

Major Development Public Company Limited
and its subsidiaries
Review report and interim financial information
For the three-month and nine-month periods ended
30 September 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 30 September 2020, the related consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended, and the related consolidated statements of changes in shareholders' equity and cash flows for the nine-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 periods (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 and nine-month periods ended 30 September 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.

Manee Rattanabunnakit
Certified Public Accountant (Thailand) No. 5313

EY Office Limited
Bangkok: 13 November 2020

Major Development Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2020

(Unit: Thousand Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|----------|-----------------------------------|-------------------|-------------------------------|-------------------|
| | | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 |
| | | (Unaudited but reviewed) | (Audited) | (Unaudited but reviewed) | (Audited) |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | | 942,884 | 388,686 | 421,475 | 125,937 |
| Trade and other receivables | 3, 9 | 132,649 | 110,507 | 1,126,177 | 1,278,820 |
| Short-term loans to related parties | 9 | - | - | 2,576,800 | 2,994,275 |
| Current portion of long-term loans to related parties | 9 | 244,800 | 51,000 | 244,800 | 51,000 |
| Real estate development cost | 4 | 8,565,309 | 10,501,954 | 518,606 | 883,852 |
| Advances for construction | | 184,851 | 351,675 | 46,265 | 53,447 |
| Deposits for purchase of land | | 455,861 | 408,461 | 37,077 | 37,077 |
| Prepayment for purchase of shares | | 247,905 | 165,270 | - | - |
| Cost to obtain contracts with customers | | 252,624 | 473,973 | 693 | 1,318 |
| Other current assets | | 143,049 | 196,625 | 47,706 | 41,164 |
| Total current assets | | 11,169,932 | 12,648,151 | 5,019,599 | 5,466,890 |
| Non-current assets | | | | | |
| Pledged deposits at banks | 12, 18.4 | 50,153 | 61,491 | 11,276 | 1,847 |
| Investments in subsidiaries | 5 | - | - | 4,879,324 | 4,677,324 |
| Investments in joint ventures | 6 | 53,508 | 155,833 | 62,990 | 62,990 |
| Long-term loans to related parties | 9 | 121,660 | 325,865 | 173,400 | 367,200 |
| Investment properties | 7 | 3,463,842 | 3,355,036 | 777,212 | 787,132 |
| Property, plant and equipment | 8 | 2,734,595 | 2,740,714 | 56,755 | 62,204 |
| Intangible assets | | 21,878 | 23,253 | 3,430 | 4,162 |
| Deposits for purchase of land | 18.6 | 75,000 | 75,000 | - | - |
| Deferred tax assets | | 188,650 | 188,231 | 25,340 | 27,807 |
| Other non-current assets | | 10,467 | 12,280 | 7,055 | 7,453 |
| Total non-current assets | | 6,719,753 | 6,937,703 | 5,996,782 | 5,998,119 |
| Total assets | | 17,889,685 | 19,585,854 | 11,016,381 | 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 30 September 2020

(Unit: Thousand Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|-------------------|-------------------------------|------------------|
| | | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 |
| | | (Unaudited but reviewed) | (Audited) | (Unaudited but reviewed) | (Audited) |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Bank overdrafts from financial institutions | 10 | - | 968 | - | - |
| Short-term bills of exchange | 11 | 235,772 | 357,799 | 235,772 | 357,799 |
| Trade and other payables | | 724,387 | 921,824 | 219,712 | 282,629 |
| Retention payables | | 358,913 | 327,892 | 47,354 | 53,977 |
| Deposits and advances from customers | | 957,206 | 1,572,069 | 46,278 | 158,965 |
| Current portion of long-term loans from financial institutions | 12 | 1,952,041 | 1,891,775 | - | - |
| Current portion of lease liabilities | 13 | 9,721 | 5,064 | 658 | 632 |
| Current portion of debentures | 14 | 3,283,084 | 1,694,671 | 3,283,084 | 1,694,671 |
| Income tax payable | | 66,209 | 48,813 | - | - |
| Other current liabilities | | 185,134 | 242,258 | 135,287 | 170,014 |
| Total current liabilities | | 7,772,467 | 7,063,133 | 3,968,145 | 2,718,687 |
| Non-current liabilities | | | | | |
| Long-term loans from financial institutions | 12 | 2,040,785 | 2,736,092 | - | - |
| Debentures | 14 | 2,161,682 | 3,957,998 | 2,161,682 | 3,957,998 |
| Lease liabilities | 13 | 29,342 | 10,837 | 1,364 | 1,860 |
| Provision for long-term employee benefits | | 53,574 | 50,440 | 7,792 | 7,382 |
| Deferred tax liabilities | | 242,223 | 286,493 | 133,331 | 133,456 |
| Other non-current liabilities | | 22,446 | 24,601 | - | - |
| Total non-current liabilities | | 4,550,052 | 7,066,461 | 2,304,169 | 4,100,696 |
| Total liabilities | | 12,322,519 | 14,129,594 | 6,272,314 | 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 30 September 2020

(Unit: Thousand Baht)

| Note | Consolidated financial statements | | Separate financial statements | |
|---|--|-------------------------------|--|-------------------------------|
| | 30 September 2020 (Unaudited but reviewed) | 31 December 2019 (Audited) | 30 September 2020 (Unaudited but reviewed) | 31 December 2019 (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 | 3,482,265 | 3,371,359 | 2,903,388 | 2,804,947 |
| Other components of shareholders' equity | 244,222 | 244,222 | - | - |
| Total shareholders' equity | 5,567,166 | 5,456,260 | 4,744,067 | 4,645,626 |
| Total liabilities and shareholders' equity | 17,889,685 | 19,585,854 | 11,016,381 | 11,465,009 |
| | - | - | - | - |

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

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Directors
.....

(Unaudited but reviewed)

Major Development Public Company Limited and its subsidiaries**Income statement****For the three-month period ended 30 September 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 | 1,262,556 | 1,768,895 | 208,566 | 410,305 |
| Revenues from hotel operations | | 43,916 | 67,348 | - | - |
| Management fee income | | 23,042 | 23,233 | - | - |
| Rental income | | 21,081 | 24,226 | 1,218 | 1,218 |
| Interest income | | 5,017 | 5,570 | 52,534 | 51,638 |
| Dividend income | 6.2 | - | - | 101,997 | 71,397 |
| Other income | | 156,905 | 92,825 | 448 | 74,773 |
| Total revenues | | 1,512,517 | 1,982,097 | 364,763 | 609,331 |
| Expenses | | | | | |
| Cost of sales | | 950,530 | 1,081,235 | 126,812 | 258,262 |
| Cost from hotel operations | | 42,200 | 50,697 | - | - |
| Cost of management services | | 17,926 | 17,195 | - | - |
| Cost of rental | | 7,173 | 7,739 | - | - |
| Selling expenses | | 241,528 | 275,214 | 31,627 | 86,028 |
| Administrative expenses | | 178,677 | 200,037 | 10,130 | 37,930 |
| Total expenses | | 1,438,034 | 1,632,117 | 168,569 | 382,220 |
| Profit from operating activities | | 74,483 | 349,980 | 196,194 | 227,111 |
| Share of profit (loss) from investments | | | | | |
| in joint ventures | 6.2 | 43,735 | (12,115) | - | - |
| Finance cost | | (121,233) | (107,561) | (112,355) | (109,887) |
| Profit (loss) before income tax expenses | | (3,015) | 230,304 | 83,839 | 117,224 |
| Income tax expenses | 16 | (4,552) | (29,475) | (2,133) | (5,535) |
| Profit (loss) for the period | | (7,567) | 200,829 | 81,706 | 111,689 |
| Earnings per share | | | | | |
| Basic earnings per share | | | | | |
| Profit (loss) for the period | | (0.01) | 0.23 | 0.09 | 0.13 |

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

(Unaudited but reviewed)

Major Development Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 September 2020

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--|-----------------------|--------------------------------------|-----------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Profit (loss) for the period | <u>(7,567)</u> | <u>200,829</u> | <u>81,706</u> | <u>111,689</u> |
| Other comprehensive income for the period | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total comprehensive income for the period | <u><u>(7,567)</u></u> | <u><u>200,829</u></u> | <u><u>81,706</u></u> | <u><u>111,689</u></u> |

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

(Unaudited but reviewed)

Major Development Public Company Limited and its subsidiaries

Income statement

For the nine-month period ended 30 September 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 | 4,791,893 | 4,154,147 | 602,571 | 1,266,444 |
| Revenues from hotel operations | | 113,102 | 226,850 | - | - |
| Management fee income | | 65,211 | 65,603 | - | - |
| Rental income | | 65,927 | 70,512 | 3,654 | 3,654 |
| Interest income | | 15,949 | 17,751 | 163,748 | 149,309 |
| Dividend income | 6.2 | - | - | 170,845 | 402,887 |
| Other income | | 296,923 | 129,695 | 6,573 | 85,868 |
| Total revenues | | 5,349,005 | 4,664,558 | 947,391 | 1,908,162 |
| Expenses | | | | | |
| Cost of sales | | 3,344,245 | 2,558,589 | 365,246 | 750,598 |
| Cost from hotel operations | | 120,384 | 161,186 | - | - |
| Cost of management services | | 48,703 | 49,682 | - | - |
| Cost of rental | | 25,617 | 24,583 | - | - |
| Selling expenses | | 748,722 | 689,880 | 101,217 | 309,379 |
| Administrative expenses | | 568,121 | 645,376 | 42,668 | 151,224 |
| Total expenses | | 4,855,792 | 4,129,296 | 509,131 | 1,211,201 |
| Profit from operating activities | | 493,213 | 535,262 | 438,260 | 696,961 |
| Share of profit from investments in joint ventures | 6.2 | 58,115 | 161,172 | - | - |
| Finance cost | | (365,008) | (306,198) | (337,477) | (325,768) |
| Profit before income tax expenses | | 186,320 | 390,236 | 100,783 | 371,193 |
| Income tax income (expenses) | 16 | (75,414) | (52,368) | (2,342) | 6,002 |
| Profit for the period | | 110,906 | 337,868 | 98,441 | 377,195 |
| Earnings per share | | | | | |
| Basic earnings per share | | | | | |
| Profit for the period | | 0.13 | 0.39 | 0.11 | 0.44 |

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 nine-month period ended 30 September 2020

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--|-----------------------|--------------------------------------|-----------------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Profit for the period | <u>110,906</u> | <u>337,868</u> | <u>98,441</u> | <u>377,195</u> |
| Other comprehensive income for the period | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total comprehensive income for the period | <u><u>110,906</u></u> | <u><u>337,868</u></u> | <u><u>98,441</u></u> | <u><u>377,195</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 nine-month period ended 30 September 2020

(Unit: Thousand Baht)

| | Consolidated financial statements | | | | | |
|---|--|-------------------------------|-------------------------------------|------------------|--|----------------------------------|
| | Issued and paid-up share capital | Premium on ordinary shares | Retained earnings | | Other component of shareholders' equity | Total shareholders' 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 | - | - | - | 337,868 | - | 337,868 |
| Balance as at 30 September 2019 | <u>860,412</u> | <u>875,267</u> | <u>105,000</u> | <u>3,390,451</u> | <u>192,273</u> | <u>5,423,403</u> |
| 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 | - | - | - | 110,906 | - | 110,906 |
| Balance as at 30 September 2020 | <u>860,412</u> | <u>875,267</u> | <u>105,000</u> | <u>3,482,265</u> | <u>244,222</u> | <u>5,567,166</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 (continued)

For the nine-month period ended 30 September 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 | - | - | - | 377,195 | 377,195 |
| Balance as at 30 September 2019 | <u>860,412</u> | <u>875,267</u> | <u>105,000</u> | <u>2,874,541</u> | <u>4,715,220</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 | - | - | - | 98,441 | 98,441 |
| Balance as at 30 September 2020 | <u>860,412</u> | <u>875,267</u> | <u>105,000</u> | <u>2,903,388</u> | <u>4,744,067</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 nine-month period ended 30 September 2020

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|--|-----------|--------------------------------------|-----------|
| | 2020 | 2019 | 2020 | 2019 |
| Cash flows from operating activities | | | | |
| Profit before tax | 186,320 | 390,236 | 100,783 | 371,193 |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities: | | | | |
| Depreciation and amortisation | 102,802 | 112,016 | 6,713 | 5,619 |
| Loss (profit) on sale and write-off of assets | 9,372 | 17,590 | (80) | 1,430 |
| Write-off of withholding tax deducted at source and value added tax | 13,158 | - | - | - |
| Provision for long-term employee benefits | 3,134 | 3,058 | 410 | 394 |
| Share of profit from investments in joint ventures | (58,115) | (161,172) | - | - |
| Dividend income | - | - | (170,845) | (402,887) |
| Interest income | (15,949) | (17,751) | (163,748) | (149,309) |
| Interest expenses | 341,368 | 282,313 | 314,364 | 303,667 |
| Profit from operating activities before changes in operating assets and liabilities | 582,090 | 626,290 | 87,597 | 130,107 |
| Operating assets (increase) decrease | | | | |
| Trade and other receivables | (7,786) | (71) | 206,991 | (106,682) |
| Real estate development cost | 2,008,119 | 616,794 | 365,246 | 745,098 |
| Advances for construction | 166,824 | 206,835 | 7,182 | 64,009 |
| Deposits for purchase of land | (42,500) | (25,100) | - | - |
| Cost to obtain contracts with customers | 221,349 | 90,906 | 625 | 23,031 |
| Other current assets | 2,312 | 10,007 | 1,649 | 6,857 |
| Other non-current assets | 1,813 | 1,339 | 398 | 2,527 |

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 nine-month period ended 30 September 2020

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--|------------------|--------------------------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Operating liabilities increase (decrease) | | | | |
| Trade and other payables | (194,772) | (249,285) | (49,151) | (276,125) |
| Retention payables | 31,021 | (34,002) | (6,623) | (59,604) |
| Deposits and advances from customers | (614,863) | (126,090) | (112,687) | (74,435) |
| Other current liabilities | (57,124) | 8,107 | (34,727) | 14,479 |
| Other non-current liabilities | (2,155) | 1,963 | - | - |
| Cash flows from operating activities | 2,094,328 | 1,127,693 | 466,500 | 469,262 |
| Cash paid for interest expenses | (483,812) | (545,411) | (322,260) | (361,026) |
| Cash received from withholding tax deducted | | | | |
| at source and value added tax | 57,214 | - | - | - |
| Cash paid for corporate income tax | (125,265) | (82,055) | (8,191) | (17,907) |
| Net cash from operating activities | 1,542,465 | 500,227 | 136,049 | 90,329 |
| Cash flows from investing activities | | | | |
| Decrease (increase) in pledged deposits at banks | 11,338 | (11,706) | (9,429) | (57) |
| Acquisition of investment properties | (69,950) | (690,310) | - | - |
| Cash received from sales of investment properties | 10,000 | 14,000 | 10,000 | 14,000 |
| Acquisition of property, plant and equipment | (86,449) | (50,568) | - | (56) |
| Cash received from sales of equipment | 40,731 | 1,026 | - | - |
| Acquisition of intangible assets | (2,307) | (2,704) | (532) | - |
| Prepayment for purchase of shares | (82,635) | - | - | - |
| Cash payment for investments in subsidiaries | - | - | (202,000) | - |
| Cash received from short-term loans to related parties | - | - | 846,475 | 458,900 |
| Cash payment for short-term loans to related parties | - | - | (429,000) | (1,188,500) |
| Cash payment for long-term loans to related parties | - | (30,600) | - | (30,600) |
| Cash received from interest income | 1,593 | 2,144 | 109,400 | 64,545 |
| Cash received from dividend income | 170,845 | 402,887 | 170,845 | 402,887 |
| Net cash from (used in) investing activities | (6,834) | (365,831) | 495,759 | (278,881) |

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 nine-month period ended 30 September 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 | (968) | (14,465) | - | 4,960 |
| Increase (decrease) in short-term bills of exchange | (125,000) | 317,000 | (125,000) | 317,000 |
| Cash received from short-term loans from related parties | 50,000 | 20,000 | 50,000 | 180,000 |
| Repayment of short-term loans from related parties | (50,000) | - | (50,000) | (180,000) |
| Repayment of long-term loans from related parties | - | (50,000) | - | (50,000) |
| Repayment of lease liabilities | (9,624) | (5,533) | (470) | (1,206) |
| Cash received from short-term debentures | - | 450,000 | - | 450,000 |
| Repayment of short-term debentures | - | (810,000) | - | (810,000) |
| Cash received from debentures | 1,488,600 | 3,300,000 | 1,488,600 | 3,300,000 |
| Repayment of debentures | (1,699,400) | (3,590,000) | (1,699,400) | (3,500,000) |
| Cash received from long-term loans from | | | | |
| financial institutions | 2,730,252 | 3,649,836 | 96,726 | 749,268 |
| Repayment of long-term loans from financial institutions | (3,365,293) | (3,818,905) | (96,726) | (697,259) |
| Net cash used in financing activities | (981,433) | (552,067) | (336,270) | (237,237) |
| Net increase (decrease) in cash and cash equivalents | 554,198 | (417,671) | 295,538 | (425,789) |
| Cash and cash equivalents at beginning of period | 388,686 | 816,407 | 125,937 | 501,538 |
| Cash and cash equivalents at end of period | 942,884 | 398,736 | 421,475 | 75,749 |
| | - | - | - | - |
| Supplemental cash flows information | | | | |
| Non-cash items | | | | |
| Acquisition of assets under lease agreement | 25,390 | 6,092 | - | 3,850 |
| Increase in project cost of hotel building | | | | |
| which no cash has been paid | 13,632 | 5,715 | - | - |
| Transferred advance to investment in subsidiary | - | - | - | 65,000 |
| Transferred real estate development cost to property, | | | | |
| plant and equipment | 6,086 | 10,933 | - | - |
| 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 and nine-month periods ended 30 September 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, except for the investment in MJV2 Co., Ltd. as described in Note 5 to the financial statements.

1.5 New financial reporting standards

a) 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 |
|--------|-------------------------------------|

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 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*.

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 to the financial statements in the year when they are adopted.

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 standards

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 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 | |
| | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 |
| <u>Trade receivables - unrelated parties</u> | | | | |
| Aged on the basis of due dates | | | | |
| Past due | | | | |
| Up to 3 months | 12,858 | 19,703 | - | - |
| 3 - 6 months | 4,264 | 566 | - | - |
| 6 - 12 months | 1,714 | 455 | - | - |
| Over 12 months | 674 | 280 | - | - |
| Total trade receivables - unrelated parties | <u>19,510</u> | <u>21,004</u> | - | - |
| <u>Other receivables</u> | | | | |
| Other receivables and advances - related parties | 19,545 | 21,421 | 769,413 | 983,824 |
| Other receivables and advances - unrelated parties | 32,274 | 21,118 | 18,447 | 11,027 |
| Interest receivables - related parties | 61,320 | 46,964 | 338,317 | 283,969 |
| Total other receivables | <u>113,139</u> | <u>89,503</u> | <u>1,126,177</u> | <u>1,278,820</u> |
| Total trade and other receivables | <u>132,649</u> | <u>110,507</u> | <u>1,126,177</u> | <u>1,278,820</u> |

(Unaudited but reviewed)

4. Real estate development cost

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---|----------------------|---------------------|----------------------|---------------------|
| | financial statements | | financial statements | |
| | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 |
| Land and construction under development | 3,055,427 | 5,355,675 | - | - |
| Developed land and construction | 5,509,882 | 5,146,279 | 518,606 | 883,852 |
| Total | 8,565,309 | 10,501,954 | 518,606 | 883,852 |

4.1 During the nine-month period ended 30 September 2020, subsidiaries capitalised interest amounting to Baht 82 million (2019: Baht 170 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 30 September 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 | |
| | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 |
| Net book values of land and construction thereon that have been pledged as collateral | 8,025 | 10,252 | 246 | 756 |
| Net book values of land and construction thereon that have been guaranteed due to legal cases | 53 | 75 | 53 | 69 |

5. Investments in subsidiaries

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

| Company's name | (Unit: Thousand Baht) | | | | | | | | | |
|--|-----------------------|------------------|-------------------------|------------------|-------------------|------------------|---|------------------|---|------------------|
| | Paid-up capital | | Shareholding percentage | | Cost | | Allowance for impairment of investments | | Carrying amounts based on cost method-net | |
| | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 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 | 8,000 | 8,000 | 100 | 100 | 7,999 | 7,999 | - | - | 7,999 | 7,999 |
| MJV2 Co., Ltd. | 2,000 | - | 100 | - | 2,000 | - | - | - | 2,000 | - |
| Total | | | | | <u>5,482,747</u> | <u>5,280,747</u> | <u>(603,423)</u> | <u>(603,423)</u> | <u>4,879,324</u> | <u>4,677,324</u> |

Movement of the investments in subsidiaries during the nine-month period ended 30 September 2020 is 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 Baht 100. The Company fully paid the above shares capital and its subsidiary registered the increase with the Ministry of Commerce on 9 April 2020.

MJV2 Co., Ltd.

The Company invested in MJV2 Co., Ltd. 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.

(Unaudited but reviewed)

6. Investments in joint ventures

6.1 Details of investments in joint ventures:

(Unit: Thousand Baht)

| | | | Consolidated financial statements | | | | | |
|-----------------------------------|-------------------------------------|--------------------------|-----------------------------------|-------------|--------------|-------------|---|-------------|
| Company's name | Nature of business | Country of incorporation | Shareholding percentage | | Cost | | Carrying amounts based on equity method | |
| | | | 30 September | 31 December | 30 September | 31 December | 30 September | 31 December |
| | | | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | | | (%) | (%) | | | | |
| Major Residences Company Limited | Development of properties for sales | Thailand | 51 | 51 | 12,750 | 12,750 | 6,691 | 108,548 |
| TMDC Construction Company Limited | Construction service | Thailand | 51 | 51 | 81,599 | 81,599 | 46,817 | 47,285 |
| MJD-JV1 Co., Ltd. | Development of properties for sales | Thailand | 51 | 51 | 510 | 510 | - | - |
| Total | | | | | 94,859 | 94,859 | 53,508 | 155,833 |

(Unit: Thousand Baht)

| | | | Separate financial statements | | | | | | | |
|-----------------------------------|-------------------------------------|--------------------------|-------------------------------|-------------|--------------|-------------|---|-------------|---|-------------|
| Company's name | Nature of business | Country of incorporation | Shareholding percentage | | Cost | | Allowance for impairment of investments | | Carrying amounts based on cost method - net | |
| | | | 30 September | 31 December | 30 September | 31 December | 30 September | 31 December | 30 September | 31 December |
| | | | 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 |
| Total | | | | | 94,859 | 94,859 | (31,869) | (31,869) | 62,990 | 62,990 |

(Unaudited but reviewed)

6.2 Share of profit (loss) and dividend received

During the three-month and nine-month periods ended 30 September 2020 and 2019, the Company recognised its share of profit (loss) from investments in joint ventures in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

For the three-month periods ended 30 September

| Company's name | Consolidated financial statements | | Separate financial statements | |
|-----------------------------------|---|-----------------|----------------------------------|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| | Share of profit (loss) from investments in joint ventures | | Dividend received | |
| Major Residences Company Limited | 46,467 | (6,721) | 101,997 | 71,397 |
| TMDC Construction Company Limited | - | (563) | - | - |
| MJD-JV1 Co., Ltd. | (2,732) | (4,831) | - | - |
| Total | <u>43,735</u> | <u>(12,115)</u> | <u>101,997</u> | <u>71,397</u> |

(Unit: Thousand Baht)

For the nine-month periods ended 30 September

| Company's name | Consolidated financial statements | | Separate financial statements | |
|-----------------------------------|---|----------------|----------------------------------|----------------|
| | 2020 | 2019 | 2020 | 2019 |
| | Share of profit (loss) from investments in joint ventures | | Dividend received | |
| Major Residences Company Limited | 68,988 | 184,896 | 170,845 | 402,887 |
| TMDC Construction Company Limited | (468) | (2,276) | - | - |
| MJD-JV1 Co., Ltd. | (10,405) | (21,448) | - | - |
| Total | <u>58,115</u> | <u>161,172</u> | <u>170,845</u> | <u>402,887</u> |

(Unaudited but reviewed)

7. Investment properties

Movements of the investment properties account during the nine-month period ended 30 September 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 the period | 69,950 | - |
| Capitalised interest | 48,776 | - |
| Disposal | (9,920) | (9,920) |
| Balance as at 30 September 2020 | <u>3,463,842</u> | <u>777,212</u> |

During the nine-month period ended 30 September 2020, subsidiaries capitalised interest amounting to Baht 49 million (2019: Baht 34 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 valuer, while that of land and office building for rent has been determined using the income approach.

The Group has mortgaged investment properties with carrying values as at 30 September 2020 amounting to Baht 3,458 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, guaranteed as collateral at the Court and the issuance of the debentures.

(Unaudited but reviewed)

8. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 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 the period - cost | 125,471 | - |
| Capitalised interest | 780 | - |
| Disposals | (46,816) | - |
| Write-off | (3,367) | - |
| Transferred from real estate development cost | 6,086 | - |
| Depreciation for the period | (99,120) | (5,449) |
| Balance as at 30 September 2020 | <u>2,734,595</u> | <u>56,755</u> |

During the nine-month period ended 30 September 2020, subsidiaries capitalised interest amounting to Baht 1 million (2019: Baht 3 million) to the cost of construction in progress. The capitalisation rates of interest were MLR.

Land and building with carrying values as at 30 September 2020 amounting to Baht 2,546 million (Separate financial statements: Baht 9 million) (31 December 2019: Baht 2,579 million, Separate financial statements: Baht 10 million) have been mortgaged with commercial banks as collateral against credit facilities received from banks and guaranteed as collateral at the Court.

(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 |
|---|-----------------------------------|--------|----------------------|--------|---|
| | 30 September | | | | |
| | Consolidated | | Separate | | |
| | financial statements | | financial statements | | |
| | 2020 | 2019 | 2020 | 2019 | |
| <u>Transactions with subsidiaries</u> | | | | | |
| (Eliminated from the consolidated financial statements) | | | | | |
| Interest income | - | - | 47,523 | 46,088 | 6.90% to 7.50% per annum (2019: 7.25% to 7.50% per annum) |
| Land rental income | - | - | 1,218 | 1,218 | Cost plus margin |
| Rental and service expense | - | - | 77 | 88 | Cost plus margin |
| Other expenses | - | - | 43 | 31 | Agreed basis |
| Commission expense | - | - | 3,216 | 4,784 | Percentage of income |
| <u>Transactions with related persons and parties</u> | | | | | |
| Interest income | 4,559 | 5,437 | 4,559 | 5,437 | 4.00% to 4.55% per annum (2019: 5.03% to 5.45% per annum) |
| Management fee income | 5,700 | 10,200 | - | - | Cost plus margin |
| Interest expense | - | 70 | - | 70 | 6.70% per annum |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | For the nine-month periods ended | | | | Transfer pricing policy |
|---|----------------------------------|----------------------|----------------------|----------------------|--|
| | 30 September | | | | |
| | Consolidated | | Separate | | |
| | financial statements | financial statements | financial statements | financial statements | |
| | 2020 | 2019 | 2020 | 2019 | |
| <u>Transactions with subsidiaries</u> | | | | | |
| (Eliminated from the consolidated financial statements) | | | | | |
| Interest income | - | - | 148,636 | 132,541 | 6.90% to 7.50% per annum (2019: 6.00% to 7.50% per annum) |
| Land rental income | - | - | 3,654 | 3,654 | Cost plus margin |
| Interest expense | - | - | - | 1,998 | 7.50% per annum |
| Rental and service expense | - | - | 270 | 266 | Cost plus margin |
| Other expenses | - | - | 116 | 187 | Agreed basis |
| Commission expense | - | - | 10,259 | 13,218 | Percentage of income |
| <u>Transactions with related persons and parties</u> | | | | | |
| Interest income | 14,357 | 15,612 | 14,357 | 15,612 | 4.00% to 5.26% per annum (2019: 5.03% to 5.45% per annum) |
| Management fee income | 17,100 | 30,600 | - | - | Cost plus margin |
| Interest expense | 848 | 1,246 | 848 | 1,246 | 6.80% per annum (2019: 6.70% per annum) |
| Sales of land and house, and condominium units | 75,000 | 8,123 | - | 8,123 | Close to the prices charged to other customers of the same project |

As at 30 September 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 | |
| | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 |
| <u>Other receivables - related parties (Note 3)</u> | | | | |
| Subsidiaries | - | - | 1,026,865 | 1,201,142 |
| Joint ventures | 80,865 | 68,385 | 80,865 | 66,651 |
| Total other receivables - related parties | 80,865 | 68,385 | 1,107,730 | 1,267,793 |
| <u>Other payables - related parties</u> | | | | |
| Subsidiaries | - | - | 128,440 | 148,591 |
| Joint ventures | 1,392 | 1,392 | 1,392 | 1,392 |
| Total other payables - related parties | 1,392 | 1,392 | 129,832 | 149,983 |

(Unaudited but reviewed)

Loans to related parties and loans from related persons and parties

As at 30 September 2020 and 31 December 2019, the balances of loans between the Company and those related persons and parties and the movements are as follows:

(Unit: Thousand Baht)

| Short-term loans to | Interest rate (% per annum) | Principal repayment | Separate financial statements | | | Balance as at 30 September 2020 |
|---|--------------------------------|------------------------|--------------------------------------|----------------|------------------|---------------------------------------|
| | | | Balance as at 31 December 2019 | Increase | Decrease | |
| Major Development Estate Company Limited | 7.50 | At call | 2,624,075 | 28,000 | (714,075) | 1,938,000 |
| Major Development Commercial Company Limited | 7.50 | At call | 210,000 | 47,000 | (30,000) | 227,000 |
| Major Development Hotels and Resorts Company Limited | 6.90 (2019: 7.25) | At call | 63,000 | 10,000 | - | 73,000 |
| MJD Residences Company Limited | 6.90 (2019: 7.25) | At call | 97,200 | 339,000 | (102,400) | 333,800 |
| MJV2 Co., Ltd. | 6.90 | At call | - | 5,000 | - | 5,000 |
| Total | | | 2,994,275 | 429,000 | (846,475) | 2,576,800 |

(Unit: Thousand Baht)

| Long-term loans to | Interest rate (% per annum) | Principal repayment | Consolidated financial statements | | | Balance as at 30 September 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 Co., Ltd. | 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) | | | (51,740) |
| Total | | | 376,865 | | | 366,460 |
| Less: Current portion | | | (51,000) | | | (244,800) |
| Long-term portion | | | 325,865 | | | 121,660 |

(Unit: Thousand Baht)

| Long-term loans to | Interest rate (% per annum) | Principal repayment | Separate financial statements | | | Balance as at 30 September 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 Co., Ltd. | MLR - 0.75 and 1.25 | August 2021 - July 2023 | 234,600 | - | - | 234,600 |
| Total | | | 418,200 | - | - | 418,200 |
| Less: Current portion | | | (51,000) | | | (244,800) |
| Long-term portion | | | 367,200 | | | 173,400 |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| Short-term loan from | Interest rate (% per annum) | Principal repayment | Consolidated / Separate financial statements | | | |
|----------------------|--------------------------------|------------------------|--|----------|-------------------------------|------|
| | | | Balance as at 31 December | | Balance as at 30 September | |
| | | | 2019 | Increase | Decrease | 2020 |
| Related party | 6.8 | August 2020 | - | 50,000 | (50,000) | - |
| Total | | | - | 50,000 | (50,000) | - |

Full amount of this loan was made in June 2020.

Directors' and management's remuneration

During the three-month and nine-month periods ended 30 September 2020 and 2019, the Group had employee benefit expenses to its directors and management as below.

(Unit: Million Baht)

| | Consolidated financial statements | | | |
|--------------------------|--|------|---|-------|
| | For the three-month periods ended 30 September | | For the nine-month periods ended 30 September | |
| | 2020 | 2019 | 2020 | 2019 |
| | Short-term employee benefits | 36.4 | 39.3 | 151.1 |
| Post-employment benefits | 0.6 | 0.5 | 1.9 | 1.4 |
| Total | 37.0 | 39.8 | 153.0 | 115.6 |

(Unit: Million Baht)

| | Separate financial statements | | | |
|--------------------------|--|------|---|------|
| | For the three-month periods ended 30 September | | For the nine-month periods ended 30 September | |
| | 2020 | 2019 | 2020 | 2019 |
| | Short-term employee benefits | 2.5 | 6.0 | 7.5 |
| Post-employment benefits | - | 0.1 | - | 0.3 |
| Total | 2.5 | 6.1 | 7.5 | 18.1 |

(Unaudited but reviewed)

Guarantee obligations with related parties

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

| Subsidiaries | | (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 Co., Ltd. | | 746 |

10. Bank overdrafts from financial institutions

| | (Unit: Thousand Baht) | | | | | |
|-----------------|-----------------------------|-------------|----------------------|-------------|----------------------|-------------|
| | Consolidated | | | | Separate | |
| | Interest rate (% per annum) | | financial statements | | financial statements | |
| | 30 September | 31 December | 30 September | 31 December | 30 September | 31 December |
| 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | |
| Bank overdrafts | - | MOR | - | 968 | - | - |
| Total | | | - | 968 | - | - |

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

(Unaudited but reviewed)

11. Short-term bills of exchange

(Unit: Thousand Baht)

| | Interest rate (% per annum) | | Consolidated/Separate financial statements | |
|---|-----------------------------|-------------|---|-------------|
| | 30 September | 31 December | 30 September | 31 December |
| | 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 | (6,228) | (8,857) |
| Total | | | 235,772 | 358,143 |
| Less: Unamortised costs related to the issuance of the bills of exchange | | | - | (344) |
| Bills of exchange - net | | | 235,772 | 357,799 |

12. Long-term loans from financial institutions

(Unit: Thousand Baht)

| | Consolidated | | Separate | |
|---|----------------------|-------------|----------------------|-------------|
| | financial statements | | financial statements | |
| | 30 September | 31 December | 30 September | 31 December |
| | 2020 | 2019 | 2020 | 2019 |
| Long-term loans from financial institutions | 3,992,826 | 4,627,867 | - | - |
| Less: Current portion | (1,952,041) | (1,891,775) | - | - |
| Long-term portion | 2,040,785 | 2,736,092 | - | - |

Movements of the long-term loans account during the nine-month period ended 30 September 2020 are summarised below:

(Unit: Thousand Baht)

| | Consolidated | Separate |
|---------------------------------|--------------|------------|
| | financial | financial |
| | statements | statements |
| Balance as at 1 January 2020 | 4,627,867 | - |
| Add: Additional borrowings | 2,730,252 | 96,726 |
| Less: Repayment | (3,365,293) | (96,726) |
| Balance as at 30 September 2020 | 3,992,826 | - |

(Unaudited but reviewed)

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 30 September 2020, subsidiaries had credit facilities which have not drawn down of Baht 2,800 million (31 December 2019: Baht 4,222 million).

The Group has placed deposits at banks 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 loans from related parties.

13. Lease liabilities

| | (Unit: Thousand Baht) | | | |
|--|-----------------------|-------------|----------------------|-------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 30 September | 31 December | 30 September | 31 December |
| | 2020 | 2019 | 2020 | 2019 |
| Lease liabilities | 42,914 | 17,395 | 2,189 | 2,752 |
| Less: Deferred interest expenses | (3,851) | (1,494) | (167) | (260) |
| Total | 39,063 | 15,901 | 2,022 | 2,492 |
| Less: Current portion | (9,721) | (5,064) | (658) | (632) |
| Lease liabilities - net of current portion | 29,342 | 10,837 | 1,364 | 1,860 |

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

(Unaudited but reviewed)

As at 30 September 2020 and 31 December 2019, future minimum lease payments of the Group required under the lease agreements were as follows:

(Unit: Thousand Baht)

| | Consolidated financial statements | | | | | | | |
|--|-----------------------------------|-------------|----------------------|---------|------------------------|-------------|----------------------|---------|
| | As at 30 September 2020 | | | | As at 31 December 2019 | | | |
| | Less than 1 year | 1 - 5 years | More than 5 years | Total | Less than 1 year | 1 - 5 years | More than 5 years | Total |
| Future minimum lease payments | 11,116 | 23,481 | 8,317 | 42,914 | 5,854 | 11,541 | - | 17,395 |
| Deferred interest expenses | (1,395) | (1,481) | (975) | (3,851) | (790) | (704) | - | (1,494) |
| Present value of future minimum lease payments | 9,721 | 22,000 | 7,342 | 39,063 | 5,064 | 10,837 | - | 15,901 |

(Unit: Thousand Baht)

| | Separate financial statements | | | | | |
|--|-------------------------------|-------------|-------|------------------------|-------------|-------|
| | As at 30 September 2020 | | | As at 31 December 2019 | | |
| | Less than 1 year | 1 - 5 years | Total | Less than 1 year | 1 - 5 years | Total |
| Future minimum lease payments | 751 | 1,438 | 2,189 | 751 | 2,001 | 2,752 |
| Deferred interest expenses | (93) | (74) | (167) | (119) | (141) | (260) |
| Present value of future minimum lease payments | 658 | 1,364 | 2,022 | 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 shareholders 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 loans from related parties and equity is defined as shareholder's equity.

(Unaudited but reviewed)

The outstanding balance of debentures as at 30 September 2020 and 31 December 2019 are detailed below.

(Unit: Million Baht)

| Year of issuance | Interest rate (% per annum) | | Terms (years) | | Consolidated/Separate financial statements | |
|--|-----------------------------|-------------|---------------|-------------|--|-------------|
| | 30 September | 31 December | 30 September | 31 December | 30 September | 31 December |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| 2018 | - | 6.7 - 7.5 | - | 1.5 - 2.0 | - | 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 | - | 2.0 - 2.9 | - | 1,489 | - |
| Total debentures - Face value | | | | | 5,489 | 5,700 |
| Less: Prepaid interest expenses | | | | | (6) | - |
| Less: Unamortised costs relating to the issuance of the debentures | | | | | (38) | (47) |
| Debentures - net | | | | | 5,445 | 5,653 |
| Less: Current portion | | | | | (3,283) | (1,695) |
| Debentures - net of current portion | | | | | 2,162 | 3,958 |

The debenture of Baht 350 million, which was issued in April 2020, is secured by the mortgage of the subsidiary's investment properties.

15. Revenue from contracts with customers

15.1 Disaggregated revenue information

Sales for the three-month and nine-month periods ended 30 September 2020 and 2019 are made up as follows:

(Unit: Thousand Baht)

| Type of goods: | For the three-month periods ended 30 September | | | |
|--|--|----------------------|----------------------|----------------------|
| | Consolidated | | Separate | |
| | financial statements | financial statements | financial statements | financial statements |
| | 2020 | 2019 | 2020 | 2019 |
| Revenue from residential condominium units sales | 879,856 | 1,498,595 | 208,566 | 410,305 |
| Revenue from land and houses sales | 382,700 | 270,300 | - | - |
| Total revenue from contracts with customers | 1,262,556 | 1,768,895 | 208,566 | 410,305 |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | For the nine-month periods ended 30 September | | | |
|--|---|------------------|----------------------|------------------|
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| Type of goods: | | | | |
| Revenue from residential condominium units sales | 4,192,693 | 3,779,757 | 602,571 | 1,266,444 |
| Revenue from land and houses sales | 599,200 | 374,390 | - | - |
| Total revenue from contracts with customers | <u>4,791,893</u> | <u>4,154,147</u> | <u>602,571</u> | <u>1,266,444</u> |

15.2 Revenue to be recognised for the remaining performance obligations

As at 30 September 2020, revenue totaling Baht 3,951 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 and nine-month periods ended 30 September 2020 and 2019 are made up as follows:

| | (Unit: Thousand Baht) | | | |
|---|--|-----------------|----------------------|--------------|
| | For the three-month periods ended 30 September | | | |
| | Consolidated | | Separate | |
| | financial statements | | financial statements | |
| | 2020 | 2019 | 2020 | 2019 |
| Current income tax: | | | | |
| Interim corporate income tax charge | 23,016 | 51,086 | - | - |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | <u>(18,464)</u> | <u>(21,611)</u> | <u>2,133</u> | <u>5,535</u> |
| Income tax expenses reported in profit or loss | <u>4,552</u> | <u>29,475</u> | <u>2,133</u> | <u>5,535</u> |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | For the nine-month periods ended 30 September | | | |
|--|---|----------------------|----------------------|----------------------|
| | Consolidated | | Separate | |
| | financial statements | financial statements | financial statements | financial statements |
| | 2020 | 2019 | 2020 | 2019 |
| Current income tax: | | | | |
| Interim corporate income tax charge | 120,103 | 85,626 | - | - |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | (44,689) | (33,258) | 2,342 | (6,002) |
| Income tax expenses (income) reported in profit or loss | 75,414 | 52,368 | 2,342 | (6,002) |

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 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 on a basis consistent with that used to measure operating profit or loss in the financial statements. However, the Group's financing activities (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Inter-segment revenues are eliminated on consolidation.

(Unaudited but reviewed)

Revenue and profit information regarding the Group's operating segments for the three-month and nine-month periods ended 30 September 2020 and 2019 are as follows:

(Unit: Million Baht)

| | For the three-month periods ended 30 September | | | | | | | | 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 | 1,457 | 1,828 | 44 | 68 | 24 | 25 | (23) | (23) | 1,502 | 1,898 |
| Segment operating profit (loss) | 104 | 245 | (12) | (6) | 12 | 17 | 2 | (3) | 106 | 253 |
| Unallocated income and expenses: | | | | | | | | | | |
| Other income | | | | | | | | | 11 | 84 |
| Finance cost | | | | | | | | | (121) | (107) |
| Income tax expenses | | | | | | | | | (4) | (29) |
| Profit (loss) for the period | | | | | | | | | (8) | 201 |

(Unit: Million Baht)

| | For the nine-month periods ended 30 September | | | | | | | | 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 | 5,206 | 4,317 | 114 | 227 | 73 | 75 | (79) | (70) | 5,314 | 4,549 |
| Segment operating profit (loss) | 548 | 548 | (52) | (7) | 23 | 49 | (3) | (9) | 516 | 581 |
| Unallocated income and expenses: | | | | | | | | | | |
| Other income | | | | | | | | | 35 | 115 |
| Finance cost | | | | | | | | | (365) | (306) |
| Income tax expenses | | | | | | | | | (75) | (52) |
| Profit for the period | | | | | | | | | 111 | 338 |

18. Commitments and contingent liabilities

18.1 Capital commitments

As at 30 September 2020, subsidiaries had capital commitments relating to the land purchase and sale agreements with other companies and third parties of Baht 3,657 million (31 December 2019: Baht 3,292 million).

18.2 Servitude

As at 30 September 2020, subsidiaries had servitude over land approximately 5 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.

(Unaudited but reviewed)

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

As at 30 September 2020, subsidiaries had commitments from construction agreements related to projects development and office building for rental of Baht 573 million (31 December 2019: Baht 1,584 million).

18.4 Bank guarantees

As at 30 September 2020 and 31 December 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 | |
| | 30 September 2020 | 31 December 2019 | 30 September 2020 | 31 December 2019 |
| Bank guarantees for electricity use | 3 | 5 | 1 | 2 |
| Bank guarantees for public utility | 3 | 31 | - | - |
| Bank guarantees for payments due to creditors | 4 | 1 | - | - |
| Total | <u>10</u> | <u>37</u> | <u>1</u> | <u>2</u> |

As at 30 September 2020, the Group placed deposits at banks of Baht 9.9 million (Separate financial statements: Baht 1.9 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 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.

18.6 Litigations

As at 30 September 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 37 cases, claiming damages of Baht 250 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 129 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 considering by the Court of First Instance. However, the Group's management and its legal consultant are of the opinion that the subsidiary has a chance of winning the case. Consequently, the 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.

(Unaudited but reviewed)

- 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.

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

(Unit: Million Baht)

| | Consolidated financial statements | | | |
|---|-----------------------------------|---------|---------|-------|
| | As at 30 September 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 | - | 2,735 | 729 | 3,464 |
| Liabilities for which fair value are disclosed | | | | |
| Debentures | - | 5,500 | - | 5,500 |

(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 |
| Liabilities for which fair value are disclosed | | | | |
| Debentures | - | 5,776 | - | 5,776 |

(Unaudited but reviewed)

(Unit: Million Baht)

| | Separate financial statements | | | |
|---|-------------------------------|---------|---------|-------|
| | As at 30 September 2020 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value | | | | |
| Investment properties | - | 777 | - | 777 |
| Liabilities for which fair value are disclosed | | | | |
| Debentures | - | 5,500 | - | 5,500 |

(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 |
| Liabilities for which fair value are disclosed | | | | |
| Debentures | - | 5,776 | - | 5,776 |

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

20. Event after the reporting period

In October 2020, 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. The Company acquired 50,997 ordinary shares, accounting for 51% of the total shares.

21. Approval of interim financial statements

The interim financial statements were authorised for issue by the Company's Board of Directors on 13 November 2020.