

Major Development Public Company Limited
and its subsidiaries
Review report and interim financial information
For the three-month periods ended 31 March 2021

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 2021, 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 1.2 to the interim consolidated financial statements. A second wave of the Coronavirus disease 2019 pandemic has slowed down the economic recovery, adversely impacting most businesses and industries. This situation significantly affects the Group's business activities, and this is significantly impacting the Group's financial position, operating results, and cash flows at present, and is expected to do so in the future. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and will record the impact when it is possible to do so. My opinion is not modified in respect of this matter.

Manee Rattanabunnakit

Certified Public Accountant (Thailand) No. 5313

EY Office Limited

Bangkok: 12 May 2021

Major Development Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2021

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2021 (Unaudited but reviewed)	31 December 2020 (Audited)	31 March 2021 (Unaudited but reviewed)	31 December 2020 (Audited)
Assets					
Current assets					
Cash and cash equivalents		2,215,287	1,548,127	1,194,069	676,542
Trade and other receivables	2, 8	146,044	134,961	1,132,788	1,069,079
Short-term loans to related parties	8	-	-	3,190,800	2,768,800
Current portion of long-term loans to related parties	8	-	244,800	-	244,800
Real estate development cost	3	7,966,441	8,444,738	254,721	367,210
Advances for construction		127,384	151,534	44,867	44,907
Deposits for purchase of land		269,440	440,861	-	37,077
Prepayment for purchase of shares		414,149	397,905	-	-
Cost to obtain contracts with customers		159,267	220,433	-	-
Other current assets		132,233	115,671	20,939	22,997
Total current assets		11,430,245	11,699,030	5,838,184	5,231,412
Non-current assets					
Pledged deposits at banks	10, 14.4	31,442	32,526	759	1,866
Investments in subsidiaries	4	-	-	4,929,324	4,929,324
Investments in joint ventures	5	101,419	108,508	68,090	68,090
Long-term loans to related parties	8	612,841	201,187	971,200	556,400
Investment properties	6	3,732,909	3,743,795	802,762	802,762
Property, plant and equipment	7	2,670,743	2,684,844	53,887	55,260
Intangible assets		19,357	19,636	2,695	3,034
Deposits for purchase of land	14.6	87,500	87,500	-	-
Deferred tax assets		129,190	164,290	5,832	7,545
Other non-current assets		22,112	22,080	7,051	7,051
Total non-current assets		7,407,513	7,064,366	6,841,600	6,431,332
Total assets		18,837,758	18,763,396	12,679,784	11,662,744

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 2021

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2021 (Unaudited but reviewed)	31 December 2020 (Audited)	31 March 2021 (Unaudited but reviewed)	31 December 2020 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term bills of exchange	9	178,094	239,545	178,094	239,545
Trade and other payables		554,810	713,119	143,096	307,276
Retention payables		249,240	343,956	42,463	44,003
Deposits and advances from customers		698,606	893,032	26,124	33,157
Short-term loans from related parties	8	-	-	106,000	106,000
Current portion of long-term loans from financial institutions	10	771,035	1,549,502	-	-
Current portion of lease liabilities		9,755	10,092	676	666
Current portion of debentures	11	3,296,532	3,290,634	3,296,532	3,290,634
Income tax payable		46,401	45,356	-	-
Other current liabilities		177,330	176,316	126,814	132,540
Total current liabilities		5,981,803	7,261,552	3,919,799	4,153,821
Non-current liabilities					
Long-term loans from financial institutions	10	2,778,220	2,672,835	-	-
Debentures	11	4,116,923	2,803,576	3,970,103	2,657,151
Lease liabilities		23,936	26,622	1,021	1,194
Provision for long-term employee benefits		32,091	54,939	-	-
Deferred tax liabilities		253,708	266,900	138,302	138,302
Other non-current liabilities		25,458	23,469	-	-
Total non-current liabilities		7,230,336	5,848,341	4,109,426	2,796,647
Total liabilities		13,212,139	13,109,893	8,029,225	6,950,468

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 2021

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
	(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	3,537,484	3,565,368	2,809,880	2,871,597
Other components of shareholders' equity	247,456	247,456	-	-
Total shareholders' equity	5,625,619	5,653,503	4,650,559	4,712,276
Total liabilities and shareholders' equity	18,837,758	18,763,396	12,679,784	11,662,744
	-	-	-	-

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 2021**

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

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Revenues					
Sales		1,159,372	1,824,740	153,137	199,733
Revenues from hotel operations		16,145	63,440	-	-
Management fee income		25,587	20,977	-	-
Rental income		22,218	24,479	1,218	1,218
Dividend income	5.2	-	-	-	68,848
Other income		30,764	54,101	2,377	2,501
Total revenues		1,254,086	1,987,737	156,732	272,300
Expenses					
Cost of sales		711,970	1,108,497	112,489	116,434
Cost from hotel operations		29,121	48,926	-	-
Cost of management services		21,080	16,110	-	-
Cost of rental		7,539	9,237	-	-
Selling expenses		182,993	281,283	15,366	37,408
Administrative expenses		131,740	192,908	13,169	13,682
Total expenses		1,084,443	1,656,961	141,024	167,524
Operating profit		169,643	330,776	15,708	104,776
Share of profit (loss) from investments in joint ventures	5.2	(10,235)	30,568	-	-
Finance income		6,870	5,332	67,530	60,552
Finance cost		(171,665)	(121,136)	(143,242)	(114,343)
Profit (loss) before income tax expenses		(5,387)	245,540	(60,004)	50,985
Income tax income (expenses)	12	(22,497)	(47,110)	(1,713)	5,148
Profit (loss) for the period		(27,884)	198,430	(61,717)	56,133
Earnings per share					
Basic earnings per share					
Profit (loss) for the period		(0.03)	0.23	(0.07)	0.07

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 2021

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Profit (loss) for the period	<u>(27,884)</u>	<u>198,430</u>	<u>(61,717)</u>	<u>56,133</u>
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>(27,884)</u></u>	<u><u>198,430</u></u>	<u><u>(61,717)</u></u>	<u><u>56,133</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 2021

(Unit: Thousand Baht)

Consolidated financial statements

Equity attributable to owners of the Company

	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other component	Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	of equity Surplus on revaluation of assets	
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
Balance as at 1 January 2021	860,412	875,267	105,000	3,565,368	247,456	5,653,503
Total comprehensive income for the period	-	-	-	(27,884)	-	(27,884)
Balance as at 31 March 2021	860,412	875,267	105,000	3,537,484	247,456	5,625,619
	-	-	-	-	-	-
	-	-	-	-	-	-

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 2021

(Unit: Thousand Baht)

Separate financial statements

	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 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	860,412	875,267	105,000	2,861,080	4,701,759
Balance as at 1 January 2021	860,412	875,267	105,000	2,871,597	4,712,276
Total comprehensive income for the period	-	-	-	(61,717)	(61,717)
Balance as at 31 March 2021	860,412	875,267	105,000	2,809,880	4,650,559
	-	-	-	-	-
	-	-	-	-	-

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 2021

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash flows from operating activities				
Profit (loss) before tax	(5,387)	245,540	(60,004)	50,985
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	33,561	32,888	1,718	2,285
Loss on sale and write off of assets	(1,336)	509	(1,520)	-
Write-off of withholding tax deducted at source	3,024	-	3,024	-
Provision for long-term employee benefits (Reversal)	(22,848)	1,561	-	137
Share of loss (profit) from investments in joint ventures	10,235	(30,568)	-	-
Dividend income	-	-	-	(68,848)
Finance income	(6,870)	(5,332)	(67,530)	(60,552)
Finance cost	162,697	112,890	134,287	106,201
Profit from operating activities before changes in operating assets and liabilities	173,076	357,488	9,975	30,208
Operating assets (increase) decrease				
Trade and other receivables	(4,665)	(10,545)	3,605	(223,875)
Real estate development cost	496,068	534,172	112,489	116,434
Advances for construction	24,150	47,993	40	1,821
Deposits for purchase of land	171,421	(37,500)	37,077	-
Cost to obtain contracts with customers	61,166	82,263	-	625
Other current assets	(9,395)	(1,381)	1,005	2,642
Other non-current assets	(32)	495	-	-

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 2021

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Operating liabilities increase (decrease)				
Trade and other payables	(175,818)	54,662	(181,804)	59,595
Retention payables	(94,716)	9,100	(1,540)	(6,201)
Deposits and advances from customers	(194,426)	(354,248)	(7,033)	(78,101)
Other current liabilities	1,014	(53,100)	(5,725)	(29,612)
Other non-current liabilities	1,989	(1,117)	-	-
Cash flows from (used in) operating activities	449,832	628,282	(31,911)	(126,464)
Interest paid	(168,864)	(159,926)	(122,963)	(101,166)
Cash received from withholding tax deducted at source	3,830	-	-	-
Corporate income tax paid	(13,566)	(20,489)	(1,971)	(2,500)
Net cash from (used in) operating activities	271,232	447,867	(156,845)	(230,130)
Cash flows from investing activities				
Decrease in pledged deposits at banks	1,084	1,540	1,107	-
Acquisition of investment properties	(4,498)	(35,043)	-	-
Acquisition of property, plant and equipment	(7,341)	(28,433)	(6)	-
Cash received from sales of equipment	6,034	5	1,520	-
Acquisition of intangible assets	(2,325)	-	-	-
Cash received from sales of intangible assets	1,171	-	-	-
Prepayment for purchase of shares	(16,244)	-	-	-
Cash received from short-term loans to related party	-	-	40,000	228,500
Cash payment for short-term loans to related parties	-	-	(462,000)	(160,000)
Cash payment for long-term loans to related parties	(170,000)	-	(170,000)	-
Interest received	452	167	215	24,298
Dividend received	-	68,848	-	68,848
Net cash from (used in) investing activities	(191,667)	7,084	(589,164)	161,646

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 2021

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash flows from financing activities				
Increase in bank overdrafts from financial institutions	-	17,600	-	9,009
Decrease in short-term bills of exchange	(60,000)	(45,000)	(60,000)	(45,000)
Repayment of lease liabilities	(3,023)	(4,006)	(164)	(155)
Cash received from debentures	1,323,700	738,600	1,323,700	738,600
Repayment of debentures	-	(399,400)	-	(399,400)
Cash received from long-term loans from financial institutions	117,411	1,224,344	-	-
Repayment of long-term loans from financial institutions	(790,493)	(1,326,967)	-	-
Net cash from financing activities	587,595	205,171	1,263,536	303,054
Net increase in cash and cash equivalents	667,160	660,122	517,527	234,570
Cash and cash equivalents at beginning of period	1,548,127	388,686	676,542	125,937
Cash and cash equivalents at end of period	2,215,287	1,048,808	1,194,069	360,507
	-	-	-	-
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 real estate development cost to deposit for purchase of land	-	4,900	-	-
Transferred investment properties to property, plant and equipment	15,384	-	-	-

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 period ended 31 March 2021

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

A second wave of the Coronavirus disease 2019 pandemic has slowed down the economic recovery, adversely impacting most businesses and industries. This situation significantly affects the Group’s business activities, and this is significantly impacting the Group’s financial position, operating results, and cash flows at present, and is expected to do so in the future. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and 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 2020, with the same composition of the subsidiaries in the current period, except for the additional investments as described in Note 4 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 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 adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued amendments to Thai Financial Reporting Standard 16 Leases that provide temporary exemptions from the impact of interest rate benchmark reform for a lessee, provided that all specified conditions are to be met.

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

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 2020.

(Unaudited but reviewed)

2. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2021	2020	2021	2020
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Past due				
Up to 3 months	14,785	10,711	-	-
3 - 6 months	1,582	3,298	-	-
6 - 12 months	3,294	997	-	-
Over 12 months	911	674	-	-
Total	20,572	15,680	-	-
Less: Allowance for expected credit losses	(611)	(287)	-	-
Total trade receivables - unrelated parties, net	19,961	15,393	-	-
<u>Other receivables</u>				
Other receivables and advances - related parties				
	22,231	22,038	652,698	657,224
Other receivables and advances - unrelated parties				
	31,445	31,540	19,786	18,866
Interest receivables - related parties	72,407	65,990	460,304	392,989
Total other receivables	126,083	119,568	1,132,788	1,069,079
Total trade and other receivables - net	146,044	134,961	1,132,788	1,069,079

3. Real estate development cost

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2021	2020	2021	2020
Land and construction under development	3,283,439	3,048,010	-	-
Developed land and construction	4,683,002	5,396,728	254,721	367,210
Total	7,966,441	8,444,738	254,721	367,210

- 3.1 During the three-month period ended 31 March 2021, subsidiaries capitalised interest amounting to Baht 18 million (2020: Baht 32 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 10 to the financial statements.

(Unaudited but reviewed)

3.2 As at 31 March 2021 and 31 December 2020, the Group has mortgaged 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 2021	31 December 2020	31 March 2021	31 December 2020
Net book values of land and construction thereon that have been mortgaged as collateral	6,757	7,829	-	-
Net book values of land and construction thereon that have been guaranteed due to legal cases	52	58	52	58

4. 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	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020	31 March 2021	31 December 2020	31 March 2021	31 December 2020	31 March 2021	31 December 2020
			(%)	(%)						
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	900,000	100	100	900,000	900,000	-	-	900,000	900,000
MDPC Company Limited	10,000	10,000	100	100	9,999	9,999	-	-	9,999	9,999
MJV2 Co., Ltd.	50,000	50,000	100	100	50,000	50,000	-	-	50,000	50,000
Total					<u>5,532,747</u>	<u>5,532,747</u>	<u>(603,423)</u>	<u>(603,423)</u>	<u>4,929,324</u>	<u>4,929,324</u>

Movement of the investments in subsidiaries during the three-month period ended 31 March 2021 is as follows:

Indirect investments by subsidiaries

MJ One Company Limited (held by MJR Development Company Limited, MJP Property Company Limited and MJC Development Company Limited)

The Extraordinary General Meeting of shareholders of MJ One Company Limited passed a resolution approving a decrease in the registered capital by reducing par value from Baht 100 per share to Baht 25 per share to compensate for the accumulated loss. The company registered the capital reduction with the Ministry of Commerce on 15 March 2021. The capital reduction resulted in the remaining registered capital of Baht 15 million.

Major SPV One Co., Ltd. (held by Major Development Estate Company Limited)

Major Development Estate Company Limited (MDE) invested in Major SPV One Company Limited (“a subsidiary”), a newly incorporated company, to engage in development of properties for sales. The new company has a registered capital of Baht 100 million and was registered with the Ministry of Commerce on 9 December 2020. MDE acquired 999,997 ordinary shares, accounting for 99% of the total share, and made share payment totaling Baht 25 million, or 25% of the registered capital in December 2020, and Baht 75 million for the remaining shares in March 2021. The subsidiary registered the share capital increase with the Ministry of Commerce on 10 May 2021

PEOPLESCAPE CO., LTD. (held by Major Development Estate Company Limited)

Major Development Estate Company Limited (MDE) invested in PEOPLEScape CO., LTD., a newly incorporated company, to engage in the provision of organisational development and management consulting services. The new company was registered with the Ministry of Commerce on 4 March 2021, with a registered capital of Baht 1 million. MDE acquired and paid for 89,999 ordinary shares, accounting for 89.99% of the total share.

(Unaudited but reviewed)

5. Investments in joint ventures

5.1 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	
			2021	2020	2021	2020	2021	2020	
			(%)	(%)					
Major Residences Company Limited	Development of properties for sales	Thailand	51	51	12,750	12,750	51,524	57,102	
TMDC Construction Company Limited	Construction service	Thailand	51	51	81,599	81,599	45,863	46,390	
MJD-JV1 Co., Ltd.	Development of properties for sales	Thailand	51	51	510	510	-	-	
MJV3 Co., Ltd.	Development of properties for sales	Thailand	51	51	5,100	5,100	4,032	5,016	
Total					99,959	99,959	101,419	108,508	

(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	31 December	31 March	31 December	31 March	31 December	31 March	31 December
			2021	2020	2021	2020	2021	2020	2021	2020
			(%)	(%)						
Major Residences Company Limited	Development of properties for sales	Thailand	51	51	12,750	12,750	-	-	12,750	12,750
TMDC Construction Company Limited	Construction service	Thailand	51	51	81,599	81,599	(31,869)	(31,869)	49,730	49,730
MJD-JV1 Co., Ltd.	Development of properties for sales	Thailand	51	51	510	510	-	-	510	510
MJV3 Co., Ltd.	Development of properties for sales	Thailand	51	51	5,100	5,100	-	-	5,100	5,100
Total					99,959	99,959	(31,869)	(31,869)	68,090	68,090

(Unaudited but reviewed)

5.2 Share of profit (loss) and dividend received

During the three-month periods ended 31 March 2021 and 2020, 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:

Company's name	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investment in joint ventures		Dividend received	
	2021	2020	2021	2020
Major Residences Company Limited	(5,578)	35,265	-	68,848
TMDC Construction Company Limited	(527)	(188)	-	-
MJD-JV1 Company Limited	(3,146)	(4,509)	-	-
MJV3 Co., Ltd	(984)	-	-	-
Total	<u>(10,235)</u>	<u>30,568</u>	<u>-</u>	<u>68,848</u>

6. Investment properties

Movements of the investment properties account during the three-month period ended 31 March 2021 are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2021	3,743,795	802,762
Additions during the period	5,097	-
Transferred to property, plant and equipment	(15,384)	-
Adjust	(599)	-
Balance as at 31 March 2021	<u>3,732,909</u>	<u>802,762</u>

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.

(Unaudited but reviewed)

The Group has mortgaged investment properties with carrying values as at 31 March 2021 amounting to Baht 3,585 million (Separate financial statements: Baht 797 million) (31 December 2020: Baht 3,596 million, Separate financial statements: Baht 797 million) with commercial banks as collateral against credit facilities received from banks, guaranteed as collateral at the Court and the issuance of the debentures.

7. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2021 are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2021	2,684,844	55,260
Additions during the period - cost	7,341	6
Transferred from real estate development cost	15,384	-
Disposals	(3,404)	-
Write-off	(1,347)	-
Depreciation for the period	(32,075)	(1,379)
Balance as at 31 March 2021	<u>2,670,743</u>	<u>53,887</u>

Land and building with carrying values as at 31 March 2021 amounting to Baht 2,193 million (Separate financial statements: Baht 37 million) (31 December 2020: Baht 2,162 million, Separate financial statements: Baht 9 million) have been mortgaged with commercial banks as collateral against credit facilities received from banks and guaranteed as collateral at the Court and the issuance of the debentures.

(Unaudited but reviewed)

8. Related party transactions

During the periods, the Group 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 Group and those related parties.

(Unit: Thousand Baht)

	For the three-month periods ended				Transfer pricing policy
	31 March				
	Consolidated		Separate		
	financial statements		financial statements		
2021	2020	2021	2020		
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Interest income	-	-	60,897	55,297	6.8 - 7.5% per annum (2020: 7.5% per annum)
Land rental income	-	-	1,218	1,218	Cost plus margin
Interest expense	-	-	523	-	2.0% per annum
Rental and service expenses	-	-	74	94	Cost plus margin
Other expenses	-	-	56	48	Agreed price
Commission expenses	-	-	2,218	3,788	Percentage of revenue
<u>Transactions with related persons and parties</u>					
Interest income	6,418	5,165	6,418	5,165	4.0 - 7.0% per annum (2020: 4.5 - 5.3% per annum)
Management income	5,700	5,700	-	-	Cost plus margin

As at 31 March 2021 and 31 December 2020, the balances of the accounts between the Group and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2021	2020	2021	2020
<u>Other receivables - related parties (Note 2)</u>				
Subsidiaries	-	-	1,018,407	962,185
Joint ventures	94,638	88,028	94,595	88,028
Total other receivables - related parties	94,638	88,028	1,113,002	1,050,213
<u>Other payables - related parties</u>				
Subsidiaries	-	-	33,173	205,000
Joint ventures	1,392	1,392	1,392	1,392
Total other payables - related parties	1,392	1,392	34,565	206,392

(Unaudited but reviewed)

Loans to related parties and loans from related persons and parties

As at 31 March 2021 and 31 December 2020, the balances of loans between the Group and those related parties and the movements are as follows:

(Unit: Thousand Baht)

Short-term loans to	Interest rate (% per annum)	Separate financial statements			
		Balance as at 31 December 2020	Increase	Decrease	Balance as at 31 March 2021
Major Development Estate Company Limited	7.50	1,938,000	-	-	1,938,000
Major Development Commercial Company Limited	7.50	328,500	85,000	-	413,500
Major Development Hotels and Resorts Company Limited	6.90	123,500	12,000	(40,000)	95,500
MJD Residences Company Limited	6.90	378,000	315,000	-	693,800
MJV2 Co., Ltd.	6.90	-	50,000	-	50,000
Total		<u>2,768,800</u>	<u>462,000</u>	<u>(40,000)</u>	<u>3,190,800</u>

(Unit: Thousand Baht)

Long-term loans to	Interest rate (% per annum)	Consolidated financial statements			
		Balance as at 31 December 2020	Increase	Decrease	Balance as at 31 March 2021
Major Residences Company Limited	MLR - 0.75	183,600	20,000	-	203,600
MJD-JV1 Co., Ltd.	MLR - 1.25	234,600	-	-	234,600
	(2020: MLR - 0.75 and 1.25)				
MJV3 Co., Ltd.	MLR + 0.50	83,000	150,000	-	233,000
Total		<u>501,200</u>	<u>170,000</u>	<u>-</u>	<u>671,200</u>
Less: Allowance for impairment loss from investments in joint venture		<u>(55,213)</u>			<u>(58,359)</u>
Total		<u>445,987</u>			<u>612,841</u>
Less: Current portion		<u>(244,800)</u>			<u>-</u>
Long-term portion		<u>201,187</u>			<u>612,841</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

Long-term loans to	Interest rate (% per annum)	Separate financial statements			
		Balance as at 31 December		Balance as at 31 March	
		2020	Increase	Decrease	2021
Major Residences Company Limited	MLR - 0.75	183,600	20,000	-	203,600
MJD-JV1 Co., Ltd.	MLR - 1.25	234,600	-	-	234,600
	(2020: MLR - 0.75 and 1.25)				
MJV3 Co., Ltd.	MLR + 0.50	83,000	150,000	-	233,000
MJR Development Company Limited	6.80	300,000	-	-	300,000
Total		801,200	170,000	-	971,200
Less: Current portion		(244,800)			-
Long-term portion		556,400			971,200

Loans to related parties is due for payment within September 2022 and March 2025.

(Unit: Thousand Baht)

Short-term loan from	Interest rate (% per annum)	Separate financial statements			
		Balance as at 31 December		Balance as at 31 March	
		2020	Increase	Decrease	2021
Major Development Residences Company Limited	2.00	106,000	-	-	106,000
Total		106,000	-	-	106,000

Directors and management's remuneration

During the three-month periods ended 31 March 2021 and 2020, the Group had employee benefit expenses to its directors and management as below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Short-term employee benefits	31.8	72.5	0.5	0.5
Post-employment benefits	0.6	0.6	-	-
Total	32.4	73.1	0.5	0.5

Guarantee obligations with related parties

The Company has obligations in respect of guarantees of the affiliates obtained from banks and unrelated parties as described in Note 14.4 to the financial statements, for which no guarantee fee has been charged.

(Unaudited but reviewed)

9. Short-term bills of exchange

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated/Separate financial statements	
	31 March	31 December	31 March	31 December
	2021	2020	2021	2020
Bills of exchange - Face value			182,000	242,000
Less: Prepaid interest expenses	6.75	6.25 - 6.75	(3,906)	(2,455)
Bills of exchange - net			<u>178,904</u>	<u>239,545</u>

10. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 March	31 December
	2021	2020
Long-term loans from financial institutions	3,549,255	4,222,337
Less: Current portion	(771,035)	(1,549,502)
Long-term portion	<u>2,778,220</u>	<u>2,672,835</u>

Movements of the long-term loans account during the three-month period ended 31 March 2021 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements
Balance as at 1 January 2021	4,222,337
Add: Additional borrowings	117,411
Less: Repayment	(790,493)
Balance as at 31 March 2021	<u>3,549,255</u>

Long-term loans of the Group have principal repayment conditions with the rates stipulated in the loan agreements when the collaterals mortgaged with the banks are redeemed. Interest is charged at rate based on MLR. Full settlement of these loans is to be made within 2021 - 2031.

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.

(Unaudited but reviewed)

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.

As at 31 March 2021, subsidiaries had credit facilities which have not drawn down of Baht 4,436 million (31 December 2020: Baht 5,013 million).

11. Debentures

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

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.

The outstanding balance of debentures as at 31 March 2021 and 31 December 2020 are detailed below.

Year of issuance	Interest rate (% per annum)		Terms (years)		Consolidated financial statements		Separate financial statements	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2021	2020	2021	2020	2021	2020	2021	2020
2019	6.7 - 7.0	6.7 - 7.0	2 - 2.5	2 - 2.5	4,000	4,000	4,000	4,000
2020	6.8	6.8	2 - 2.8	2 - 2.8	2,139	2,139	1,989	1,989
2021	6.8	-	2.5	-	1,324	-	1,324	-
Total debentures - Face value					7,463	6,139	7,313	5,989
Less: Prepaid interest expenses					(6)	(6)	(6)	(6)
Less: Unamortised costs relating to the issuance of the debentures					(43)	(38)	(40)	(34)
Debentures - net					7,414	6,095	7,267	5,949
Less: Current portion					(3,297)	(3,291)	(3,297)	(3,291)
Net of current portion					4,117	2,804	3,970	2,658

(Unit: Million Baht)

(Unaudited but reviewed)

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

12. 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 2021 and 2020 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2021	2020	2021	2020
Current income tax:				
Interim corporate income tax charge	590	64,547	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	21,907	(17,437)	(1,713)	(5,148)
Income tax expenses (income) reported in the statements of income	22,497	47,110	(1,713)	(5,148)

13. 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.

(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 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.

Revenue and profit information regarding the Group's operating segments for the three-month periods ended 31 March 2021 and 2020 are as follows:

(Unit: Million Baht)

	For the three-month periods ended 31 March									
	Development of properties for sales		Hotel business		Rental business		Elimination		Consolidated financial statements	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenue from external customers	1,209	1,919	16	64	25	26	(23)	(26)	1,227	1,983
Segment operating profit (loss)	145	351	(24)	(8)	12	15	-	(3)	133	355
Unallocated income and expenses:										
Other income									34	11
Finance cost									(172)	(121)
Income tax expenses									(23)	(47)
Profit (loss) for the period									(28)	198

14. Commitments and contingent liabilities

14.1 Capital commitments

The subsidiaries had capital commitments as follows.

(Unit: Million Baht)

	31 March 2021	31 December 2020
The purchases of land agreements	1,986	2,565
Sell and to purchase share agreement	1,255	1,255

14.2 Servitude

As at 31 March 2021, subsidiaries had servitude over land approximately 5 rai (31 December 2020: 5 rai). Cost of servitude over land is included in real estate development cost, investment properties, and property, plant and equipment.

(Unaudited but reviewed)

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

As at 31 March 2021, subsidiaries had commitments from construction agreements related to projects development and office building for rental of Baht 84 million (31 December 2020: Baht 259 million).

14.4 Bank guarantees

- (1) The Company has guaranteed bank credit facilities of related parties amounting to Baht 13,666 million (31 December 2020: Baht 13,634 million).
- (2) As at 31 March 2021 and 31 December 2020, 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	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
Bank guarantees for electricity use	3	3	1	1
Bank guarantees for public utility	1	1	-	-
Bank guarantees for payments due to creditors	4	4	-	-
Total	8	8	1	1

As at 31 March 2021, the Group placed deposits at banks of Baht 5.6 million (Separate financial statements: Baht 0.8 million) (31 December 2020: Baht 6.7 million, Separate financial statements: Baht 1.9 million) and mortgaged the land and construction of condominium projects with the banks to secure the issuance of bank guarantees.

14.5 Long-term service commitment

In September 2013, 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.

14.6 Litigations

As at 31 March 2021, 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 22 cases, claiming damages of Baht 175 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 130 million in its accounts.
- b) A subsidiary filed a lawsuit against a land seller for the repayment of land deposits amounting to Baht 100 million as the seller could not transferred the ownership to the subsidiary. Currently, the case is being investigated. However, the 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 13 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. 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.

15. 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 2021 and 31 December 2020, the Group had the financial liability for which fair value are disclosed using inputs categorised as level 2 are follows:

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 March 2021		As at 31 December 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<u>Financial liability</u>				
Long-term debentures	7,414	7,462	6,095	6,157

(Unit: Million Baht)

	Separate financial statements			
	As at 31 March 2021		As at 31 December 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<u>Financial liability</u>				
Long-term debentures	7,267	7,315	5,949	6,007

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

16. Event after the reporting period

In April 2021, the Company invested in MJV4 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 21 April 2021. The Company acquired and paid for 19,997 ordinary shares, accounting for 100% of the total share.

17. Approval of interim financial statements

The interim financial statements were authorised for issue by the Company's Board of Directors on 12 May 2021.