670,888	1,047,760	36,916	-
Acquisition of intangible assets	(2,326,660)	(3,115,502)	(532,860)	(283,551)
Prepayment for purchase of shares	(232,635,000)	(165,270,000)	-	-
Cash payment for investments in subsidiaries	-	-	(251,999,700)	(150,000,000)
Cash payment for investment in joint ventures	(5,099,701)	-	(5,099,701)	-
Cash received from liquidation in subsidiaries	-	-	-	19,002,159
Cash received from short-term loans to related parties	-	-	854,475,000	956,200,000
Cash payment for short-term loans to related parties	-	-	(629,000,000)	(1,712,500,000)
Cash payment for long-term loans to related parties	(83,000,000)	(30,600,000)	(83,000,000)	(30,600,000)
Interest received	2,694,789	3,451,576	115,197,730	136,145,112
Dividend received	198,893,760	402,887,360	198,893,760	402,887,360
Net cash flows from (used in) investing activities	(248,962,177)	(732,102,796)	206,951,661	(379,636,335)
Cash flows from financing activities				
Decrease in bank overdrafts from financial institutions	(967,921)	(18,456,879)	-	-
Increase (decrease) in short-term bills of exchange	(125,000,000)	367,000,000	(125,000,000)	367,000,000
Cash received from short-term loans from related parties	50,000,000	20,000,000	156,000,000	180,000,000
Repayment of short-term loans from related parties	(50,000,000)	(20,000,000)	(50,000,000)	(180,000,000)
Repayment of long-term loans from related party	-	(50,000,000)	-	(50,000,000)
Repayment of lease liabilities	(11,972,686)	(7,784,047)	(631,598)	(1,358,090)
Cash received from short-term debentures	-	450,000,000	-	450,000,000
Repayment of short-term debentures	-	(1,260,000,000)	-	(1,260,000,000)
Cash received from debentures	2,138,600,000	4,000,000,000	1,988,600,000	4,000,000,000
Repayment of debentures	(1,699,400,000)	(3,890,000,000)	(1,699,400,000)	(3,800,000,000)
Cash received from long-term loans from financial institutions	3,498,492,478	4,722,020,110	96,725,718	749,268,027
Repayment of long-term loans from financial institutions	(3,904,021,732)	(4,309,035,080)	(96,725,718)	(749,268,027)
Net cash flows from (used in) financing activities	(104,269,861)	3,744,104	269,568,402	(294,358,090)
Net increase (decrease) in cash and cash equivalents	1,159,441,683	(427,720,873)	550,605,359	(375,600,782)
Cash and cash equivalents at beginning of year	388,685,674	816,406,547	125,936,945	501,537,727
Cash and cash equivalents at end of year	1,548,127,357	388,685,674	676,542,304	125,936,945
	-	-	-	-

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 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Supplemental cash flows information				
Non-cash items				
Acquisition of assets under lease agreement	36,237,446	6,092,056	-	3,850,000
Increase in project cost of hotel building which no cash has been paid	70,201,699	-	-	-
Transferred advance to investment in subsidiary	-	-	-	65,000,000
Transferred real estate development cost to property, plant and equipment	34,830,710	-	-	-
Transferred real estate development cost to deposit for purchase of land	4,900,000	-	-	-
Transferred investment properties to property, plant and equipment	-	187,448,505	-	-
Transferred property, plant and equipment to investment properties	117,606,108	-	-	-
Transferred advance to long-term loans to related party	-	-	300,000,000	-

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 2020

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.

1.2 Coronavirus disease 2019 Pandemic

A second wave of the Coronavirus disease 2019 pandemic has slowed down the economic recovery, adversely impacting most businesses and industries. This situation affects the Group’s business activity which is temporarily closed down operations of hotel business, and this is impacting the Group’s financial position, operating results, and cash flows at present, including compliance with debt covenants, and is expected to do so in the future. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

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, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Major Development Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”) (collectively as “the Group”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2020 Percent	2019 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
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	Hotel and properties rental	Thailand	100	100
MDPC Company Limited	Agent, representative and real estate advisor business	Thailand	100	100
MJV2 Co., Ltd.	Development of properties for sales	Thailand	100	-
<u>Indirectly owned by subsidiaries</u>				
MJ One Company Limited	Development of properties for sales	Thailand	100	100
Major SPV One Company Limited	Development of properties for sales	Thailand	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 year

During the year, the Group has adopted the revised (revised 2019) and new 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. 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:

Financial reporting standards related to financial instruments

The 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. They also include stipulations regarding the presentation and disclosure of financial instruments.

These standards do not have any significant impact on the Group's financial statements.

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.

The Group recognised the cumulative effect of the adoption of this financial reporting standard as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

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

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impacts of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the period from the first quarter to the third quarter of 2020, the Group elected to apply the temporary relief measures on accounting alternatives relating to fair value measurement of investment properties, impairment of assets and reversal of deferred tax assets

In the fourth quarter of 2020, the Group has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets. As a result, in preparing the financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of all temporary relief measures on accounting alternatives with no significant impact on the Group's financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

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 the set of financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards was recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts of changes in accounting policies on the statements of financial position at the beginning of 2020 due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	31 December 2019	The effect of TFRS 16	1 January 2020
Statement of financial position			
Assets			
Current assets			
Other current assets	196,625	(788)	195,837
Non-current assets			
Property, plant and equipment	2,740,714	10,847	2,751,561
Liabilities and shareholders' equity			
Current liability			
Current portion of lease liabilities	5,064	-	5,064
Non-current liability			
Lease liabilities, net of current portion	10,837	10,059	20,896

4.1 Financial instruments

a) As at 1 January 2020, classification and measurement of financial assets required by TFRS 9, in comparison with classification and the former carrying amount, are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	The former carrying amount	Classification and measurement in accordance with TFRS 9			
		Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total
	Financial assets as at 1 January 2020				
Cash and cash equivalents	388,686	-	-	388,686	388,686
Trade and other receivables	110,507	-	-	110,507	110,507
Current portion of long-term loans to related parties	51,000	-	-	51,000	51,000
Restricted bank deposits	61,491	-	-	61,491	61,491
Long-term loans to related parties	325,865	-	-	325,865	325,865
Total financial assets	937,549	-	-	937,549	937,549

(Unit: Thousand Baht)

Separate financial statements					
The former carrying amount	Classification and measurement in accordance with TFRS 9				
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total	
Financial assets as at 1 January 2020					
Cash and cash equivalents	125,937	-	-	125,937	125,937
Trade and other receivables	1,278,820	-	-	1,278,820	1,278,820
Short-term loans to related parties	2,994,275	-	-	2,994,275	2,994,275
Current portion of long-term loans to related parties	51,000	-	-	51,000	51,000
Restricted bank deposits	1,847	-	-	1,847	1,847
Long-term loans to related parties	367,200	-	-	367,200	367,200
Total financial assets	4,819,079	-	-	4,819,079	4,819,079

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss.

4.2 Leases

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases that previously classified as operating leases measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2020. For leases that previously classified as finance leases, the Group recognised the carrying amount of the lease assets and lease liabilities before transition as right-of-use assets and lease liabilities, respectively at the date of initial application.

	(Unit: Thousand Baht)
	Consolidated financial statements
Operating lease commitments as at 31 December 2019	12,264
Less: Others	(788)
Less: Deferred interest expenses	(1,417)
Increase in lease liabilities due to the adoption of TFRS 16	10,059
Liabilities under finance lease agreements as at 31 December 2019	15,901
Lease liabilities as at 1 January 2020	25,960
Weighted average incremental borrowing rate (percent per annum)	5.15
Comprise of:	
Current lease liabilities	5,064
Non-current lease liabilities	20,896
	25,960

The adjustment of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 is summarised below:

	(Unit: Thousand Baht)
	Consolidated financial statements
Land	10,847
Total right-of-use assets	10,847

5. Significant accounting policies

5.1 Revenue and expense 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 is recognised on an accrual basis over the period of contract.

e) Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

f) Cost of real estate sales

In determining the costs of land and house 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 selling price and saleable area.

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.

g) Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

h) Dividends

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

5.2 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 three months or less and not subject to withdrawal restrictions.

5.3 Inventories

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

5.4 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.

5.5 Cost to obtain a contract

The Group recognises a commission paid to obtain a customer contract as an asset and amortises it 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 the consideration that the entity expects to receive less direct costs.

5.6 Investments in subsidiaries and joint ventures

- 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.

5.7 Investment properties

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

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

5.8 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 its 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 costs on the straight-line basis over the following estimated useful lives:

Temporary buildings and building improvement	5 and 10 years
System and utilities work	15 years
Hotel building and condominium units	20 - 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.

5.9 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.

5.10 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.

5.11 Lease

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

Accounting policies adopted since 1 January 2020

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Land	20	years
Equipment	5	years
Motor vehicles	5	years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are presented as part of property, plant and equipment in the statement of financial position.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

Accounting policies adopted before 1 January 2020

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

Leases of plant or 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.

The Group as a lessor

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

5.12 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.

5.13 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Group's functional currency.

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.

5.14 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use assets, investments and 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

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.

5.15 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 and other long-term employee benefits

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans 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.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

Past service 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.

5.16 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.

5.17 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.

5.18 Financial instruments

Accounting policies adopted since 1 January 2020

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group’s financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 60 days past due and considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Accounting policies adopted before 1 January 2020

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.

5.19 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 for land. 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

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

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.

<u>Name of related parties</u>	<u>Relationship</u>
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	Subsidiary
MDPC Company Limited	Subsidiary
MJ One Company Limited	Subsidiary
MJV2 Co., Ltd.	Subsidiary

Name of related parties	Relationship
Major SPV One Company Limited	Subsidiary
Major Residences Company Limited	Jointly controlled entity
TMDC Construction Company Limited	Jointly controlled entity
MJD-JV1 Co., Ltd.	Jointly controlled entity
MJV3 Co., Ltd.	Jointly controlled entity
Must International Trading PTE Ltd.	Shareholder of Major Residences Company Limited and MJD-JV1 Company Limited and MJV3 Co., Ltd.
GMM Singapore Real Estate PTE Ltd.	Shareholder of Major Residences Company Limited and MJD-JV1 Company Limited and MJV3 Co., Ltd.
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 and MJV3 Co., Ltd.

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 Group and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2020	2019	2020	2019	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	204	186	6.8% to 7.5% per annum (2019: 6.0% to 7.5% per annum)
Land rental income	-	-	5	5	Cost plus margin
Interest expense	-	-	-	2	2.0% per annum (2019: 7.5% per annum)
Commission expenses	-	-	14	17	Percentage of revenue
<u>Transactions with related person and parties</u>					
Interest income	19	21	19	21	4.00% to 6.95% per annum (2019: 5.025% to 5.45% per annum)
Management fee income	23	40	-	-	Cost plus margin
Interest expense	1	2	1	1	6.8% per annum (2019: 6.0% to 7.5% per annum)
Sales of land and houses and condominium units	191	8	191	-	Close to the prices charged to other customers of the same project
Purchase of assets	-	30	-	30	Market

As at 31 December 2020 and 2019, the balances of the accounts between the Group and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<u>Trade and other receivables - related parties (Note 9)</u>				
Subsidiaries	-	-	962,185	1,201,142
Joint ventures	88,028	68,385	88,028	66,651
Total other receivables - related parties	88,028	68,385	1,050,213	1,267,793
<u>Trade and other payables - related parties (Note 20)</u>				
Subsidiaries	-	-	205,000	148,591
Joint ventures	1,392	1,392	1,392	1,392
Total trade and other payable - related parties	1,392	1,392	206,392	149,983

Loans to related parties and loans from related parties

As at 31 December 2020 and 2019, the balances of loans between the Group and those related companies and the movements are as follows:

(Unit: Thousand Baht)

Short-term loans to	Interest rate (% per annum)	Separate financial statements			
		Balance as at 31 December 2019	Increase	Decrease	Balance as at 31 December 2020
		Major Development Estate Company Limited	7.50	2,624,075	28,000
Major Development Commercial Company Limited	7.50	210,000	148,500	(30,000)	328,500
Major Development Hotels and Resorts Company Limited	6.90 (2019: 7.25)	63,000	60,500	-	123,500
MJD Residences Company Limited	6.90 (2019: 7.25)	97,200	384,000	(102,400)	378,000
MJV2 Co., Ltd.	6.90	-	8,000	(8,000)	-
Total		2,994,275	629,000	(854,475)	2,768,800

(Unit: Thousand Baht)

Long-term loans to	Interest rate (% per annum)	Consolidated financial statements			
		Balance as at 31 December 2019	Increase	Decrease	Balance as at 31 December 2020
		Major Residences Company Limited	MLR - 0.75	183,600	-
MJD-JV1 Co., Ltd.	MLR - 0.75 and 1.25	234,600	-	-	234,600
MJV3 Co., Ltd.	MLR + 0.50	-	83,000	-	83,000
Total		418,200	83,000	-	501,200
Less: Allowance for impairment loss from investments in joint venture		(41,335)			(55,213)
Total		376,865			445,987
Less: Current portion		(51,000)			(244,800)
Long-term portion		325,865			201,187

(Unit: Thousand Baht)

Long-term loans to	Interest rate (% per annum)	Separate financial statements			
		Balance as at 31 December 2019	Increase	Decrease	Balance as at 31 December 2020
		Major Residences Company Limited	MLR - 0.75	183,600	-
MJD-JV1 Co., Ltd.	MLR - 0.75 and 1.25	234,600	-	-	234,600
MJV3 Co., Ltd.	MLR + 0.50	-	83,000	-	83,000
MJR Development Company Limited	6.8	-	300,00	-	300,000
Total		418,200	383,000	-	801,200
Less: Current portion		(51,000)			(244,800)
Long-term portion		367,200			556,400

Loans to related parties is due for payment within February 2021 to December 2024.

(Unit: Thousand Baht)

Short-term loan from	Interest rate (% per annum)	Consolidated financial statements			
		Balance as at 31 December 2019	Increase	Decrease	Balance as at 31 December 2020
		Related parties	6.8	-	50,000
Total		-	50,000	(50,000)	-

(Unit: Thousand Baht)

Short-term loans from	Interest rate (% per annum)	Separate financial statements			
		Balance as at 31 December 2019	Increase	Decrease	Balance as at 31 December 2020
		Major Development Residences Company Limited	2.0	-	106,000
Related parties	6.8	-	50,000	(50,000)	-
Total		-	156,000	(50,000)	106,000

Directors and management's benefits

During the years ended 31 December 2020 and 2019, the Group had employee benefit expenses payable to its directors and management as below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Short-term employee benefits	186	154	8	24
Post-employment benefits	3	2	-	-
Total	189	156	8	24

Guarantee obligations with related parties

The Company has obligations in respect of guarantees of subsidiaries obtained from banks and unrelated parties as described in Note 34.4 to the financial statements, for which no guarantee fee has been charged.

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Cash	1,033	1,053	79	89
Bank deposits	1,547,094	387,633	676,463	125,848
Total	1,548,127	388,686	676,542	125,937

As at 31 December 2020, bank deposits in saving accounts and fixed deposits carried interests between 0.05% and 1.7% per annum (2019: 0.2% and 0.75% per annum).

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Past due				
Up to 3 months	10,424	19,703	-	-
3 - 6 months	3,298	566	-	-
6 - 12 months	997	455	-	-
Over 12 months	674	280	-	-
Total trade receivables - unrelated parties	15,393	21,004	-	-
<u>Other receivables</u>				
Other receivables and advances - related parties	22,038	21,421	657,224	983,824
Other receivables and advances - unrelated parties	31,540	21,118	18,866	11,027
Interest receivables - related parties	65,990	46,964	392,989	283,969
Total other receivables	119,568	89,503	1,069,079	1,278,820
Total trade and other receivables	134,961	110,507	1,069,079	1,278,820

10. Real estate development cost

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Land and construction under development	3,048,010	5,355,675	-	-
Developed land and construction	5,396,728	5,146,279	367,210	883,852
Net	8,444,738	10,501,954	367,210	883,852

During the year, subsidiaries capitalised interest amounting to Baht 98 million (2019: Baht 219 million) to the land and construction under development. The capitalisation rates of interest are based on the borrowing costs of the specific loans, as described in Notes 7, 21 and 22 to the financial statements.

As at 31 December 2020 and 2019, 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	
	2020	2019	2020	2019
Net book values of land and construction thereon that have been pledged as collateral	7,829	10,252	-	756
Net book values of land and construction thereon that have been guaranteed due to legal cases	58	75	58	69

11. Costs to obtain a contract with a customer

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Net book value at beginning of year	473,973	593,019	1,318	25,480
Additions	191,232	351,593	40,900	207,174
Amortisation	(444,772)	(470,639)	(42,218)	(231,336)
Net book value at end of year	220,433	473,973	-	1,318

12. Restricted bank deposits

These represent bank deposits to secure credit facilities from banks and 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:

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment of investments		(Unit: Thousand Baht) Carrying amounts based on cost method-net	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
			(%)	(%)						
Major Development Hotels and Resorts Company Limited	400,000	400,000	100	100	399,999	399,999	(239,800)	(239,800)	160,199	160,199
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	750,000	100	100	750,000	750,000	-	-	750,000	750,000
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	900,000	700,000	100	100	900,000	700,000	-	-	900,000	700,000
MDPC Company Limited	10,000	8,000	100	100	9,999	7,999	-	-	9,999	7,999
MJV2 Co., Ltd.	50,000	-	100	-	50,000	-	-	-	50,000	-
Total					<u>5,532,747</u>	<u>5,280,747</u>	<u>(603,423)</u>	<u>(603,423)</u>	<u>4,929,324</u>	<u>4,677,324</u>

Movements of the investments in subsidiaries during the year ended 31 December 2020 are as follows:

Major Development Commercial Company Limited

In April 2020, Major Development Commercial Company Limited (“subsidiary”) approved an increase in the registered share capital from Baht 700 million to Baht 900 million, by issuing additional 2,000,000 ordinary shares with a par value of Bath 100. The Company fully paid the above share capital and its subsidiary registered the increase with the Ministry of Commerce on 9 April 2020.

MCPC Company Limited

In December 2020, MCPC Company Limited (“the subsidiary”) approved an increase in the registered share capital from Baht 8 million to Baht 10 million, by issuing additional 20,000 ordinary shares with a par value of Bath 100. The Company fully paid the above share capital and its subsidiary registered the increase with the Ministry of Commerce on 25 December 2020.

MJV2 Co., Ltd.

The Company invested in MJV2 Co., Ltd. (a subsidiary), a newly incorporated company to engage in development of properties for sales. The new company has a registered capital of Baht 2 million and was registered with the Ministry of Commerce on 13 July 2020. The Company acquired 20,000 ordinary shares, accounting for 100% of the total shares, and made share payment totaling Baht 0.5 million, or 25% of the registered capital in July 2020, and Baht 1.5 million for the remaining shares in August 2020. The subsidiary registered the share capital increase with the Ministry of Commerce on 21 August 2020.

In December 2020, the subsidiary approved an increase in the registered share capital from Baht 2 million to Baht 50 million, by issuing additional 480,000 ordinary shares with a par value of Bath 100. The Company fully paid the above share capital and its subsidiary registered the increase with the Ministry of Commerce on 14 December 2020.

Major Development Estate Company Limited

In November 2019, the subsidiary entered into a to sell and to purchase share agreement to acquire 400,000 ordinary shares of a company including any new shares in the future, representing 100% of the shareholding in such company, with a contract value of Baht 1,653 million. The agreement required that such company shall not have any trade payable, liability and responsibility expect when allowed by the subsidiary and the outstanding liability shall be deducted from the purchase price. The subsidiary made advance payment of Baht 165 million to the seller. The share transfer will be registered in July 2020. As at 31 December 2019, the subsidiary presented this advance payment as "Prepayment for purchase of shares" in the statement of financial position.

In 2020, such company increased its share capital from 400,000 ordinary shares to 2,000,000 ordinary shares at the same purchase price. In March and August 2020, the subsidiary entered into 2 addenda to sell and to purchase share agreement to amend share transfer date to 31 December 2021 and to pay additional compensation due to the postponement at rate MLR of a financial institution calculating from 1 January 2021 until the transfer date.

In 2020, the Company made advance payment Baht 233 million to the seller (cumulative advance payment of Baht 398 million).

In December 2020, The subsidiary invested in Major SPV One Company Limited (a newly incorporated company) to engage in development of properties for sales. The new company has a registered capital of Baht 100 million and was registered with the Ministry of Commerce on 9 December 2020. The subsidiary acquired 1,000,000 ordinary shares, accounting for 100% of the total shares, and made share payment totaling Baht 25 million, or 25% of the registered capital.

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	
			2020	2019	2020	2019	2020	2019
			(%)	(%)				
Major Residences Company Limited	Development of properties for sales	Thailand	51	51	12,750	12,750	57,102	108,548
TMDC Construction Company Limited	Construction service	Thailand	51	51	81,599	81,599	46,390	47,285
MJD-JV1 Co., Ltd.	Development of properties for sales	Thailand	51	51	510	510	-	-
MJV3 Co., Ltd.	Development of properties for sales	Thailand	51	-	5,100	-	5,016	-
Total					99,959	94,859	108,508	155,833

(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	
			2020	2019	2020	2019	2020	2019	2020	2019
			(%)	(%)						
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 Co., Ltd.	Development of properties for sales	Thailand	51	51	510	510	-	-	510	510
MJV3 Co., Ltd.	Development of properties for sales	Thailand	51	-	5,100	-	-	-	5,100	-
Total					99,959	94,859	(31,869)	(31,869)	68,090	62,990

Movement of the investment in joint venture during the year ended 31 December 2020 is as follows:

MJV3 Co., Ltd.

The Company invested in MJV3 Co., Ltd., a newly incorporated company to engage in development of properties for sales. The new company has a registered capital of Baht 10 million and was registered with the Ministry of Commerce on 27 October 2020. The Company acquired 50,997 ordinary shares, accounting for 51% of the total shares, and the Company paid the above share capital.

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:

(Unit: Thousand Baht)

Joint ventures	Consolidated financial statements				Separate financial statements	
					Share of other	
	Share of profit (loss) from investments in joint ventures during the year		comprehensive income from investments in joint ventures during the year		Dividend received during the year	
	2020	2019	2020	2019	2020	2019
Major Residences Company Limited	147,448	202,611	-	-	198,894	402,887
TMDC Construction Company Limited	(895)	(2,533)	-	-	-	-
MJD-JV1 Co., Ltd.	(13,878)	(28,091)	-	-	-	-
MJV3 Co., Ltd.	(84)	-	-	-	-	-
Total	132,591	171,987	-	-	198,894	402,887

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	
	2020	2019	2020	2019
	Cash and cash equivalent	80	76	8
Real estate development cost	1,445	1,945	1,836	1,445
Advances for construction	46	47	32	45
Other current assets	56	41	2	18
Cost to obtain contracts with customers	10	46	42	43
Other non-current assets	32	45	53	49
Total assets	1,669	2,200	1,973	1,608
Current portion of long-term loan	1,006	871	61	-
Deposits and advances from customers	210	479	359	313
Other current liabilities	251	228	189	86
Long-term loans	-	294	1,420	1,252
Total liabilities	1,467	1,872	2,029	1,651

	(Unit: Million Baht)			
	Major Residences		MJD-JV1	
	Company Limited		Company Limited	
	2020	2019	2020	2019
Net assets	202	328	(56)	(43)
Shareholding percentage (%)	51	51	51	51
Net assets in proportion of shareholding percentage	103	168	(29)	(22)
Elimination entries	(46)	(59)	(26)	(19)
Carrying amounts of joint ventures based on equity method	<u>57</u>	<u>109</u>	<u>(55)</u>	<u>(41)</u>

Summarised information about comprehensive income

	(Unit: Million Baht)			
	For the years ended 31 December			
	Major Residences		MJD-JV1	
	Company Limited		Company Limited	
	2020	2019	2020	2019
Revenue	1,267	1,275	-	-
Other income	14	3	4	-
Cost of sales	(781)	(662)	-	-
Selling and administrative expenses	(119)	(128)	(21)	(40)
Finance cost	(22)	(1)	-	-
Income tax income (expenses)	(58)	(98)	7	3
Profit (loss)	301	389	(10)	(37)
Shareholding percentage (%)	51	51	51	51
Profit (loss) in proportion of shareholding percentage	154	198	(5)	(19)
Elimination entries	(7)	5	(9)	(9)
Share of profit (loss) from investments in joint ventures	<u>147</u>	<u>203</u>	<u>(14)</u>	<u>(28)</u>

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 2019	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
Additions	-	435	-	108,425	108,860
Capitalised interest	-	-	-	64,684	64,684
Transferred to property, plant and equipment	-	117,606	-	-	117,606
Adjust	-	(1,283)	-	-	(1,283)
Disposals	-	-	(9,920)	-	(9,920)
Gain on change in fair value of investment properties	6,800	102,011	-	-	108,811
Net book value as at 31 December 2020	762,164	1,812,726	5,520	1,163,385	3,743,795

(Unit: Thousand Baht)

Separate financial statements					
	Land awaiting for sale and land for rent project	Land and building for rent projects	Condominium units for rent	Construction in progress	Total
Net book value as at 1 January 2019	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
Disposals	-	-	(9,920)	-	(9,920)
Gain on change in fair value of investment properties	25,550	-	-	-	25,550
Net book value as at 31 December 2020	797,242	-	5,520	-	802,762

During the year 2020, a subsidiary capitalised interest of Baht 65 million (2019: Baht 50 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.

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 (%)	90%	Increase
Discount rate (%)	10%	Decrease
Rental rate (Baht/m ²)	650	Increase

The Group has pledged investment properties with carrying values as at 31 December 2020 amounting to Baht 3,738 million (Separate financial statements: Baht 797 million) (2019: Baht 2,597 million, Separate financial statements: Baht 772 million) with commercial banks as collateral against credit facilities received from banks and guarantee at the Court and the issuance of the debentures.

16. Property, plant and equipment

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Net book value				
Property, plant and equipment	2,642,198	2,712,302	52,492	58,666
Right-of-use assets (Note 23)	42,646	28,412	2,768	3,538
Total	<u>2,684,844</u>	<u>2,740,714</u>	<u>55,260</u>	<u>62,204</u>

Movements of property, plant and equipment for the years ended 31 December 2020 and 2019 are summarised below.

(Unit: Thousand Baht)

Consolidated financial statements							
Revaluation basis	Cost basis						Total
	Land	Right-of-use assets (Land)	Buildings, and building improvements	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	
Cost/Revalued amount:							
1 January 2019	993,697	-	1,686,470	324,922	38,769	18,063	3,061,921
Additions	-	-	38,372	14,150	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
Adjustments of right-of-use assets due to TFRS 16 adoption (Note 4)							
	-	10,847	-	-	-	-	10,847
Additions	133	-	71,583	18,295	25,876	77,370	193,257
Capitalised interest	-	-	-	-	-	780	780
Disposals	(33,631)	-	(13,960)	(855)	(1,859)	-	(50,305)
Write-off	-	-	(5,895)	(57,443)	-	-	(63,338)
Transferred to investment properties							
	(95,750)	-	(24,955)	-	-	-	(120,705)
Transfers in (out)	-	-	170,927	313	-	(171,240)	-
Transferred from real estate development cost							
	26,147	-	4,183	4,500	-	-	34,830
Revaluations	4,043	-	-	-	-	-	4,043
31 December 2020	1,125,443	10,847	1,854,412	319,674	68,661	8,431	3,387,468
Accumulated depreciation:							
1 January 2019	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
Depreciation for the year	-	502	80,338	41,945	7,174	-	129,959
Depreciation on disposals	-	-	(1,487)	(799)	(1,207)	-	(3,493)
Depreciation on write-off	-	-	(3,636)	(54,452)	-	-	(58,088)
Depreciation for transferred to Investment properties							
	-	-	(3,099)	-	-	-	(3,099)
31 December 2020	2,366	502	405,283	237,684	41,554	-	687,389

(Unit: Thousand Baht)

Consolidated financial statements

	Revaluation basis		Cost basis				Total
	Land	Right-of-use assets (Land)	Buildings, and building improvements	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	
Allowance for impairment loss:							
1 January 2019	-	-	835	-	-	-	835
Increase	-	-	14,400	-	-	-	14,400
31 December 2019	-	-	15,235	-	-	-	15,235
31 December 2020	-	-	15,235	-	-	-	15,235
Net book value:							
31 December 2019	1,222,135	-	1,304,127	103,874	9,057	101,521	2,740,714
31 December 2020	1,123,077	10,345	1,433,894	82,990	27,107	8,431	2,684,844
Depreciation for the year							
2019 (Baht 76 million included in cost from hotel operations, and the balance in administrative expenses)							144,618
2020 (Baht 85 million included in cost from hotel operations, and the balance in administrative expenses)							129,959

(Unit: Thousand Baht)

Separate financial statements

	Cost basis			
	Buildings, and building improvements	Furniture, fixtures and office equipment	Motor vehicles	Total
Cost/Revalued amount:				
1 January 2019	58,175	77,867	24,431	160,473
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	185,749
Disposals	-	(305)	(245)	(550)
Write-off	(93)	(42,899)	-	(42,992)
31 December 2020	79,985	34,186	28,036	142,207
Accumulated depreciation:				
1 January 2019	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
Depreciation for the year	3,988	2,179	770	6,937
Depreciation on disposals	-	(304)	(245)	(549)
Depreciation on write-off	(93)	(42,893)	-	(42,986)
31 December 2020	27,755	33,089	25,268	86,112

(Unit: Thousand Baht)

	Separate financial statements			
	Cost basis			
	Buildings, and building improvements	Furniture, fixtures and office equipment	Motor vehicles	Total
Allowance for impairment loss:				
1 January 2019	835	-	-	835
31 December 2019	835	-	-	835
31 December 2020	835	-	-	835
Net book value:				
31 December 2019	55,383	3,283	3,538	62,204
31 December 2020	51,395	1,097	2,768	55,260
Depreciation for the year				
2019 (included in administrative expenses)				5,646
2020 (included in administrative expenses)				6,937

The Group arranged for an independent professional valuer to appraise the value of land in 2020 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 2020 and 2019 would have been approximately Baht 728 million and Baht 779 million, respectively.

During the year 2020, subsidiaries capitalised interest of Baht 1 million (2019: Baht 4 million) to the cost of construction in progress. The capitalisation rates of interest were MLR.

As at 31 December 2020, 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 152 million (2019: Baht 206 million).

Land, buildings and building improvements of the Group with carrying values as at 31 December 2020 amounting to Baht 2,162 million (Separate financial statements: Baht 9 million) (2019: Baht 2,579 million, Separate financial statements: Baht 10 million) have been mortgaged with local commercial banks as collateral against credit facilities received from banks and guarantee at the Court and the issuance of the debentures.

17. Intangible assets

The net book value of intangible assets as at 31 December 2020 and 2019 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Computer software	Computer software under installation	Total	Computer software	Computer software under installation	Total
	As at 31 December 2020					
Cost	37,079	1,753	38,832	7,520	533	8,053
<u>Less</u> Accumulated amortisation	(19,196)	-	(19,196)	(5,020)	-	(5,020)
Net book value	<u>17,883</u>	<u>1,753</u>	<u>19,636</u>	<u>2,500</u>	<u>533</u>	<u>3,033</u>
As at 31 December 2019						
Cost	46,486	1,327	47,813	15,540	-	15,540
<u>Less</u> Accumulated amortisation	(24,560)	-	(24,560)	(11,378)	-	(11,378)
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>

A reconciliation of the net book value of intangible assets for the years 2020 and 2019 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	Net book value at beginning of year	23,253	40,680	4,162
Acquisition of computer software	2,327	3,117	533	284
Transfers out	-	(15,704)	-	-
Disposals	(1,042)	-	(13)	-
Amortisation	(4,902)	(4,840)	(1,649)	(1,918)
Net book value at end of year	<u>19,636</u>	<u>23,253</u>	<u>3,033</u>	<u>4,162</u>

18. Bank overdrafts

(Unit: Thousand Baht)

	Interest rate		Consolidated financial statements		Separate financial statements	
	(% per annum)		2020	2019	2020	2019
	Bank overdrafts	-	MOR	-	968	-
Total			<u>-</u>	<u>968</u>	<u>-</u>	<u>-</u>

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. Short-term bills of exchange

	Interest rate (% per annum)		(Unit: Thousand Baht)	
			Consolidated/Separate	
	2020	2019	financial statements	
	2020	2019	2020	2019
Bills of exchange - Face value			242,000	367,000
Less: Prepaid interest expenses	6.25 - 6.75	6.00 - 6.75	(2,455)	(8,857)
Total			239,545	358,143
Less: Unamortised costs related to the issuance of the bills of exchange			-	(344)
Bills of exchange - net			239,545	357,799

20. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Trade payables and other payables - unrelated parties	574,860	709,578	46,178	70,153
Advances received from related parties	1,392	1,392	206,026	149,983
Advances received from unrelated parties	5,936	7,065	4,715	7,038
Accrued interest expenses - related party	-	-	366	-
Accrued interest expenses - unrelated parties	53,695	57,709	48,662	53,472
Accrued expenses - unrelated parties	77,236	146,080	1,329	1,983
Total trade and other payables	713,119	921,824	307,276	282,629

21. Long-term loans from financial institutions

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Long-term loans from financial institutions	4,222,337	4,627,867	-	-
Less: current portion	(1,549,502)	(1,891,775)	-	-
Long-term portion	2,672,835	2,736,092	-	-

Movements of the long-term loans account for the year ended 31 December 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2020	4,627,867	-
Add: Additional borrowings	3,498,492	96,726
Less: Repayment	(3,904,022)	(96,726)
Balance as at 31 December 2020	4,222,337	-

Long-term loans of the Group 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 2021 to 2031.

The Group has placed deposits at banks and 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 loans 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.

As at 31 December 2020, the subsidiaries had credit facilities which have not drawn down of Baht 5,013 million (2019: Baht 4,222 million).

22. 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 long-term debentures as at 31 December 2020 and 2019 are detailed below.

(Unit: Million Baht)

Year of issuance	Interest rate (% p.a.)		Terms (years)		Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019	2020	2019	2020	2019
	2018	-	6.7 - 7.0	-	1.5 - 2	-	1,700	-
2019	6.7 - 7.0	6.7 - 7.0	2 - 2.5	2 - 2.5	4,000	4,000	4,000	4,000
2020	6.8	-	2 - 2.8	-	2,139	-	1,989	-
Total long-term debentures - at face value					6,139	5,700	5,989	5,700
Less: Prepaid interest expenses					(6)	-	(6)	-
Less: Unamortised costs relating to the issuance of the debentures					(38)	(47)	(34)	(47)
Long-term debentures - net					6,095	5,653	5,949	5,653
Less: Long-term debentures - portion due within one year					(3,291)	(1,695)	(3,291)	(1,695)
Debentures - portion due over one year					2,804	3,958	2,658	3,958

The debenture of Baht 500 million, which was issued in 2020, is secured by the mortgage of the subsidiaries' land and building and investment properties.

23. Leases

23.1 The Group as a lessee

The Group has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 4 - 20 years.

a) Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Land	Office	Motor	Total
		equipment	vehicles	
As at 1 January 2020	10,847	9,940	7,625	28,412
Additions	-	-	25,390	25,390
Disposals	-	-	(652)	(652)
Depreciation for the year	(502)	(3,236)	(6,766)	(10,504)
As at 31 December 2020	10,345	6,704	25,597	42,646

	(Unit: Thousand Baht)
	Separate financial statements
	Motor vehicles
As at 1 January 2020	3,538
Depreciation for the year	(770)
As at 31 December 2020	<u>2,768</u>

b) Lease liabilities

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Lease payment	40,188	17,395	2,002	2,752
Less: Deferred interest expenses	(3,474)	(1,494)	(141)	(260)
Total	36,714	15,901	1,861	2,492
Less: Portion due within one year	(10,092)	(5,064)	(667)	(632)
Lease liabilities - net of current portion	<u>26,622</u>	<u>10,837</u>	<u>1,194</u>	<u>1,860</u>

A maturity analysis of lease payments is disclosed in Note 36 under the liquidity risk.

c) Expenses relating to leases that are recognised in profit or loss

	(Unit: Thousand Baht)	
	For the year ended 31 December 2020	
	Consolidated	Separate
	financial statements	financial statements
Depreciation expense of right-of-use assets	10,504	770
Interest expense on lease liabilities	1,513	119

23.2 Group as a lessor

The Group has entered into operating leases for its investment property portfolio consisting of [office and manufacturing building] (see Note 15) of the lease terms are between 1 - 25 years.

The Group has future minimum rentals receivable under non-cancellable operating leases as at 31 December 2020 and 2019 as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Within 1 year	105	102	4	5
Over 1 and up to 5 years	111	156	8	9
Over 5 years	-	-	16	19
Total	216	258	28	33

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	
	2020	2019	2020	2019
Provision for long-term employee benefits at beginning of year	50,440	29,739	7,382	4,322
Included in profit or loss:				
Current service cost	3,544	8,484	403	1,277
Interest cost	1,177	1,081	144	132
Past service cost	-	8,392	-	1,439
Included in other comprehensive income:				
Actuarial loss arising from				
Demographic assumptions changes	823	-	-	-
Financial assumptions changes	1,310	2,744	-	212
Experience adjustments	5,584	-	-	-
Adjusted	(7,939)	-	(7,929)	-
Provision for long-term employee benefits at end of year	54,939	50,440	-	7,382

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 14 - 27 years (2019: 17 - 27 years, the Company only: 23 years).

Significant actuarial assumptions are summarised below:

(Unit: % per annum)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Discount rate	1.49 - 3.07	1.40 - 2.79	-	1.40
Future salary increase rate	3 - 7	3.00 - 7.00	-	7.00
Staff turnover rate	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 2020 and 2019 are summarised below:

(Unit: Million Baht)

As at 31 December 2020

	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(2,213)	2,365	-	-
Salary increase rate	2,615	(2,451)	-	-
Staff turnover rate	(3,255)	(3,811)	-	-

(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

25. Revaluation surplus

This represents surplus arising from revaluation of property. Movements of revaluation surplus account for the years ended 31 December 2020 and 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	2020	2019
Balance - beginning of year	244,221	192,272
Add: Revaluations	4,042	81,896
Less: Impairment	-	(16,960)
Less: Income tax effect	(808)	(12,987)
Balance - end of year	<u>247,455</u>	<u>244,221</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Type of goods:				
Revenue from land and houses sales	1,277,500	545,590	-	-
Revenue from residential condominium units sales	<u>5,400,003</u>	<u>4,894,398</u>	<u>797,227</u>	<u>1,545,470</u>
Total revenue from contracts with customers	<u>6,677,503</u>	<u>5,439,988</u>	<u>797,227</u>	<u>1,545,470</u>

27.2 Revenue to be recognised for the remaining performance obligations

As at 31 December 2020, revenue totaling Baht 2,944 million (2019: Baht 6,948 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. Finance income

Finance income consists of interest income on debt instruments measured at amortised cost and the majority of finance income is the interest income from related party loans.

29. Finance cost

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2020	2019	2020	2019
Interest expenses on bills of exchange	17,601	8,113	17,601	8,313
Interest expenses on borrowings	35,545	82,950	3,591	12,288
Interest expenses on debentures	404,913	293,541	403,571	390,353
Interest expenses on lease liabilities	1,513	771	119	47
Front-end fee	31,564	32,702	30,768	30,860
Total	490,136	418,277	455,650	441,861

30. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2020	2019	2020	2019
Purchase of land and payment of construction during the year	2,739,734	2,774,001	386	16,539
Changes in real estate development cost	2,057,216	619,376	516,642	898,470
Salary, wages and other employee benefits	626,419	718,142	8,591	27,974
Depreciation and amortisation	134,861	146,769	8,586	7,564
Commission expenses	444,772	470,639	42,218	231,336
Advertising and promotion expenses	140,002	169,589	14,210	40,913
Specific business tax	242,070	186,633	30,249	54,945

31. Income tax

Income tax expenses for the years ended 31 December 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Current income tax:				
Current income tax charge	111,519	98,968	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	4,871	(62,466)	25,066	(7,290)
Expenses (income) tax reported in profit or loss	116,390	36,502	25,066	(7,290)

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Actuarial gain (loss)	(1,332)	(549)	42	(42)
Deferred tax on gain from revaluation of land	(808)	12,987	-	-
Total	(2,140)	12,438	42	(42)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Accounting profit before tax	315,726	357,473	91,546	300,480
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	63,145	71,495	18,309	60,096
Unrecognised deferred tax assets				
- Unused tax losses	48,065	56,694	22,454	42,862
- Impairment loss on investments	-	-	-	10,560
- Impairment loss on fixed assets	-	2,880	-	-
- Provisions	-	(1,170)	-	(1,170)

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Recognition of previously unrecognised deferred tax assets	(9,612)	(101,509)	6,506	(65,370)
Reversal of previously recognised deferred tax assets	34,750	24,289	17,576	22,932
Effects of eliminated transactions	-	13,750	-	-
Effects of:				
- Non-deductible income and expenses	7,389	2,711	(39,779)	(80,577)
- Share of gain from investments in joint ventures	(26,518)	(34,397)	-	-
- Others	(829)	1,759	-	3,377
Expenses (income) tax reported in profit or loss	<u>116,390</u>	<u>36,502</u>	<u>25,066</u>	<u>(7,290)</u>

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

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Deferred tax assets				
Accrued expenses	11,404	25,624	3,346	3,398
Provision for long-term employee benefits	4,208	5,365	-	1,476
Unearned income	4,620	6,673	4,199	5,357
Unused tax losses	142,838	150,569	-	17,576
Provision for impairment on investment properties	1,220	-	-	-
Total	<u>164,290</u>	<u>188,231</u>	<u>7,545</u>	<u>27,807</u>
Deferred tax liabilities				
Cost to obtain contracts with customers	44,087	94,795	-	264
Gain on change in fair value of investment properties	135,426	102,042	138,302	133,192
Surplus on revaluation of lands	87,387	89,656	-	-
Total	<u>266,900</u>	<u>286,493</u>	<u>138,302</u>	<u>133,456</u>

As at 31 December 2020, the Group has deductible temporary differences and unused tax losses totaling Baht 274 million (2019: Baht 600 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 2021 - 2025.

32. 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 2020 and 2019, respectively.

(Unit: Million Baht)

	For the years ended 31 December								Consolidated	
	Development of properties		Hotel business		Rental business		Elimination		financial statements	
	for sales									
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue from external customers	7,081	5,555	156	304	62	69	-	-	7,299	5,928
Inter-segment revenue	66	60	1	1	35	33	(102)	(94)	-	-
Total revenue	7,147	5,615	157	305	97	102	(102)	(94)	7,299	5,928
Cost of sale and services	(4,923)	(3,463)	(161)	(214)	(27)	(27)	55	45	(5,056)	(3,659)
Gross profit	2,224	2,152	(4)	91	70	75	(47)	(49)	2,243	2,269
Gain on change in fair value of investment properties	112	40	-	-	(3)	16	-	-	109	56
Operating expenses	(1,731)	(1,802)	(64)	(125)	(30)	(15)	89	96	(1,736)	(1,846)
Segment operation profit (loss) before share of profit from investment in joint ventures	605	390	(68)	(34)	37	76	42	47	616	479
Share of profit from investments in joint ventures	132	172	-	-	-	-	-	-	132	172
Segment operating profit (loss)	737	562	(68)	(34)	37	76	42	47	748	651
Finance income	237	225	-	-	-	-	(215)	(201)	22	24
Finance cost	(648)	(558)	(38)	(43)	(18)	(18)	214	201	(490)	(418)
Other income	235	98	1	1	3	1	(203)	-	36	100
Income tax income (expenses)	(122)	(35)	-	-	1	(4)	4	3	(117)	(36)
Profit (loss) for the year	439	292	(105)	(76)	23	55	(158)	50	199	321
Depreciation and amortisation	(43)	(68)	(84)	(70)	(7)	(7)	-	-	(134)	(145)

(Unit: Million Baht)

As at 31 December

	Development of properties								Consolidated	
	for sales		Hotel business		Rental business		Elimination		financial statements	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Segment total assets										
Trade and other receivables	1,343	1,841	6	16	174	163	(1,388)	(1,909)	135	111
Real estate development cost	8,465	10,514	-	-	-	-	(20)	(12)	8,445	10,502
Investment properties	1,786	881	-	-	2,599	2,474	(641)	-	3,744	3,355
Property, plant and equipment	264	615	1,192	867	1,038	1,084	191	175	2,685	2,741
Investments in joint ventures accounted by the equity method	109	156	-	-	-	-	-	-	109	156
Others	11,813	10,040	64	16	26	101	(8,257)	(7,437)	3,646	2,720
Total	23,780	24,047	1,262	899	3,837	3,822	(10,115)	(9,183)	18,764	19,585

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 years 2020 and 2019, the Group has no major customer which revenue of 10% or more of an entity's revenues.

33. Provident fund

The Group and its employees have 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 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 year 2020, the Group contributed Baht 6 million (Separate financial statements: None) (2019: Baht 13 million, Separate financial statements: Baht 1 million) to the fund.

34. Commitments and contingent liabilities

34.1 Capital commitments

The subsidiaries had capital commitments as follows.

	(Unit: Million Baht)	
	As at 31 December	
	2020	2019
The purchases of land agreements	2,565	1,032
Sell and to purchase share agreement	1,255	1,510

34.2 Servitude

As at 31 December 2020, subsidiaries had servitude over land approximately 5 rai (2019: 4 rai). Cost of servitude over land is included in real estate development cost, investment properties, and property, plant and equipment.

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

As at 31 December 2020, subsidiaries had commitments from construction agreements related to projects development and office building for rental of Baht 259 million (2019: Baht 1,584 million).

34.4 Bank guarantees

- (1) The Company has guaranteed bank credit facilities of related parties amounting to Baht 13,634 million (2019: Baht 12,752 million).
- (2) As at 31 December 2020 and 2019, 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		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Bank guarantees for electricity use	3	5	1	2
Bank guarantees for public utility	1	31	-	-
Bank guarantees for payments				
due to creditors	4	1	-	-
Total	8	37	1	2

As at 31 December 2020, the Group placed deposits at banks of Baht 6.7 million (Separate financial statements: Baht 1.9 million) (2019: Baht 38.5 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.

34.5 Long-term service commitment

A subsidiary has 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 10 years, starting from the hotel renovation is completed. Under the terms of the above agreement, the subsidiary commits to pay a management fee and incentive fee, at the rates indicated in the agreement.

34.6 Litigations

As at 31 December 2020, the following lawsuits have been filed against the Group and joint ventures.

- a) The Group was sued by third parties on ground of seeking refunds of payments for condominiums, payment of construction and other expenses, and a joint defendant with the constructor for damaged properties in 27 cases, claiming damages of Baht 239 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 125 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 13 million (2019: 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.
- d) A joint venture was sued by third party on ground of seeking breach of construction contract and refunds accrued payment of construction claiming damages of Baht 218 million. However, a joint venture countersued on the ground that third party failed to deliver the work within the agreed deadline and demanded compensatory damages for the work delay of Baht 422 million. Currently, the case is considering by the Court of First Instance. 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 case and considers that the case 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.

35. Fair value hierarchy

As at 31 December 2020 and 2019, the Group had the assets that were measured at fair value and liabilities which fair value was disclosed using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated Financial Statements				
As at 31 December 2020				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Land (under property, plant and equipment account)	-	1,123	-	1,123
Investment properties	-	3,024	720	3,744
Financial liabilities measured at fair value				
Debentures	-	6,157	-	6,157

(Unit: Million Baht)

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

(Unit: Million Baht)

Separate Financial Statements				
As at 31 December 2020				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment properties	-	803	-	803
Financial liabilities measured at fair value				
Debentures	-	6,007	-	6,007

(Unit: Million Baht)

	Separate Financial Statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment properties	-	787	-	787
Financial liabilities measured at fair value				
Debentures	-	5,776	-	5,776

36. Financial instruments

36.1 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade receivables, loans lending, investments, short-term and long-term loans, and debentures. 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 receivables, loans, deposits with banks and financial institutions. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade receivables

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored and subject to enforcement activity based on cost-benefit subjection.

Financial instruments and cash deposits

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the financial management, and may be updated throughout the year subject to approval of the management. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments and derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

There are market risks comprising interest rate risk and currency risk.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its short-term loans, long-term loans, bills of exchange, debentures, short-term borrowings and long-term borrowings. Most of the Group's financial assets and liabilities bear fixed interest rates which are close to the market rate.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

As at 31 December 2020 and 2019, 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					Interest rate (% p.a.)
	2020					
	Fixed interest rates within 1 year	Fixed interest rates over 1 year to 5 years	Floating interest rate	Non- interest bearing	Total	
Financial assets						
Cash and cash equivalents	-	-	1,548	-	1,548	0.05 - 1.70
Trade and other receivables	-	-	-	135	135	-
Restricted bank deposits	7	-	26	-	33	0.10 - 0.25
Loans to related parties	-	-	446	-	446	MLR
	<u>7</u>	<u>-</u>	<u>2,020</u>	<u>135</u>	<u>2,162</u>	
Financial liabilities						
Bills of exchange	240	-	-	-	240	6.25 - 6.75
Trade and other payables	-	-	-	713	713	-
Debentures	3,291	2,804	-	-	6,095	6.70 - 7.00
Long-term loans from financial institutions	-	-	4,222	-	4,222	MLR
	<u>3,531</u>	<u>2,804</u>	<u>4,222</u>	<u>713</u>	<u>11,270</u>	

(Unit: Million Baht)

Consolidated financial statements						
2019						
Fixed interest rates		Floating	Non-	Total	Interest rate	(% p.a.)
within 1 year	over 1 year to 5 years	interest rate	interest bearing			
Financial assets						
Cash and cash equivalents	-	-	389	-	389	0.20 - 0.75
Trade and other receivables	-	-	-	111	111	-
Restricted bank deposits	49	-	13	-	62	0.37 - 0.75
Loans to related parties	-	-	377	-	377	MLR
	49	-	779	111	939	
Financial liabilities						
Bills of exchange	358	-	-	-	358	6.00 - 6.75
Trade and other payables	-	-	-	922	922	-
Debentures	1,695	3,958	-	-	5,653	6.70 - 7.00
Long-term loans from financial institutions	-	-	4,628	-	4,628	MLR
	2,053	3,958	4,628	922	11,561	

(Unit: Million Baht)

Separate financial statements						
2020						
Fixed interest rates		Floating	Non-	Total	Interest rate	(% p.a.)
within 1 year	over 1 year to 5 years	interest rate	interest bearing			
Financial assets						
Cash and cash equivalents	-	-	677	-	677	0.05 - 1.25
Trade and other receivables	-	-	-	1,069	1,069	-
Restricted bank deposits	2	-	-	-	2	0.15 - 0.25
Loans to related parties	2,769	-	801	-	3,570	6.80 - 7.5
	2,771	-	1,478	1,069	5,318	
Financial liabilities						
Bills of exchange	240	-	-	-	240	6.25 - 6.75
Trade and other payables	-	-	-	307	307	-
Debentures	3,291	2,657	-	-	5,948	6.70 - 7.00
	3,531	2,657	-	307	6,495	

(Unit: Million Baht)

	Separate financial statements					Interest rate (% p.a.)
	2019					
	Fixed interest rates		Floating	Non-	Total	
	within 1 year	over 1 year to 5 years	interest rate	interest bearing		
Financial assets						
Cash and cash equivalents	-	-	126	-	126	0.20 - 0.75
Trade and other receivables	-	-	-	1,279	1,279	-
Restricted bank deposits	2	-	-	-	2	0.37 - 0.75
Loans to related parties	2,994	-	418	-	3,412	6.00 - 7.50
	<u>2,996</u>	<u>-</u>	<u>544</u>	<u>1,279</u>	<u>4,819</u>	
Financial liabilities						
Bills of exchange	358	-	-	-	358	6.00 - 6.75
Trade and other payables	-	-	-	283	283	-
Debentures	1,695	3,958	-	-	5,653	6.70 - 7.00
	<u>2,053</u>	<u>3,958</u>	<u>-</u>	<u>283</u>	<u>6,294</u>	

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates on that portion of floating rate loans affected as at 31 December 2020.

Currency	Increase/decrease	Effect on profit before tax
	(%)	(Thousand Baht)
Baht	+0.1	(5,821)
	-0.1	5,821

The above analysis has been prepared assuming that the amounts of the floating rate loans and all other variables remain constant over one year. Moreover, the floating legs of these loans are assumed to not yet have set interest rates. As a result, a change in interest rates affects interest payable for the full 12-month period of the sensitivity calculation. This information is not a forecast or prediction of future market conditions and should be used with care.

Foreign currency risk

As at 31 December 2020 and 2019, the Group does not consider themselves exposed to foreign currency risk because they have no significant foreign currency transactions.

Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of bank overdrafts, bills of exchange, debentures, bank loans and lease contracts. The Group has a policy to maintain a debt-to-equity ratio not exceeding 2.5:1 (debt is defined all interest-bearing debt).

The table below summarises the maturity profile of the Group's non-derivative financial liabilities as at 31 December 2020 based on contractual undiscounted cash flows:

(Unit: Million Baht)

	Consolidated financial statements			
	Less than	1 to 5	> 5 years	Total
	1 year	years		
Non-derivatives				
Bills of exchange	240	-	-	240
Interest on bills of exchange	3	-	-	3
Trade and other payables	713	-	-	713
Debentures	3,291	2,804	-	6,095
Interest on debentures	193	254	-	447
Lease liabilities	10	19	7	36
Long-term loans	1,549	1,301	1,372	4,222
Interest on long-term loans	80	69	76	225
Total non-derivatives	6,079	4,447	1,455	11,981

(Unit: Million Baht)

	Separate financial statements				
	On	Less than	1 to 5	> 5 years	Total
	demand	1 year	years		
Non-derivatives					
Bills of exchange	-	240	-	-	240
Interest on bills of exchange	-	3	-	-	3
Trade and other payables	-	307	-	-	307
Short-term loan	106	-	-	-	106
Interest on short-term loans	2	-	-	-	2
Debentures	-	3,291	2,657	-	5,948
Interest on debentures	-	183	240	-	423
Lease liabilities	-	1	1	-	2
Total non-derivatives	108	4,025	2,898	-	7,031

36.2 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to the market interest rate, their fair values are not expected to be materially different from the amounts presented in the statement of financial position.

The estimated fair value of financial instruments, in comparison with the related amounts carried in the statement of financial position, is as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Debentures	6,095	6,157	5,653	5,776

(Unit: Million Baht)

	Separate financial statements			
	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Debentures	5,948	6,007	5,653	5,776

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

- 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.

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

37. 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 Notes 21 and 22. As at 31 December 2020, the Group's debt-to-equity ratio was 1.87:1 (2019: 1.95:1) and the Company's was 1.34:1 (2019: 1.29:1).

38. Approval of financial statements

The financial statements were authorised for issue by the Company's Board of Directors on 25 February 2021.