

Major Development Public Company Limited
and its subsidiaries
Review report and interim financial information
For the three-month period ended 31 March 2020

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Major Development Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Major Development Public Company Limited and its subsidiaries as at 31 March 2020, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the three-month period then ended, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of Major Development Public Company Limited for the same period (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Emphasis of Matter

I draw attention to Note 1.5 to the interim consolidated financial statements. Due to the impact of the COVID-19 outbreak, in preparing the interim financial information for the three-month period ended 31 March 2020, the Group has adopted 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.

The COVID-19 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries in terms of supply chains, consumer spending, limited or suspended production, operational delays, and more.

This situation significantly affects the Group's business activities in terms of the temporary suspension hotel business operations, and this is impacting the Group's financial position, operating results, and cash flows at present, and is expected to do so in the future. However, the impact cannot be reasonably estimated at this stage. The Group's management has continuously monitored the ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and will record the impact when it is possible to do so. My conclusion is not modified in respect of this matter.

Other matter

Due to the impact of COVID-19 outbreak situation, the Company has postponed the annual general meeting of the Company's shareholders which results in no resolution for the appointment of the auditor of the Group for the accounting period of 2020 yet. However, the Board of Director of the Company has a resolution to propose to the annual general meeting of the Company's shareholders to appoint me as the auditor of the Group for the accounting period of 2020.

I therefore have conducted my review on the interim financial information for first quarter of 2020 which is in compliance with the notification of the Capital Market Supervisory Board (CMSB) No. TorChor. 28/2563 dated 27 March 2020.

Manee Rattanabunnakit

Certified Public Accountant (Thailand) No. 5313

EY Office Limited

Bangkok: 15 May 2020

Major Development Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2020 (Unaudited but reviewed)	31 December 2019 (Audited)	31 March 2020 (Unaudited but reviewed)	31 December 2019 (Audited)
Assets					
Current assets					
Cash and cash equivalents		1,048,808	388,686	360,507	125,937
Trade and other receivables	3, 9	126,217	110,507	1,538,949	1,278,820
Short-term loans to related parties	9	-	-	2,925,775	2,994,275
Current portion of long-term loans to related parties	9	51,000	51,000	51,000	51,000
Real estate development cost	4	9,995,198	10,501,954	767,418	883,852
Advances for construction		303,682	351,675	51,626	53,447
Deposits for purchase of land		450,861	408,461	37,077	37,077
Prepayment for purchase of shares		165,270	165,270	-	-
Cost to obtain contracts with customers		391,710	473,973	693	1,318
Other current assets		205,465	196,625	41,022	41,164
Total current assets		12,738,211	12,648,151	5,774,067	5,466,890
Non-current assets					
Pledged deposits at banks	12, 18.4	59,951	61,491	1,847	1,847
Investments in subsidiaries	5	-	-	4,677,324	4,677,324
Investments in joint ventures	6	122,062	155,833	62,990	62,990
Long-term loans to related parties	9	321,356	325,865	367,200	367,200
Investment properties	7	3,408,000	3,355,036	787,132	787,132
Property, plant and equipment	8	2,828,921	2,740,714	60,383	62,204
Intangible assets		22,031	23,253	3,698	4,162
Deposits for purchase of land	18.6	75,000	75,000	-	-
Deferred tax assets		189,215	188,231	32,830	27,807
Other non-current assets		11,785	12,280	7,453	7,453
Total non-current assets		7,038,321	6,937,703	6,000,857	5,998,119
Total assets		19,776,532	19,585,854	11,774,924	11,465,009

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

Major Development Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2020 (Unaudited but reviewed)	31 December 2019 (Audited)	31 March 2020 (Unaudited but reviewed)	31 December 2019 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts from financial institutions	10	18,568	968	9,009	-
Short-term bills of exchange	11	316,142	357,799	316,142	357,799
Trade and other payables		1,033,829	921,824	342,194	282,629
Retention payables		336,992	327,892	47,776	53,977
Deposits and advances from customers		1,217,821	1,572,069	80,864	158,965
Current portion of long-term loans from financial institutions	12	2,167,404	1,891,775	-	-
Current portion of lease liabilities	13	9,238	5,064	640	632
Current portion of debentures	14	1,298,104	1,694,671	1,298,104	1,694,671
Income tax payable		103,781	48,813	-	-
Other current liabilities		189,158	242,258	140,402	170,014
Total current liabilities		6,691,037	7,063,133	2,235,131	2,718,687
Non-current liabilities					
Long-term loans from financial institutions	12	2,357,840	2,736,092	-	-
Debentures	14	4,695,487	3,957,998	4,695,487	3,957,998
Lease liabilities	13	31,953	10,837	1,697	1,860
Provision for long-term employee benefits		52,001	50,440	7,519	7,382
Deferred tax liabilities		270,040	286,493	133,331	133,456
Other non-current liabilities		23,484	24,601	-	-
Total non-current liabilities		7,430,805	7,066,461	4,838,034	4,100,696
Total liabilities		14,121,842	14,129,594	7,073,165	6,819,383

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

Major Development Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Note	31 March 2020	31 December 2019	31 March 2020	31 December 2019
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity					
Share capital					
Registered					
1,050,000,000 ordinary shares of Baht 1 each		1,050,000	1,050,000	1,050,000	1,050,000
Issued and paid-up					
860,411,939 ordinary shares of Baht 1 each		860,412	860,412	860,412	860,412
Premium on ordinary shares		875,267	875,267	875,267	875,267
Retained earnings					
Appropriated - statutory reserve		105,000	105,000	105,000	105,000
Unappropriated		3,569,789	3,371,359	2,861,080	2,804,947
Other components of shareholders' equity		244,222	244,222	-	-
Total shareholders' equity		5,654,690	5,456,260	4,701,759	4,645,626
Total liabilities and shareholders' equity		19,776,532	19,585,854	11,774,924	11,465,009
		-	-	-	-

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

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Directors
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(Unaudited but reviewed)

Major Development Public Company Limited and its subsidiaries**Income statement****For the three-month period ended 31 March 2020**

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

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Revenues					
Sales	15	1,824,740	1,289,830	199,733	425,844
Revenues from hotel operations		63,440	88,149	-	-
Management fee income		20,977	20,810	-	-
Rental income		24,479	22,596	1,218	1,218
Interest income		5,332	5,307	60,552	47,040
Dividend income	6.2	-	-	68,848	280,491
Other income		54,101	28,550	2,501	10,702
Total revenues		1,993,069	1,455,242	332,852	765,295
Expenses					
Cost of sales		1,108,497	804,670	116,434	261,861
Cost from hotel operations		48,926	57,232	-	-
Cost of management services		16,110	15,623	-	-
Cost of rental		9,237	8,454	-	-
Selling expenses		281,283	195,477	37,408	95,984
Administrative expenses		192,908	259,484	13,682	86,524
Total expenses		1,656,961	1,340,940	167,524	444,369
Profit from operating activities		336,108	114,302	165,328	320,926
Share of profit from investments in joint ventures	6.2	30,568	136,220	-	-
Finance cost		(121,136)	(90,562)	(114,343)	(99,832)
Profit before income tax expenses		245,540	159,960	50,985	221,094
Income tax income (expenses)	16	(47,110)	(8,817)	5,148	15,742
Profit for the period		198,430	151,143	56,133	236,836
Earnings per share					
Basic earnings per share					
Profit for the period		0.23	0.18	0.07	0.28

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

(Unaudited but reviewed)

Major Development Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 31 March 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Profit for the period	<u>198,430</u>	<u>151,143</u>	<u>56,133</u>	<u>236,836</u>
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>198,430</u></u>	<u><u>151,143</u></u>	<u><u>56,133</u></u>	<u><u>236,836</u></u>

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

(Unaudited but reviewed)

Major Development Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2020

(Unit: Thousand Baht)

Consolidated financial statements

	Equity attributable to owners of the Company					Total shareholders' equity
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other component of equity	
			Appropriated - statutory reserve	Unappropriated	Surplus on revaluation of assets	
Balance as at 1 January 2019	860,412	875,267	105,000	3,052,583	192,273	5,085,535
Total comprehensive income for the period	-	-	-	151,143	-	151,143
Balance as at 31 March 2019	860,412	875,267	105,000	3,203,726	192,273	5,236,678
Balance as at 1 January 2020	860,412	875,267	105,000	3,371,359	244,222	5,456,260
Total comprehensive income for the period	-	-	-	198,430	-	198,430
Balance as at 31 March 2020	860,412	875,267	105,000	3,569,789	244,222	5,654,690
				-	-	-
	-	-	-	-	-	-

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

(Unaudited but reviewed)

Major Development Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2020

(Unit: Thousand Baht)

	Separate financial statements				Total shareholders' equity
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2019	860,412	875,267	105,000	2,497,346	4,338,025
Total comprehensive income for the period	-	-	-	236,836	236,836
Balance as at 31 March 2019	<u>860,412</u>	<u>875,267</u>	<u>105,000</u>	<u>2,734,182</u>	<u>4,574,861</u>
Balance as at 1 January 2020	860,412	875,267	105,000	2,804,947	4,645,626
Total comprehensive income for the period	-	-	-	56,133	56,133
Balance as at 31 March 2020	<u>860,412</u>	<u>875,267</u>	<u>105,000</u>	<u>2,861,080</u>	<u>4,701,759</u>
	-	-	-	-	-
	-	-	-	-	-

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

(Unaudited but reviewed)

Major Development Public Company Limited and its subsidiaries

Statement of cash flows

For the three-month period ended 31 March 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit before tax	245,540	159,960	50,985	221,094
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	32,888	42,073	2,285	1,900
Loss on sale and write off of assets	509	13,122	-	490
Provision for long-term employee benefits	1,561	923	137	99
Share of profit from investments in joint ventures	(30,568)	(136,220)	-	-
Dividend income	-	-	(68,848)	(280,491)
Interest income	(5,332)	(5,307)	(60,552)	(47,040)
Interest expense	112,890	83,825	106,201	93,441
Profit (loss) from operating activities before changes in operating assets and liabilities	357,488	158,376	30,208	(10,507)
Operating assets (increase) decrease				
Trade and other receivables	(10,545)	(12,364)	(223,875)	10,180
Real estate development cost	534,172	304,695	116,434	256,361
Advances for construction	47,993	94,173	1,821	61,819
Deposits for purchase of land	(37,500)	-	-	-
Cost to obtain contracts with customers	82,263	15,769	625	14,421
Other current assets	(1,381)	(10,966)	2,642	2,490
Other non-current assets	495	2,282	-	2,519

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

(Unaudited but reviewed)

Major Development Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the three-month period ended 31 March 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Operating liabilities increase (decrease)				
Trade and other payables	54,662	(267,033)	59,595	(22,920)
Retention payables	9,100	(37,862)	(6,201)	(6,472)
Deposits and advances from customers	(354,248)	(59,681)	(78,101)	(28,625)
Other current liabilities	(53,100)	11,141	(29,612)	4,929
Other non-current liabilities	(1,117)	616	-	-
Cash flows from (used in) operating activities	628,282	199,146	(126,464)	284,195
Cash paid for interest expense	(159,926)	(183,170)	(101,166)	(121,705)
Cash paid for corporate income tax	(20,489)	(14,949)	(2,500)	(4,653)
Net cash from (used in) operating activities	447,867	1,027	(230,130)	157,837
Cash flows from investing activities				
Decrease (increase) in pledged deposits at banks	1,540	(16)	-	-
Acquisition of investment properties	(35,043)	(293,973)	-	-
Cash received from sales of investment properties	-	5,000	-	5,000
Acquisition of property, plant and equipment	(28,433)	(1,498)	-	(17)
Cash received from sales of property, plant and equipment	5	-	-	-
Acquisition of intangible assets	-	(392)	-	-
Cash received from short-term loans to related parties	-	-	228,500	-
Cash payment for short-term loans to related parties	-	-	(160,000)	(47,000)
Cash received from interest income	167	248	24,298	20
Cash received from dividend income	68,848	280,491	68,848	280,491
Net cash from (used in) investing activities	7,084	(10,140)	161,646	238,494

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

(Unaudited but reviewed)

Major Development Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the three-month period ended 31 March 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from financing activities				
Increase (decrease) in bank overdrafts				
from financial institutions	17,600	(19,425)	9,009	-
Decrease in short-term bills of exchange	(45,000)	-	(45,000)	-
Cash received from short-term loans from related parties	-	-	-	180,000
Repayment of lease liabilities	(4,006)	(1,213)	(155)	-
Cash received from short-term debentures	-	450,000	-	450,000
Repayment of short-term debentures	-	(810,000)	-	(810,000)
Cash received from debentures	738,600	-	738,600	-
Repayment of debentures	(399,400)	(800,000)	(399,400)	(800,000)
Cash received from long-term loans from				
financial institutions	1,224,344	1,708,520	-	454,072
Repayment of long-term loans from financial institutions	(1,326,967)	(981,769)	-	(199,098)
Net cash from (used in) financing activities	205,171	(453,887)	303,054	(725,026)
Net increase (decrease) in cash and cash equivalents	660,122	(463,000)	234,570	(328,695)
Cash and cash equivalents at beginning of period	388,686	848,625	125,937	517,308
Cash and cash equivalents at end of period	1,048,808	385,625	360,507	188,613
	-		-	
Supplemental cash flows information				
Non-cash items				
Acquisition of assets under lease agreement	21,900	-	-	-
Increase in project cost of hotel building				
which no cash has been paid	58,427	-	-	-
Transferred advance to investment in subsidiary	-	-	-	65,000
Transferred real estate development cost to deposit				
for purchase of land	4,900	-	-	-

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

Major Development Public Company Limited and its subsidiaries
Notes to interim consolidated financial statements
For the three-month periods ended 31 March 2020

1. General information

1.1 General information of the Company

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

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries in terms of supply chains, consumer spending, limited or suspended production, operational delays, and more.

This situation affects the Group’s business activities in terms of the temporary suspension of hotel business operations, and this is impacting the Group’s financial position, operating results, and cash flows at present, and is expected to do so in the future. However, the impact cannot be reasonably estimated at this stage. 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 will record the impact when it is possible to do so.

1.3 Basis for the preparation of interim financial statements

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

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

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

1.4 Basis of consolidation

These interim consolidated financial statements included the financial statements of Major Development Public Company Limited and its subsidiaries, and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2019, with the same composition of the subsidiaries in the current period.

1.5 New financial reporting standards that became effective in the current period

During the period, 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

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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 adopted these financial reporting standards using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The effect of the change is described in Note 2.

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 impact 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.

The Group has elected to apply the following temporary relief measures on accounting alternatives:

- Not to take into account forward-looking information when determining expected credit losses, in cases where the Group uses a simplified approach to determine expected credit losses.
- Not to use information relating to the COVID-19 situation that may affect financial forecasts used in measuring the fair values of investment property.
- Not to use information relating to the COVID-19 situation in determining whether sufficient taxable profits will be available in future periods against which deferred tax assets can be utilised.

- Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, *Impairment of Assets*.

1.6 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2019, except the changes in accounting policies related to financial instruments and leases.

1.6.1 Financial instruments

Classification and measurement

Financial assets that are debt instruments are measured at fair value through profit or loss, fair value through other comprehensive income, or amortised cost. Classification 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 that are equity instruments are measured at fair value through profit or loss.

Financial liabilities are classified and measured at amortised cost.

Impairment of financial assets

The Group recognises an allowance for expected credit losses on its financial assets measured at amortised cost, without requiring a credit-impaired event to have occurred prior to the recognition. The Group accounts for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for trade receivables or contract assets that do not contain a significant financing component and lease receivables, the Group applies a simplified approach to determine the lifetime expected credit losses.

1.6.2 Leases

Right-of-use assets

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

Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted 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 modification or reassessment.

Short-term leases and Leases of low-value assets

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

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

As described in Note 1.5 to the financial statements, during the current period, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

(Unaudited but reviewed)

The impacts on the beginning balance of the consolidated statement of financial position of 2020 from changes in accounting policies due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	31 December 2019	The impact 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 liabilities			
Current portion of lease liabilities	5,064	-	5,064
Non-current liabilities			
Lease liabilities, net of current portion	10,837	10,059	20,896

2.1 Leases

Upon initial application of TFRS 16 the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Group recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

(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 TFRS 16 adoption	10,059
Liabilities under finance lease agreements as at 31 December 2019	15,901
Lease liabilities as at 1 January 2020	25,960

(Unaudited but reviewed)

(Unit: Thousand Baht)

Consolidated
financial statements

Comprise of:

Current lease liabilities	5,064
Non-current lease liabilities	20,896
	<u>25,960</u>

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	<u>10,847</u>

3. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2020	2019	2020	2019
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Past due				
Up to 3 months	19,751	19,703	-	-
3 - 6 months	440	566	-	-
6 - 12 months	836	455	-	-
Over 12 months	272	280	-	-
Total trade receivables - unrelated parties	<u>21,299</u>	<u>21,004</u>	<u>-</u>	<u>-</u>
<u>Other receivables</u>				
Other receivables and advances - related parties	21,331	21,421	1,205,409	983,824
Other receivables and advances - unrelated parties	31,458	21,118	13,317	11,027
Interest receivables - related parties	52,129	46,964	320,223	283,969
Total other receivables	<u>104,918</u>	<u>89,503</u>	<u>1,538,949</u>	<u>1,278,820</u>
Total trade and other receivables	<u>126,217</u>	<u>110,507</u>	<u>1,538,949</u>	<u>1,278,820</u>

(Unaudited but reviewed)

4. Real estate development cost

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Land and construction under development	4,007,352	5,355,675	-	-
Developed land and construction	5,987,846	5,146,279	767,418	883,852
Total	9,995,198	10,501,954	767,418	883,852

4.1 During the three-month period ended 31 March 2020, subsidiaries capitalised interest amounting to Baht 32 million (2019: Baht 63 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 Note 12 to the financial statements.

4.2 As at 31 March 2020 and 31 December 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	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Net book values of land and construction thereon that have been pledged as collateral	9,236	10,252	390	756
Net book values of land and construction thereon that have been guaranteed due to legal cases	75	75	69	69

5. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method-net	
	31	31	31	31	31	31	31	31	31	31
	March	December	March	December	March	December	March	December	March	December
	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	700,000	700,000	100	100	700,000	700,000	-	-	700,000	700,000
MDPC Company Limited	8,000	8,000	100	100	7,999	7,999	-	-	7,999	7,999
Total					5,280,747	5,280,747	(603,423)	(603,423)	4,677,324	4,677,324

6. Investments in joint ventures

6.1 Details of investments in joint ventures:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			31 March	31 December	31 March	31 December	31 March	31 December
			2020	2019	2020	2019	2020	2019
			(%)	(%)				
Major Residences Company Limited	Development of properties for sales	Thailand	51	51	12,750	12,750	74,965	108,548
TMDC Construction Company Limited	Construction service	Thailand	51	51	81,599	81,599	47,097	47,285
MJD-JV1 Company Limited	Development of properties for sales	Thailand	51	51	510	510	-	-
Total					94,859	94,859	122,062	155,833

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
			31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 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 Company Limited	Development of properties for sales	Thailand	51	51	510	510	-	-	510	510
Total					94,859	94,859	(31,869)	(31,869)	62,990	62,990

6.2 Share of comprehensive income and dividend received

During the three-month periods ended 31 March 2020 and 2019, 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:

Company's name	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investment in joint ventures		Dividend received	
	2020	2019	2020	2019
Major Residences Company Limited	35,265	149,515	68,848	280,491
TMDC Construction Company Limited	(188)	(1,449)	-	-
MJD-JV1 Company Limited	(4,509)	(11,846)	-	-
Total	30,568	136,220	68,848	280,491

7. Investment properties

Movements of the investment properties account during the three-month period ended 31 March 2020 are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2020	3,355,036	787,132
Additions during period	35,043	-
Capitalised interest	17,921	-
Balance as at 31 March 2020	3,408,000	787,132

(Unaudited but reviewed)

During the three-month period ended 31 March 2020, subsidiaries capitalised interest amounted to Baht 18 million (2019: Baht 8 million) to the cost of construction in progress. The capitalisation rates of interest were MLR.

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

The Company and its subsidiaries have mortgaged investment properties with carrying values as at 31 March 2020 amounting to Baht 2,650 million (Separate financial statements: Baht 772 million) (31 December 2019: Baht 2,597 million, Separate financial statements: Baht 772 million) with commercial banks as collateral against credit facilities received from banks.

8. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2020 are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2020	2,740,714	62,204
Adjustments of right-of-use assets due to TFRS 16 adoption	10,847	-
Additions during period - cost	108,760	-
Capitalised interest	780	-
Disposal	(5)	-
Write-off	(509)	-
Depreciation for the period	(31,666)	(1,821)
Balance as at 31 March 2020	2,828,921	60,383

During the three-month period ended 31 March 2020, subsidiaries capitalised interest of Baht 1 million (2019: Baht 1 million) to the cost of construction in progress. The capitalisation rates of interest were MLR.

Land and building with carrying values as at 31 March 2020 amounting to Baht 2,649 million (Separate financial statements: Baht 10 million) (31 December 2019: Baht 2,564 million, Separate financial statements: Baht 10 million) have been mortgaged with local commercial banks as collateral against credit facilities received from banks.

(Unaudited but reviewed)

9. Related party transactions

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

(Unit: Thousand Baht)

	For the three-month periods ended				Transfer pricing policy
	31 March				
	Consolidated		Separate		
	financial statements		financial statements		
	2020	2019	2020	2019	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	55,297	41,961	7.5% per annum (2019: 6.0% to 7.5% per annum)
Land rental income	-	-	1,218	1,218	Cost plus margin
Interest expense	-	-	-	925	7.50% per annum
Rental and service expenses	-	-	94	84	Cost plus margin
Other expenses	-	-	48	45	Agreed price
Commission expenses	-	-	3,788	3,878	Percentage of revenue
<u>Transactions with related persons and parties</u>					
Interest income	5,165	5,059	5,165	5,059	4.5% to 5.3% per annum (2019: 5.0% to 5.5% per annum)
Management income	5,700	10,200	-	-	Cost plus margin
Interest expenses	-	740	-	740	6.0% per annum

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2020	2019	2020	2019
<u>Other receivables - related parties (Note 3)</u>				
Subsidiaries	-	-	1,453,816	1,201,142
Joint ventures	73,460	68,385	71,816	66,651
Total other receivables - related parties	73,460	68,385	1,525,632	1,267,793

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
<u>Trade and other payables - related parties</u>				
Subsidiaries	-	-	218,158	148,591
Joint ventures	1,392	1,392	1,392	1,392
Total trade other payable - related parties	1,392	1,392	219,550	149,983

Loans to related parties and loans from related persons and parties

As at 31 March 2020 and 31 December 2019, the balances of loans between the Company and those related persons and parties and the movements are as follows:

Short-term loans to	Interest rate (% per annum)	Principal repayment	Separate financial statements			
			Balance as at 31 December 2019	Increase	Decrease	Balance as at 31 March 2020
Major Development Estate Company Limited	7.5	At call	2,624,075	28,000	(128,500)	2,523,575
Major Development Commercial Company Limited	7.5	At call	210,000	5,000	(30,000)	185,000
Major Development Hotels and Resorts Company Limited	7.5	At call	63,000	2,000	-	65,000
MJD Residences Company Limited	7.5	At call	97,200	125,000	(70,000)	152,200
Total			2,994,275	160,000	(228,500)	2,925,775

Long-term loans to	Interest rate (% per annum)	Principal repayment	Consolidated financial statements			
			Balance as at 31 December 2019	Increase	Decrease	Balance as at 31 March 2020
Major Residences Company Limited	MLR - 0.75	December 2020 and September 2021	183,600	-	-	183,600
MJD-JV1 Company Limited	MLR - 0.75 and 1.25	August 2021 - July 2023	234,600	-	-	234,600
Total			418,200	-	-	418,200
Less: Allowance for impairment loss from investments in joint venture			(41,335)			(45,844)
Total			376,865			372,356
Less: Current portion			(51,000)			(51,000)
Long-term portion			325,865			321,356

(Unaudited but reviewed)

(Unit: Thousand Baht)

Long-term loans to	Interest rate (% per annum)	Principal repayment	Separate financial statements			Balance as at 31 March 2020
			Balance as at 31 December 2019	Increase	Decrease	
Major Residences Company Limited	MLR - 0.75	December 2020 and September 2021	183,600	-	-	183,600
MJD-JV1 Company Limited	MLR - 0.75 and 1.25	August 2021 - July 2023	234,600			234,600
Total			418,200	-	-	418,200
Less: Current portion			(51,000)			(51,000)
Long-term portion			367,200			367,200

Directors' and management's remuneration

During the three-month periods ended 31 March 2020 and 2019, the Group had employee benefit expenses to their directors and management as below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Short-term employee benefits	72.5	39.8	0.5	5.4
Post-employment benefits	0.6	0.5	-	-
Total	73.1	40.3	0.5	5.4

Guarantee obligations with related parties

The Company has obligations in respect of guarantees of the following loans of subsidiaries and joint ventures obtained from banks and unrelated parties, for which no guarantee fee has been charged.

(Unit: Million Baht)

Subsidiaries	Credit guarantees
Major Development Hotels and Resorts Company Limited	415
MJP Property Company Limited	410
MJC Development Company Limited	544
MJD Residences Company Limited	1,674
Major Development Estate Company Limited	4,804
MJ One Company Limited	200
Major Development Commercial Company Limited	2,819
Joint ventures	Credit guarantees
Major Residences Company Limited	520
MJD-JV1 Company Limited	746

(Unaudited but reviewed)

10. Bank overdrafts from financial institutions

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated		Separate	
			financial statements		financial statements	
	31 March	31 December	31 March	31 December	31 March	31 December
	2020	2019	2020	2019	2020	2019
Bank overdrafts	MOR	MOR	18,568	968	9,009	-
Total			18,568	968	9,009	-

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

11. Short-term bills of exchange

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated/Separate	
			financial statements	
	31 March	31 December	31 March	31 December
	2020	2019	2020	2019
Bills of exchange - Face value			322,000	367,000
Less: Prepaid interest expenses	6.0 - 6.75	6.0 - 6.75	(5,644)	(8,857)
Total			316,356	358,143
Less: Unamortised costs related to the issuance of the bills of exchange			(214)	(344)
Bills of exchange - net			316,142	357,799

12. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2020	2019	2020	2019
Long-term loans from financial institutions	4,525,244	4,627,867	-	-
Less: current portion	(2,167,404)	(1,891,775)	-	-
Long-term portion	2,357,840	2,736,092	-	-

(Unaudited but reviewed)

Movements of the long-term loans account during the three-month period ended 31 March 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2020	4,627,867	-
Add: Additional borrowings	1,224,344	-
Less: Repayment	(1,326,967)	-
Balance as at 31 March 2020	4,525,244	-

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 2020 - 2031.

As at 31 March 2020, subsidiaries had credit facilities which have not drawn down of Baht 3,751 million (31 December 2019: Baht 4,222 million).

The Group have placed deposits at bank and mortgaged the real estate development cost, investment properties and the land and buildings, with banks to secure the long-term loans. In addition, long-term loans of subsidiaries are guaranteed by the Company.

Certain loan agreements contain covenants that, among other things, require the subsidiaries 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.

13. Lease liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Lease liabilities	45,449	17,395	2,564	2,752
Less: Deferred interest expenses	(4,258)	(1,494)	(227)	(260)
Total	41,191	15,901	2,337	2,492
Less: Portion due within one year	(9,238)	(5,064)	(640)	(632)
Lease liabilities - net of current portion	31,953	10,837	1,697	1,860

(Unaudited but reviewed)

The Group have entered into lease agreements with third parties for rental of land, vehicles and equipment for use in their operations, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally between 4 and 20 years.

As at 31 March 2020 and 31 December 2019, future minimum lease payments of the Group required under the lease agreements were as follows:

(Unit: Million Baht)

	Consolidated financial statements							
	As at 31 March 2020				As at 31 December 2019			
	Less than		More than		Less than		More than	
	1 year	1 - 5 years	5 years	Total	1 year	1 - 5 years	5 years	Total
Future minimum lease payments	10,693	26,093	8,663	45,449	5,854	11,541	-	17,395
Deferred interest expenses	(1,455)	(1,815)	(988)	(4,258)	(790)	(704)	-	(1,494)
Present value of future minimum lease payments	9,238	24,278	7,675	41,191	5,064	10,837	-	15,901

(Unit: Million Baht)

	Separate financial statements					
	As at 31 March 2020			As at 31 December 2019		
	Less than 1		Total	Less than		
	year	1 - 5 years		1 year	1 - 5 years	Total
Future minimum lease payments	750	1,814	2,564	751	2,002	2,752
Deferred interest expenses	(110)	(117)	(227)	(119)	(141)	(260)
Present value of future minimum lease payments	640	1,697	2,337	632	1,860	2,492

14. Debentures

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

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

(Unaudited but reviewed)

The outstanding balance of debentures as at 31 March 2020 and 31 December 2019 are detailed below.

(Unit: Million Baht)

Year of issuance	Interest rate (% per annum)		Terms (years)		Consolidated/Separate financial statements	
	31 March	31 December	31 March	31 December	31 March	31 December
	2020	2019	2020	2019	2020	2019
2018	7.0 - 7.5	6.7 - 7.5	1.5 - 2.0	1.5 - 2.0	1,300	1,700
2019	6.7 - 7.0	6.7 - 7.0	2.0 - 2.5	2.0 - 2.5	4,000	4,000
2020	6.8	-	2.75	-	739	-
Total debentures, at face value					6,039	5,700
Less: Unamortised costs relating to the issuance of the debentures					(46)	(47)
Debentures - net					5,993	5,653
Less: Portion due within one year					(1,298)	(1,695)
Debentures - portion due over one year					4,695	3,958

In April 2020, the Company issued secured and unsubordinated bearer debentures, in total of Baht 350 million. The maturity of the debentures will be 2 years at the interest rate of 6.8% per annum.

15. Revenue from contracts with customers

15.1 Disaggregated revenue information

Sales for the three-month periods ended 31 March 2020 and 2019 are made up as follows:

(Unit: Thousand Baht)

Type of goods:	For the three-month period ended 31 March			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
Revenue from residential condominium units sales	1,756,740	1,263,540	199,733	425,844
Revenue from land and houses sales	68,000	26,290	-	-
Total revenue from contracts with customers	1,824,740	1,289,830	199,733	425,844

15.2 Revenue to be recognised for the remaining performance obligations

As at 31 March 2020, revenue totaling Baht 5,380 million (31 December 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.

16. Income tax

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

Income tax expenses for the three-month periods ended 31 March 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2020	2019	2020	2019
Current income tax:				
Interim corporate income tax charge	64,547	21,720	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(17,437)	(12,903)	(5,148)	(15,742)
Income tax expenses (income) reported in the statements of income	<u>47,110</u>	<u>8,817</u>	<u>(5,148)</u>	<u>(15,742)</u>

17. 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 are 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.

(Unaudited but reviewed)

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

Inter-segment revenues are eliminated on consolidation.

Revenue and profit information regarding the Group' operating segments for the three-month periods ended 31 March 2020 and 2019 are as follows:

(Unit: Million Baht)

	For the three-month periods ended 31 March								Consolidated financial statements	
	Development of properties for sales		Hotel business		Rental business		Elimination			
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue from external customers	1,871	1,335	64	88	26	24	(26)	(26)	1,935	1,421
Segment operating profit (loss)	324	197	(8)	8	15	14	(24)	(2)	307	217
Unallocated income and expenses:										
Other income									59	34
Finance cost									(121)	(91)
Income tax expenses									(47)	(9)
Profit for the period									198	151

18. Commitments and contingent liabilities

18.1 Capital commitments

As at 31 March 2020, subsidiaries had capital commitments relating to the land purchase and sale agreements with other companies and third parties of Baht 3,255 million (31 December 2019: Baht 3,292 million).

18.2 Servitude

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

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

As at 31 March 2020, subsidiaries had commitments from construction agreements related to projects development, office building for rental and hotel of Baht 1,045 million (31 December 2019: Baht 1,584 million).

18.4 Bank guarantees

As at 31 March 2020 and 31 December 2019, there were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business as follows.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Bank guarantees for electricity use	5	5	2	2
Bank guarantees for public utility	23	31	-	-
Bank guarantees for payments due to creditors	1	1	-	-
Total	29	37	2	2

As at 31 March 2020, the Group placed deposits at banks of Baht 35.7 million (Separate financial statements: Baht 1.8 million) (31 December 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.

18.5 Long-term service commitment

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

18.6 Litigations

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

- a) The Group were sued by third parties on ground of seeking refunds of payments for condominiums and other expenses, payment of construction expenses and a joint defendant with the constructor for damaged properties in 27 cases, claiming damages of Baht 181 million. Currently, the cases are being investigated. However, the Company's management and its legal consultant have determined the possible losses from the litigations and recorded provision amounting to Baht 74 million in its accounts.

(Unaudited but reviewed)

- b) A subsidiary filed a lawsuit against a land seller for the repayment of land deposits amounting to Baht 100 million as the seller could not transferred the ownership to the subsidiary. Currently, the case is being investigated. However, the Company's management and its legal consultant are of the opinion that the subsidiary has a chance of winning the case. Consequently, the Company's management assessed recoverable amount of such deposit and recorded Baht 25 million allowance for doubtful debts for estimated loss that might be incurred.
- c) A joint venture filed, a notice demanding the portion of construction service fees and claimed for the damages incurred from the termination of contract due to the unfair event with a customer, with the Thai Arbitral Tribunal for the claim amount of Baht 144 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 million. In 2019, the customer submitted a request to amend the claim amount to Baht 200 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.

19. Fair value 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 rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

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

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 March 2020			
	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	-	2,679	729	3,408
Financial liabilities measured at fair value				
Debentures	-	6,067	-	6,067

(Unaudited but reviewed)

(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 March 2020				
Level 1	Level 2	Level 3	Total	
Assets measured at fair value				
Investment properties (under property, plant and equipment account)	-	787	-	787
Financial liabilities measured at fair value				
Debentures	-	6,067	-	6,067

(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 (under property, plant and equipment account)	-	787	-	787
Financial liabilities measured at fair value				
Debentures	-	5,776	-	5,776

During the current period, there was no transfer within the fair value hierarchy.

20. Approval of interim financial statements

The interim financial statements were authorised for issue by the Company's Board of Directors on 15 May 2020.