

Major Development Public Company Limited
and its subsidiaries
Review report and interim financial information
For the three-month and six-month periods ended 30 June 2023

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 June 2023, the related consolidated statements of income and comprehensive income for the three-month and six-month periods then ended, and the related consolidated statements of changes in shareholders' equity and cash flows for the six-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*.

Manee Rattanabunnakit

Certified Public Accountant (Thailand) No. 5313

EY Office Limited

Bangkok: 15 August 2023

Major Development Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2023

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2023	31 December 2022	30 June 2023	31 December 2022
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		1,564,381	1,007,513	1,090,749	316,543
Trade and other receivables	2, 6	157,184	145,124	784,651	638,488
Short-term loans to related parties	6	-	-	3,801,800	3,439,200
Current portion of long-term loans					
to related parties	6	251,165	268,634	251,165	268,634
Real estate development cost	3	8,406,887	6,677,039	28,422	36,475
Advances for construction		212,142	213,316	14,198	14,187
Deposits for purchase of land		126,455	66,488	-	-
Cost to obtain contracts with customers		12,354	35,977	-	-
Other current assets		52,252	45,311	2,221	1,393
Total current assets		10,782,820	8,459,402	5,973,206	4,714,920
Non-current assets					
Restricted bank deposits	7, 11.2	14,801	19,945	71	758
Prepayment for purchase of shares	4	-	796,419	-	-
Investments in subsidiaries	4	-	-	5,082,324	5,081,324
Investments in joint ventures		278,399	225,521	68,091	68,091
Long-term loans to related parties	6	402,955	398,625	719,150	711,500
Investment properties		4,150,301	4,126,744	832,501	832,501
Property, plant and equipment		2,019,846	2,063,237	42,729	44,925
Intangible assets		21,700	19,303	730	781
Deposits for purchase of land		87,500	87,500	-	-
Deferred tax assets		195,477	181,171	240	747
Other non-current assets		88,857	88,751	11,480	21,789
Total non-current assets		7,259,836	8,007,216	6,757,316	6,762,416
Total assets		18,042,656	16,466,618	12,730,522	11,477,336

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 June 2023

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2023	31 December 2022	30 June 2023	31 December 2022
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from third parties		150,000	150,000	-	-
Trade and other payables		355,927	406,571	508,177	424,955
Retention payables		132,448	155,577	13,169	13,194
Deposits and advances from customers		296,259	282,622	19,772	21,431
Short-term loans from related parties	6	-	-	1,057,000	870,500
Current portion of long-term loans from financial institutions	7	658,380	619,019	-	-
Current portion of lease liabilities		5,874	8,933	124	490
Current portion of debentures	8	3,091,183	2,813,156	3,091,183	2,663,600
Income tax payable		13,055	19,155	-	-
Other current liabilities		128,067	125,439	85,720	88,625
Total current liabilities		4,831,193	4,580,472	4,775,145	4,082,795
Non-current liabilities					
Long-term bill of exchange		41,746	40,486	41,746	40,486
Long-term loans from financial institutions	7	4,311,664	3,511,483	-	-
Debentures	8	3,631,291	2,962,133	3,631,291	2,962,134
Lease liabilities		21,012	23,229	-	-
Provision for long-term employee benefits		55,608	51,087	-	-
Deferred tax liabilities		301,791	299,385	144,250	144,250
Other non-current liabilities		41,320	38,420	-	-
Total non-current liabilities		8,404,432	6,926,223	3,817,287	3,146,870
Total liabilities		13,235,625	11,506,695	8,592,432	7,229,665

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 June 2023

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	(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	2,686,855	2,839,624	2,297,411	2,406,992
Other component of shareholders' equity	279,699	279,699	-	-
Equity attributable to owners of the Company	4,807,233	4,960,002	4,138,090	4,247,671
Non-controlling interests of the subsidiaries	(202)	(79)	-	-
Total shareholders' equity	4,807,031	4,959,923	4,138,090	4,247,671
Total liabilities and shareholders' equity	18,042,656	16,466,618	12,730,522	11,477,336
	-	-	-	-

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 30 June 2023**

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

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Revenues					
Sales		492,831	603,534	-	10,384
Revenues from hotel operations		64,982	45,629	-	-
Management fee income		19,269	20,378	-	-
Rental income		43,026	32,123	1,368	1,218
Other income		17,457	22,361	2,510	2,606
Total revenues		637,565	724,025	3,878	14,208
Expenses					
Cost of sales		320,566	453,353	-	6,913
Cost from hotel operations		48,477	33,260	-	-
Cost of management services		16,012	16,946	-	-
Cost of rental		12,825	9,174	-	-
Selling expenses		99,432	85,638	1,245	1,833
Administrative expenses		137,984	174,355	11,103	15,467
Total expenses		635,296	772,726	12,348	24,213
Operating profit (loss)		2,269	(48,701)	(8,470)	(10,005)
Share of profit from investments in joint ventures	5.1	32,635	22,022	-	-
Finance income		15,197	11,180	86,205	61,703
Finance cost		(122,524)	(128,980)	(142,007)	(111,125)
Loss before income tax income (expenses)		(72,423)	(144,479)	(64,272)	(59,427)
Income tax income (expenses)	9	(2,902)	12,869	(325)	(761)
Loss for the period		(75,325)	(131,610)	(64,597)	(60,188)
Loss attributable to:					
Equity holders of the Company		(75,287)	(131,491)	(64,597)	(60,188)
Non-controlling interests of the subsidiaries		(38)	(119)		
		(75,325)	(131,610)		
Loss per share					
Basic loss per share					
Loss attributable to equity holders of the Company		(0.09)	(0.15)	(0.08)	(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 30 June 2023

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Loss for the period	<u>(75,325)</u>	<u>(131,610)</u>	<u>(64,597)</u>	<u>(60,188)</u>
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>(75,325)</u></u>	<u><u>(131,610)</u></u>	<u><u>(64,597)</u></u>	<u><u>(60,188)</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	(75,287)	(131,491)	<u>(64,597)</u>	<u>(60,188)</u>
Non-controlling interests of the subsidiaries	<u>(38)</u>	<u>(119)</u>		
	<u><u>(75,325)</u></u>	<u><u>(131,610)</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 six-month period ended 30 June 2023**

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

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Revenues					
Sales		987,014	1,084,978	13,124	29,194
Revenues from hotel operations		144,276	73,372	-	-
Management fee income		36,869	40,233	-	-
Rental income		81,466	61,131	2,736	2,436
Other income		32,788	49,420	4,224	2,849
Total revenues		1,282,413	1,309,134	20,084	34,479
Expenses					
Cost of sales		649,480	808,848	8,053	24,196
Cost from hotel operations		94,604	62,326	-	-
Cost of management services		31,194	33,797	-	-
Cost of rental		24,258	19,023	-	-
Selling expenses		182,275	162,034	2,168	3,535
Administrative expenses		290,505	310,926	18,302	23,192
Total expenses		1,272,316	1,396,954	28,523	50,923
Operating profit (loss)		10,097	(87,820)	(8,439)	(16,444)
Share of profit from investments in joint ventures	5.1	49,558	114,712	-	-
Finance income		24,476	21,518	164,323	121,238
Finance cost		(231,319)	(250,917)	(264,958)	(213,796)
Loss before income tax income (expenses)		(147,188)	(202,507)	(109,074)	(109,002)
Income tax income (expenses)	9	(5,704)	21,123	(507)	(761)
Loss for the period		(152,892)	(181,384)	(109,581)	(109,763)
Loss attributable to:					
Equity holders of the Company		(152,769)	(181,150)	(109,581)	(109,763)
Non-controlling interests of the subsidiaries		(123)	(234)		
		(152,892)	(181,384)		
Loss per share					
Basic loss per share					
Loss attributable to equity holders of the Company		(0.18)	(0.21)	(0.13)	(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 six-month period ended 30 June 2023

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Loss for the period	<u>(152,892)</u>	<u>(181,384)</u>	<u>(109,581)</u>	<u>(109,763)</u>
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>(152,892)</u></u>	<u><u>(181,384)</u></u>	<u><u>(109,581)</u></u>	<u><u>(109,763)</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	(152,769)	(181,150)	<u>(109,581)</u>	<u>(109,763)</u>
Non-controlling interests of the subsidiaries	<u>(123)</u>	<u>(234)</u>		
	<u><u>(152,892)</u></u>	<u><u>(181,384)</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 six-month period ended 30 June 2023

(Unit: Thousand Baht)

Consolidated financial statements

	Equity attributable to owners of the Company							
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other component of equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	Surplus on revaluation of assets			
Balance as at 1 January 2022	860,412	875,267	105,000	3,201,250	267,549	5,309,478	409	5,309,887
Total comprehensive income for the period	-	-	-	(181,150)	-	(181,150)	(234)	(181,384)
Balance as at 30 June 2022	860,412	875,267	105,000	3,020,100	267,549	5,128,328	175	5,128,503
Balance as at 1 January 2023	860,412	875,267	105,000	2,839,624	279,699	4,960,002	(79)	4,959,923
Total comprehensive income for the period	-	-	-	(152,769)	-	(152,769)	(123)	(152,892)
Balance as at 30 June 2023	860,412	875,267	105,000	2,686,855	279,699	4,807,233	(202)	4,807,031
				-	-			-
	-	-	-	-	-			-

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 six-month period ended 30 June 2023

(Unit: Thousand Baht)

	Separate financial statements				Total
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2022	860,412	875,267	105,000	2,585,341	4,426,020
Total comprehensive income for the period	-	-	-	(109,763)	(109,763)
Balance as at 30 June 2022	<u>860,412</u>	<u>875,267</u>	<u>105,000</u>	<u>2,475,578</u>	<u>4,316,257</u>
Balance as at 1 January 2023	860,412	875,267	105,000	2,406,992	4,247,671
Total comprehensive income for the period	-	-	-	(109,581)	(109,581)
Balance as at 30 June 2023	<u>860,412</u>	<u>875,267</u>	<u>105,000</u>	<u>2,297,411</u>	<u>4,138,090</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 six-month period ended 30 June 2023

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Cash flows from operating activities				
Loss before tax	(147,188)	(202,507)	(109,074)	(109,002)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	49,682	53,030	2,293	3,189
Allowance for expected credit losses	99	46	-	-
Loss (gain) on sale and write-off of assets	1,819	(1,375)	(12)	(1,800)
Provision for long-term employee benefits	4,521	3,608	-	-
Share of profit from investments in joint ventures	(49,558)	(114,712)	-	-
Finance income	(24,476)	(21,518)	(164,323)	(121,238)
Finance cost	199,449	236,594	252,853	202,873
Profit (loss) from operating activities before changes in operating assets and liabilities	34,348	(46,834)	(18,263)	(25,978)
Operating assets (increase) decrease				
Trade and other receivables	338,035	21,250	12,652	3,823
Real estate development cost	216,278	502,906	8,053	24,196
Advances for construction	1,174	(76,368)	(11)	-
Deposits for purchase of land	(59,967)	-	-	-
Cost to obtain contracts with customers	23,623	15,858	-	-
Other current assets	(6,345)	3,870	(828)	(409)
Other non-current assets	(109)	(9,600)	67	10

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 six-month period ended 30 June 2023**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Operating liabilities increase (decrease)				
Trade and other payables	(73,993)	33,027	60,532	(7,779)
Retention payables	(23,129)	(17,262)	(25)	(26)
Deposits and advances from customers	13,637	(20,660)	(1,659)	1,926
Other current liabilities	(1,607)	(9,119)	(2,905)	(12,201)
Other non-current liabilities	2,900	4,374	-	-
Cash flows from (used in) operating activities	464,845	401,442	57,613	(16,438)
Interest paid	(335,919)	(281,263)	(232,163)	(189,076)
Cash received from withholding tax deducted at source	10,527	-	10,527	-
Corporate Income tax paid	(34,228)	(21,898)	(285)	(2,579)
Net cash from (used in) operating activities	105,225	98,281	(164,308)	(208,093)
Cash flows from investing activities				
Decrease in restricted bank deposits	5,144	3,006	687	-
Acquisition of investment properties	(5,466)	(205)	-	-
Acquisition of equipment	(4,797)	(9,257)	(46)	-
Cash received from sales of equipment	647	1,805	12	1,800
Acquisition of intangible assets	(3,793)	(3,174)	-	-
Cash payment for acquisition of the subsidiaries (Note 4)	(518,060)	-	(1,000)	-
Prepayment for purchase of shares	-	(148,825)	-	-
Cash received from short-term loans to related parties	-	-	32,000	118,000
Cash payment for short-term loans to related parties	-	-	(394,600)	(236,915)
Cash received from long-term loans to related parties	17,469	52,905	17,469	52,905
Cash payment for long-term loans to related parties	(7,650)	-	(7,650)	-
Interest received	6,395	48,606	5,508	77,408
Net cash from (used in) investing activities	(510,111)	(55,139)	(347,620)	13,198

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 six-month period ended 30 June 2023**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Cash flows from financing activities				
Decrease in short-term loans	-	(32,000)	-	(182,000)
Cash received from short-term loans from related parties	-	-	217,000	193,450
Repayment of short-term loans from related parties	-	-	(30,500)	(20,500)
Cash received from long-term bill of exchange	-	44,000	-	44,000
Repayment of lease liabilities	(6,166)	(4,870)	(366)	(346)
Cash received from debentures	1,600,000	1,300,000	1,600,000	1,300,000
Repayment of debentures	(650,000)	(1,050,000)	(500,000)	(1,050,000)
Cash received from long-term loans from financial institutions	153,168	255,400	-	-
Repayment of long-term loans from financial institutions	(135,248)	(437,741)	-	-
Net cash from financing activities	961,754	74,789	1,286,134	284,604
Net increase in cash and cash equivalents	556,868	117,931	774,206	89,709
Cash and cash equivalents at beginning of period	1,007,513	539,048	316,543	51,864
Cash and cash equivalents at end of period	1,564,381	656,979	1,090,749	141,573
	-		-	
Supplemental cash flows information				
Non-cash items				
Interest expenses capitalised as investment properties	19,765	-	-	-
Decrease in interest receivable from related parties by offset with short-term loans from related parties	-	-	-	46,600
Increase in right-of-use assets and lease liabilities from new lease agreements	890	1,747	-	-
Transferred investment properties to real estate development cost	-	489,560	-	-
Transferred real estate development cost to property, plant and equipment	-	16,948	-	-
Transferred deposit for purchase of condominium unit to property, plant and equipment	-	86,162	-	-
Transferred prepayment for purchase of shares to investments in subsidiaries	796,419	-	-	-

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 six-month periods ended 30 June 2023

1. General information

1.1 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.

1.2 Basis of consolidation

These interim consolidated financial statements include the financial statements of Major Development Public Company Limited ("the Company") and its subsidiary companies ("the subsidiaries") (collectively as "the Group"), and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2022, with no change in shareholding structure of subsidiaries during the current period, except for the additional investments as described in Note 4 to the financial statements.

1.3 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 2022.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2023, do not have any significant impact on the Group's financial statements.

(Unaudited but reviewed)

2. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	5,751	8,069	-	-
Past due				
Up to 3 months	8,094	8,049	-	-
3 - 6 months	1,482	544	-	-
6 - 12 months	579	-	-	-
Over 12 months	1,344	2,658	-	-
Total	17,250	19,320	-	-
Less: Allowance for expected credit losses	(1,009)	(910)	-	-
Total trade receivables - unrelated parties, net	16,241	18,410	-	-
<u>Other receivables</u>				
Other receivables and advances -				
related parties	18,850	20,332	19,296	31,789
Other receivables and advances -				
unrelated parties	14,385	16,755	973	1,132
Interest receivables - related parties	107,708	89,627	764,382	605,567
Total other receivables	140,943	126,714	784,651	638,488
Total trade and other receivables - net	157,184	145,124	784,651	638,488

3. Real estate development cost

- 3.1 During the six-month period ended 30 June 2023, subsidiaries capitalised interest amounting to Baht 117 million (2022: Baht 62 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 7 to the financial statements.

(Unaudited but reviewed)

- 3.2 As at 30 June 2023 and 31 December 2022, the subsidiaries have mortgaged some project land and construction thereon as collateral against credit facilities received from banks and short-term loans from third parties, and guaranteed at the Court. Their net book values are as follows:

	(Unit: Million Baht)	
	Consolidated	
	financial statements	
	30 June	31 December
	2023	2022
Net book values of real estate development cost that have been pledged as collateral	8,059	6,199
Net book values of real estate development cost that have been guaranteed at the Court	3	-

4. Investments in subsidiaries

Movements of the investments in subsidiaries during the six-month period ended 30 June 2023 are as follows:

Direct investment

MJV5 Co., Ltd.

The Company invested in MJV5 Co., Ltd., which is a newly registered company with the Ministry of Commerce on 22 May 2023, with a registered share capital of Baht 1 million. The Company invested and paid Baht 1 million for ordinary shares, representing 99.99% of all shares.

Indirect investment by subsidiary

Major Development Estate Company Limited (“subsidiary”)

In November 2019, the subsidiary entered into a to sell and to purchase share agreement to acquire 400,000 ordinary shares of Intelligence Development Company Limited, including any new shares in the future, representing 100% of the shareholding in such company, with a contract value of Baht 1,653 million. The agreement required that such company shall not have any trade payable, liabilities and responsibility except when allowed by the subsidiary and the outstanding liabilities shall be deducted from the purchase price. The subsidiary made advance payment of Baht 165 million to the seller. The share transfer will be registered in July 2020.

(Unaudited but reviewed)

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

In June 2022, the subsidiary entered into the addenda to extend the payment and amend share transfer date to 30 June 2023.

On 26 June 2023, the subsidiary has already made payment of the remaining shares and completed the transfer of the share's ownership.

The book values of assets acquired and liabilities of this company as at the acquisition date are summarised below:

	(Unit: Thousand Baht)
	<u>26 June 2023</u>
Cash and cash equivalents	3,613
Other receivables	332,113
Real estate development costs	1,827,791
Other assets	7,158
Other payables	(24,599)
Other liabilities	(4,235)
Long-term loans from financial institutions	(825,000)
Net assets of subsidiary	<u>1,316,841</u>
Prepayment for purchase of shares	(796,419)
Cash paid for acquisition of the subsidiary	<u>(521,673)</u>
Additional payments to acquire assets	<u>(1,251)</u>
 <u>Consolidated financial statements</u>	
Cash paid for acquisition of the subsidiary	521,673
Less: Cash and cash equivalents of the subsidiary	<u>(3,613)</u>
Net cash paid for acquisition of the subsidiary	<u>518,060</u>

The subsidiary had determined whether the acquisition of this company was in accordance with the requirements of Thai Financial Reporting Standard No.3 Business Combinations and concluded that this acquisition should be accounted for as an asset acquisition.

Since the Company's subsidiary is the major shareholder and has the ability to direct significant activities, such company is deemed to be a subsidiary of the Company and consequently has to be included in the consolidated financial statements from the date on which the subsidiary assumed control.

(Unaudited but reviewed)

5. Investments in joint ventures

5.1 Share of profit (loss)

During the three-month and six-month periods ended 30 June 2023 and 2022, the Company recognised its share of profit (loss) from investments in joint ventures in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements			
	Share of profit (loss) from investments in joint ventures			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2023	2022	2023	2022
Major Residences Company Limited	391	(2,738)	7,733	(20,669)
TMDC Construction Company Limited	11	87	3	21
MJD-JV1 Co., Ltd.	33,956	26,428	45,154	139,337
MJV3 Co., Ltd.	(1,699)	(2,238)	(3,320)	(4,380)
Techscape Co., Ltd.	(24)	483	(12)	403
Total	<u>32,635</u>	<u>22,022</u>	<u>49,558</u>	<u>114,712</u>

6. 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. There were no significant changes in the transfer pricing policy of transactions with related parties during the current periods.

Summaries significant business transactions with related parties as follows.

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2023	2022	2023	2022
<u>Transactions with subsidiaries</u> (eliminated from the consolidated financial statements)				
Interest income	-	-	72,689	50,756
Rental income	-	-	1,368	1,218
Interest expense	-	-	16,989	1,570

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the three-month periods ended 30 June

	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
<u>Transactions with related parties</u>				
Interest income	9,569	10,374	9,569	10,374
Purchase of condominium unit	-	86,162	-	-
Purchase of intangible assets	1,156	3,424	-	-
Service fee	1,517	1,995	-	-

(Unit: Thousand Baht)

For the six-month periods ended 30 June

	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022

Transactions with subsidiaries

(eliminated from the consolidated financial statements)

Interest income	-	-	141,905	99,968
Rental income	-	-	2,736	2,436
Interest expense	-	-	32,191	2,875

Transactions with related parties

Interest income	18,462	20,697	18,462	20,697
Purchase of condominium unit	-	86,162	-	-
Purchase of intangible assets	3,638	3,424	-	-
Service fee	1,517	1,995	-	-

As at 30 June 2023 and 31 December 2022, the balances of the accounts between the Group and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
<u>Other receivables - related parties (Note 2)</u>				
Subsidiaries	-	-	657,120	528,441
Joint ventures	126,558	109,959	126,558	108,915
Total other receivables - related parties	<u>126,558</u>	<u>109,959</u>	<u>783,678</u>	<u>637,356</u>
<u>Other payables - related parties</u>				
Subsidiaries	-	-	426,344	334,361
Joint ventures	1,392	1,392	1,392	1,392
Director	242	32	-	-
Total other payables - related parties	<u>1,634</u>	<u>1,424</u>	<u>427,736</u>	<u>335,753</u>

(Unaudited but reviewed)

Loans to related parties and loans from related parties

As at 30 June 2023 and 31 December 2022, the balances of loans between the Group and those related parties and the movements are as follows:

(Unit: Thousand Baht)

Short-term loans to	Separate financial statements			Balance as at 30 June 2023
	Balance as at 31 December 2022	Increase	Decrease	
Major Development Estate Company Limited	1,717,000	50,000	-	1,767,000
Major Development Commercial Company Limited	659,000	29,000	-	688,000
Major Development Hotels and Resorts Company Limited	178,500	26,000	-	204,500
MJV2 Co., Ltd.	284,000	81,000	-	365,000
MJR Development Company Limited	542,000	39,600	-	581,600
MJP Property Company Limited	22,700	168,000	-	190,700
MJC Development Company Limited	31,000	1,000	(32,000)	-
MJV4 Co., Ltd.	5,000	-	-	5,000
Total	3,439,200	394,600	(32,000)	3,801,800

Short-term loans to related parties carry interests between 6.90 - 7.50% per annum and are due at call.

(Unit: Thousand Baht)

Long-term loans to	Consolidated financial statements			Balance as at 30 June 2023
	Balance as at 31 December 2022	Increase	Decrease	
Major Residences Company Limited	270,300	-	-	270,300
MJD-JV1 Co., Ltd.	166,634	-	(17,469)	149,165
MJV3 Co., Ltd.	243,200	7,650	-	250,850
Total	680,134	7,650	(17,469)	670,315
Less: Allowance for impairment loss from Investments in joint ventures	(12,875)			(16,195)
Total	667,259			654,120
Less: Current portion	(268,634)			(251,165)
Long-term portion	398,625			402,955

Long-term loans to related parties carry interests at the rate based on MLR per annum and are due for payment within December 2023 to January 2027.

(Unaudited but reviewed)

(Unit: Thousand Baht)

Long-term loans to	Separate financial statements			
	Balance as at			Balance as at
	31 December			30 June
	2022	Increase	Decrease	2023
Major Residences Company Limited	270,300	-	-	270,300
MJD-JV1 Co., Ltd.	166,634	-	(17,469)	149,165
MJV3 Co., Ltd.	243,200	7,650	-	250,850
MJR Development Company Limited	300,000	-	-	300,000
Total	980,134	7,650	(17,469)	970,315
Less: Current portion	(268,634)			(251,165)
Long-term portion	711,500			719,150

Long-term loans to related parties carry interests at the rate of 6.80% per annum and at the rate based on MLR per annum and are due for payment within December 2023 to January 2027.

(Unit: Thousand Baht)

Short-term loans from	Separate financial statements			
	Balance as at			Balance as at
	31 December			30 June
	2022	Increase	Decrease	2023
Major Development Residences Company Limited	105,500	-	(500)	105,000
MJD Residences Company Limited	305,000	217,000	-	522,000
MJP Property Company Limited	240,000	-	-	240,000
MJR Development Company Limited	220,000	-	(30,000)	190,000
Total	870,500	217,000	(30,500)	1,057,000

Short-term loans from related parties carry interests between 2.00 - 7.00% per annum and are due at call.

(Unaudited but reviewed)

Directors and management's remuneration

During the three-month and six-month periods ended 30 June 2023 and 2022, 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 June		For the six-month periods ended 30 June	
	2023	2022	2023	2022
Short-term employee benefits	32.1	28.3	62.7	56.3
Post-employment benefits	1.1	1.0	2.1	1.9
Total	33.2	29.3	64.8	58.2

(Unit: Million Baht)

	Separate financial statements			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2023	2022	2023	2022
Short-term employee benefits	0.5	0.3	1.0	2.2
Total	0.5	0.3	1.0	2.2

Guarantee obligations with related parties

The Company has obligations in respect of guarantees of the related parties obtained from banks as described in Note 11.2 to the financial statements, for which no guarantee fee has been charged.

7. Long-term loans from financial institutions

Movements of the long-term loans account during the six-month period ended 30 June 2023 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements
Balance as at 1 January 2023	4,130,502
Add: Additional borrowings	153,168
Increase from acquisition of subsidiary	825,000
Less: Repayment	(135,248)
Amortisation of financial fees	(3,378)
Total	4,970,044
Less: Portion due within one year	(658,380)
Balance as at 30 June 2023 - net	4,311,664

(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 are to be made within 2024 - 2033.

The Group has pledged bank deposits and mortgaged most of the assets, i.e., real estate development cost, investment properties and land and buildings, with banks to secure 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 Group to maintain a debt-to-equity ratio. Debt is defined all interest bearing debt and equity include shareholder's equity and loans from related parties.

As at 30 June 2023, subsidiaries had credit facilities which have not drawn down of Baht 4,028 million (31 December 2022: Baht 3,898 million).

8. Debentures

Movements of debentures account during the six-month period ended 30 June 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Balance as at 1 January 2023	5,775,289	5,625,734
Add: Additional borrowings	1,600,000	1,600,000
Less: Repayment	(650,000)	(500,000)
Amortisation of costs relating to the issuance of the debentures	(2,815)	(3,260)
Total	<u>6,722,474</u>	<u>6,722,474</u>
Less: Portion due within one year	<u>(3,091,183)</u>	<u>(3,091,183)</u>
Balance as at 30 June 2023 - net	<u><u>3,631,291</u></u>	<u><u>3,631,291</u></u>

Debentures carry interests between 6.25 - 7.00% per annum and are due for payment within July 2023 to October 2025.

The debentures contain term of issuer 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 Group 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)

9. 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 (income) for the three-month and six-month periods ended 30 June 2023 and 2022 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Current income tax:				
Interim corporate income tax charge	9,140	8,682	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(6,238)	(21,551)	325	761
Income tax expenses (income) reported in the statements of income	<u>2,902</u>	<u>(12,869)</u>	<u>325</u>	<u>761</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Current income tax:				
Interim corporate income tax charge	17,604	16,257	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(11,900)	(37,380)	507	761
Income tax expenses (income) reported in the statements of income	<u>5,704</u>	<u>(21,123)</u>	<u>507</u>	<u>761</u>

(Unaudited but reviewed)

10. Segment information

The Group is organised into business units based on its products and services. During the current period, the Group has not changed the organisation of their reportable segments from the latest annual financial statements.

Revenue and profit (loss) information regarding the Group's operating segments for the three-month and six-month periods ended 30 June 2023 and 2022 are as follows:

(Unit: Million Baht)

	For the three-month periods ended 30 June								Consolidated financial statements	
	Development of properties for sales		Hotel business		Rental business		Elimination			
	2023	2022	2023	2022	2023	2022	2023	2022		
Revenue from external										
customers	556	656	65	45	42	34	(32)	(19)	631	716
Segment operating profit (loss)	8	(51)	(3)	(5)	26	20	-	1	31	(35)
Unallocated income and expenses:										
Other income									19	20
Finance cost									(122)	(129)
Income tax income (expenses)									(3)	13
Loss for the period									(75)	(131)

(Unit: Million Baht)

	For the six-month periods ended 30 June								Consolidated financial statements	
	Development of properties for sales		Hotel business		Rental business		Elimination			
	2023	2022	2023	2022	2023	2022	2023	2022		
Revenue from external										
customers	1,108	1,195	144	73	81	65	(63)	(38)	1,270	1,295
Segment operating profit (loss)	(3)	(3)	5	(21)	49	37	(1)	-	50	13
Unallocated income and expenses:										
Other income									34	36
Finance cost									(231)	(251)
Income tax income (expenses)									(6)	21
Loss for the period									(153)	(181)

(Unaudited but reviewed)

11. Commitments and contingent liabilities

11.1 Capital commitments

The Group had capital commitments as follows.

(Unit: Million Baht)

	Consolidated	
	financial statements	
	30 June 2023	31 December 2022
<u>Subsidiaries</u>		
Construction agreements related to project development	1,974	1,401
Construction agreements related to office building for rental	16	16
Sell and purchase of land agreements	1,457	378
Sell and purchase of share agreement	-	1,015
<u>Joint ventures</u>		
Construction agreements related to project development	14	15

11.2 Bank guarantees

- (1) As at 30 June 2023, the Company has guaranteed bank credit facilities of related parties amounting to Baht 12,419 million (31 December 2022: Baht 11,420 million).
- (2) As at 30 June 2023 and 31 December 2022, 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 June 2023	31 December 2022	30 June 2023	31 December 2022
Bank guarantees for electricity use	2	3	-	1
Bank guarantees for public utility	64	64	-	-
Total	66	67	-	1

As at 30 June 2023, the Group pledged deposits at banks of Baht 1.1 million (31 December 2022, Group pledged deposits: Baht 1.8 million, Separate financial statements: Baht 0.8 million) and mortgaged the land and some items construction of condominium projects with the banks to secure the issuance of bank guarantees.

11.3 Servitude

As at 30 June 2023 and 31 December 2022, subsidiaries had servitude over land approximately 7 rai. Cost of servitude over land is included in real estate development cost, investment properties, and property, plant and equipment.

11.4 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.

11.5 Litigations

As at 30 June 2023, the Group and joint ventures have been sued in lawsuits related to breaches of contracts, contract termination, refunds and damages with total claims of approximately Baht 236 million (31 December 2022: Baht 271 million). The cases are currently being heard by the Court of First Instance and Court of Appeal and have not been finalised. The Group's management and its legal consultant have determined the possible losses from the litigations and recorded provision amounting to Baht 88 million (31 December 2022: Baht 89 million) in its accounts.

In addition, during the current period, there have been no significant changes with respect to the lawsuit and dispute related to the return of deposits for the purchase of land and construction service fees as disclosed in Notes 33.5 b), 33.5 c) and 33.5 e) to the consolidated financial statements for the year 2022, except for Note 33.5 d) as follow.

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, the 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. In July 2023, the case is dismissed by the Court of First Instance and third party must pay compensation of Baht 175 million with interest to the joint venture. Currently, the third party is in the process of filling an appeal with the Appeal Court.

(Unaudited but reviewed)

12. 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 June 2023 and 31 December 2022, 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			
	30 June 2023		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<u>Financial liability</u>				
Long-term debentures	6,722	6,729	5,775	5,821

(Unit: Million Baht)

	Separate financial statements			
	30 June 2023		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<u>Financial liability</u>				
Long-term debentures	6,722	6,729	5,626	5,671

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

13. Event after the reporting period

On 9 August 2023, the Company's Board of Director's Meeting No. 8/2023 passed a resolution approving the acquisition of ordinary shares of Krungthep Kreetha Land Company Limited from the existing shareholders, who are related persons to the Company, for an amount not exceeding Baht 540 million. This resolution is subject to further consideration and approval at the Extraordinary General Meeting of shareholders of No.1/2023 scheduled for 20 September 2023.

14. Approval of interim financial statements

The interim financial statements were authorised for issue by the Company's Board of Directors on 15 August 2023.