

Eastern Star Real Estate Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2019

## **Independent Auditor's Report**

To the Shareholders of Eastern Star Real Estate Public Company Limited

### **Opinion**

I have audited the accompanying consolidated financial statements of Eastern Star Real Estate Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Eastern Star Real Estate Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eastern Star Real Estate Public Company Limited and its subsidiaries and of Eastern Star Real Estate Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

### *Recognition for revenue from sales of real estate*

The Company's accounting policy on revenue recognition for revenue from sales of real estate, sales of land, sales of land with houses and sales of residential condominium units, are disclosed in Note 4.1 to the consolidated financial statements. Revenue from sales of real estate is a significant amount in the statement of comprehensive income, and the Company has significant numbers of property units for sale and property sales agreements. I have therefore identified revenue recognition as a key audit matter and focused on the amount and timing of the recognition for revenue from sales of real estate.

I performed the audit procedures on the revenue recognition of the Company including:

- a. Assessing and testing the Company's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- b. Applying a sampling method to select property sales agreements to assess whether revenue recognition was consistent with the conditions of the relevant property sales agreement, and whether it was in compliance with the Company's policy.
- c. On a sampling basis, examining supporting documents for actual real estate sales transactions occurring during the year and near the end of the accounting period.
- d. Performing analytical procedures on disaggregated data of revenue from sales of real estate.

### *Impairment evaluation of investment properties*

As discussed in Note 4.8 and Note 13 to the consolidated financial statements, in evaluating impairment of investment properties of the Company and its subsidiary, management had to exercise significant judgement with respect to the analysis of the nature of the assets and asset use, and determination of key assumptions. I have therefore identified the provision for impairment of investment properties as a key audit matter and focused on the amount of provision for impairment of investment properties.

I assessed the internal controls of the Group relevant to the determination of provision for impairment of investment properties by making enquiry of responsible executives and gaining an understanding of the controls. In addition, I assessed the methods and the assumptions applied by management in determining such provision. The audit procedures included, among others, the following.

- a. A consideration of related internal and external information to assess whether there are any indicators of impairment of investment properties and an analysis of information related to the asset's fair value less costs to sell and its value in use.
- b. A review of the basis applied in determining impairment of investment properties, the consistency of the application of that basis, and the rationale for the recording of provision.
- c. A review of the reasonableness of the report on net realisable values prepared by the Company's management or the appraisal reports of independent appraisers.

In addition, I assessed the disclosure of information by the Group's management with respect to assessment of impairment of investment properties.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or

regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Gingkarn Atsawarangsarit

Certified Public Accountant (Thailand) No. 4496

EY Office Limited

Bangkok: 27 February 2020

**Eastern Star Real Estate Public Company Limited and its subsidiaries**

**Statement of financial position**

**As at 31 December 2019**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	7	101,720,939	198,712,937	95,798,265	153,177,343
Current investments	8	100,237,736	67,970,150	69,804,962	67,970,150
Trade and other receivables	9	8,743,345	8,306,706	12,550,972	17,969,903
Real estate development costs and inventories	10	4,194,521,248	2,587,815,480	4,191,398,910	2,585,139,886
Advance for construction work		39,029,890	5,881,819	39,029,890	5,881,819
Cost to obtain a contract	22	131,306,267	3,145,325	131,306,267	3,145,325
Other current assets		34,465,822	14,414,118	33,305,968	12,324,957
Total current assets		4,610,025,247	2,886,246,535	4,573,195,234	2,845,609,383
Non-current assets					
Finance lease contract receivables	11.1	27,289,015	29,118,300	27,289,015	29,118,300
Investments in subsidiaries	12	-	-	505,374,400	505,374,400
Investment properties	13	1,182,717,778	1,158,186,639	1,222,659,141	1,199,151,419
Property, plant and equipment	14	456,877,614	404,437,285	249,785,771	196,803,366
Intangible assets	15	6,634,352	5,001,537	6,628,968	4,861,234
Deferred tax assets	27	24,196,252	37,606,710	24,619,826	38,276,314
Land and improvement awaiting development	16	1,400,054,285	1,391,169,109	1,250,487,978	1,241,602,803
Deposits for purchase of land		-	5,000,000	-	5,000,000
Cost to obtain a contract	22	-	89,724,127	-	89,724,127
Other non-current assets		72,209,976	75,986,910	67,606,445	70,860,526
Total non-current assets		3,169,979,272	3,196,230,617	3,354,451,544	3,380,772,489
Total assets		7,780,004,519	6,082,477,152	7,927,646,778	6,226,381,872

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



**Eastern Star Real Estate Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 December 2019**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	17	780,293,400	133,483,000	780,293,400	133,483,000
Trade and other payables	18	76,337,753	65,785,592	80,202,301	70,257,561
Current portion of long-term loans	19	729,473,000	111,045,376	729,473,000	111,045,376
Advance received from customers	23	361,233,810	286,779,893	357,072,335	283,295,446
Accrued expenses		106,291,822	48,246,149	105,400,821	47,480,046
Other current liabilities	20	49,535,174	56,226,661	48,532,528	54,336,095
Total current liabilities		2,103,164,959	701,566,671	2,100,974,385	699,897,524
Non-current liabilities					
Long-term loans - net of current portion	19	822,199,000	463,811,664	822,199,000	463,811,664
Provision for long-term employee benefits	21	31,289,868	24,001,747	24,246,316	18,188,345
Retention guarantees		52,341,916	81,248,759	52,341,916	81,248,759
Advance received from land lease	11.2	4,174,491	4,500,891	4,174,491	4,500,891
Deferred tax liabilities	27	31,719,056	24,397,550	31,719,056	24,397,550
Other non-current liabilities		13,561,425	12,461,150	13,518,620	12,400,827
Total non-current liabilities		955,285,756	610,421,761	948,199,399	604,548,036
Total liabilities		3,058,450,715	1,311,988,432	3,049,173,784	1,304,445,560

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

**Eastern Star Real Estate Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 December 2019**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Shareholders' equity					
Share capital					
Registered					
5,172,246,185 ordinary shares of Baht 1 each		5,172,246,185	5,172,246,185	5,172,246,185	5,172,246,185
Issued and paid up					
5,022,246,185 ordinary shares of Baht 1 each		5,022,246,185	5,022,246,185	5,022,246,185	5,022,246,185
Share discount		(429,264,886)	(429,264,886)	(429,264,886)	(429,264,886)
Capital reserve for share-based payment transactions	24	978,875	978,875	978,875	978,875
Retained earnings					
Appropriated - statutory reserve	25	68,004,224	65,154,224	68,004,224	65,154,224
Unappropriated (deficits)		(126,162,718)	(75,544,416)	216,508,596	262,821,914
Other components of shareholders' equity		74,131,479	74,131,479	-	-
Total shareholders' equity		4,609,933,159	4,657,701,461	4,878,472,994	4,921,936,312
Non-controlling interest of the subsidiaries		111,620,645	112,787,259	-	-
Total shareholders' equity		4,721,553,804	4,770,488,720	4,878,472,994	4,921,936,312
Total liabilities and shareholders' equity		7,780,004,519	6,082,477,152	7,927,646,778	6,226,381,872

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

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Directors  
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Eastern Star Real Estate Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Profit or loss:					
Revenues					
Revenue from sales of real estate	29	1,273,043,228	1,620,412,254	1,273,043,228	1,620,412,254
Services revenue	29	55,508,838	51,202,243	2,054,415	-
Rental revenue	13, 29	44,410,638	34,094,742	44,410,638	34,094,742
Other income		27,241,267	13,738,942	30,157,434	19,234,228
Total revenues		1,400,203,971	1,719,448,181	1,349,665,715	1,673,741,224
Expenses					
Cost of real estate sold		885,767,877	1,097,351,355	886,207,778	1,098,545,351
Cost of services		37,029,537	34,702,342	3,438,749	-
Cost of rent		30,373,057	30,672,300	31,411,727	31,695,719
Selling and distribution expenses		134,000,034	163,341,799	132,142,383	161,758,220
Administrative expenses		264,812,678	246,262,488	242,526,662	222,607,697
Loss on diminution in value of assets	13	-	695,193	-	9,856,614
Reversal of loss on diminution in value of assets	12, 13	(28,469,543)	(2,150,680)	(28,469,543)	(9,124,487)
Total expenses		1,323,513,640	1,570,874,797	1,267,257,756	1,515,339,114
Profit before finance cost and income tax expenses		76,690,331	148,573,384	82,407,959	158,402,110
Finance costs		(4,473,221)	(3,852,803)	(4,473,221)	(3,852,803)
Profit before income tax expenses		72,217,110	144,720,581	77,934,738	154,549,307
Income tax expenses	27	(20,731,964)	(31,803,166)	(20,977,994)	(30,172,764)
Profit for the year		51,485,146	112,917,415	56,956,744	124,376,543
Other comprehensive income:					
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		51,485,146	112,917,415	56,956,744	124,376,543

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

**Eastern Star Real Estate Public Company Limited and its subsidiaries**

**Statement of comprehensive income (continued)**

**For the year ended 31 December 2019**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Profit attributable to:</b>					
Equity holders of the Company		52,651,760	115,449,032	56,956,744	124,376,543
Non-controlling interests of the subsidiaries		(1,166,614)	(2,531,617)	-	-
		<u>51,485,146</u>	<u>112,917,415</u>	<u>56,956,744</u>	<u>124,376,543</u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		52,651,760	115,449,032	56,956,744	124,376,543
Non-controlling interests of the subsidiaries		(1,166,614)	(2,531,617)	-	-
		<u>51,485,146</u>	<u>112,917,415</u>	<u>56,956,744</u>	<u>124,376,543</u>
<b>Earnings per share</b>					
28					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.010	0.023	0.011	0.025

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

Eastern Star Real Estate Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to the parent's shareholders									
						Other comprehensive of equity				
	Issued and		Capital reserve	Retained earnings		Surplus from	Total other	Total equity	Equity attributable	
	paid-up		for share-based	Unappropriated		change in the	attributable to	attributable to	to non-controlling	Total
	share capital	Share discount	payment transactions	Appropriated	(deficit)	ownership interests	owners of	shareholders of	interests of	shareholders'
						in subsidiaries	the Company	the Company	the subsidiaries	equity
Balance as at 1 January 2018	5,022,246,185	(429,264,886)	978,875	58,935,397	91,377,772	74,131,479	74,131,479	4,818,404,822	115,318,876	4,933,723,698
Profit for the year	-	-	-	-	115,449,032	-	-	115,449,032	(2,531,617)	112,917,415
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	115,449,032	-	-	115,449,032	(2,531,617)	112,917,415
Dividend paid (Note 30)	-	-	-	-	(276,152,393)	-	-	(276,152,393)	-	(276,152,393)
Transfer unappropriated retained earnings										
to statutory reserve (Note 25)	-	-	-	6,218,827	(6,218,827)	-	-	-	-	-
Balance as at 31 December 2018	5,022,246,185	(429,264,886)	978,875	65,154,224	(75,544,416)	74,131,479	74,131,479	4,657,701,461	112,787,259	4,770,488,720
Balance as at 1 January 2019	5,022,246,185	(429,264,886)	978,875	65,154,224	(75,544,416)	74,131,479	74,131,479	4,657,701,461	112,787,259	4,770,488,720
Profit for the year	-	-	-	-	52,651,760	-	-	52,651,760	(1,166,614)	51,485,146
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	52,651,760	-	-	52,651,760	(1,166,614)	51,485,146
Dividend paid (Note 30)	-	-	-	-	(100,420,062)	-	-	(100,420,062)	-	(100,420,062)
Transfer unappropriated retained earnings										
to statutory reserve (Note 25)	-	-	-	2,850,000	(2,850,000)	-	-	-	-	-
Balance as at 31 December 2019	5,022,246,185	(429,264,886)	978,875	68,004,224	(126,162,718)	74,131,479	74,131,479	4,609,933,159	111,620,645	4,721,553,804

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

**Eastern Star Real Estate Public Company Limited and its subsidiaries**  
**Statement of changes in shareholders' equity (continued)**  
**For the year ended 31 December 2019**

(Unit: Baht)

	<b>Separate financial statements</b>					
	Issued and paid-up		Capital reserve for share-based payment transactions	Retained earnings		Total shareholders' equity
	share capital	Share discount		Appropriated	Unappropriated	
<b>Balance as at 1 January 2018</b>	5,022,246,185	(429,264,886)	978,875	58,935,397	420,816,591	5,073,712,162
Profit for the year	-	-	-	-	124,376,543	124,376,543
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	124,376,543	124,376,543
Dividend paid (Note 30)	-	-	-	-	(276,152,393)	(276,152,393)
Transfer unappropriated retained earnings to statutory reserve (Note 25)	-	-	-	6,218,827	(6,218,827)	-
<b>Balance as at 31 December 2018</b>	<u>5,022,246,185</u>	<u>(429,264,886)</u>	<u>978,875</u>	<u>65,154,224</u>	<u>262,821,914</u>	<u>4,921,936,312</u>
<b>Balance as at 1 January 2019</b>	5,022,246,185	(429,264,886)	978,875	65,154,224	262,821,914	4,921,936,312
Profit for the year	-	-	-	-	56,956,744	56,956,744
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	56,956,744	56,956,744
Dividend paid (Note 30)	-	-	-	-	(100,420,062)	(100,420,062)
Transfer unappropriated retained earnings to statutory reserve (Note 25)	-	-	-	2,850,000	(2,850,000)	-
<b>Balance as at 31 December 2019</b>	<u>5,022,246,185</u>	<u>(429,264,886)</u>	<u>978,875</u>	<u>68,004,224</u>	<u>216,508,596</u>	<u>4,878,472,994</u>

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

**Eastern Star Real Estate Public Company Limited and its subsidiaries**

**Cash flows statement**

**For the year ended 31 December 2019**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>				
Profit before income tax expenses	72,217,110	144,720,581	77,934,738	154,549,307
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Decrease in real estate development costs as a result of transfer to cost of real estate sold	888,778,718	1,098,709,277	888,778,718	1,098,709,277
Reversal of loss on diminution in value of project	(2,802,101)	(163,925)	(2,802,101)	(163,925)
Reversal of allowance for doubtful accounts	-	(79,776)	-	-
Depreciation and amortisation	41,405,350	33,233,612	35,231,432	26,324,340
Provision for long-term employee benefits	10,958,682	4,417,127	8,274,332	3,407,720
Recognised income from finance lease	(1,401,116)	(1,406,587)	(1,401,116)	(1,406,587)
Gain on sales of unit trust	(440,699)	(1,847,755)	(437,597)	(1,847,755)
Unrealised loss (gain) on changes in value of unit trust	(251,429)	424,173	(21,757)	424,173
Loss on diminution in value of assets	-	695,193	-	9,856,614
Reversal of loss on diminution in value of Investments in subsidiaries	-	-	-	(6,973,808)
Reversal of loss on diminution in value of assets	(28,469,543)	(2,150,680)	(28,469,543)	(2,150,680)
Loss (gain) on sales and written off of investment properties	246,851	(66,215)	246,851	(66,215)
Loss on disposal and written off of equipment	9,680,560	64,008	9,650,576	64,473
Finance cost	4,473,221	3,852,803	4,473,221	3,852,803
Profit from operating activities before changes in operating assets and liabilities	994,395,604	1,280,401,836	991,457,754	1,284,579,737
Decrease (increase) in operating assets				
Trade and other receivables	(436,639)	(4,416,365)	5,418,931	(8,357,931)
Real estate development costs and inventories	(666,276,970)	(646,053,648)	(665,830,226)	(644,836,583)
Advance for construction work	(55,160,479)	(10,476,210)	(55,160,479)	(10,476,210)
Other current assets	(440,634)	(4,549,931)	(1,369,941)	(3,754,877)
Finance lease receivables and advance received from land lease	2,904,000	2,904,000	2,904,000	2,904,000
Commission paid to obtain a contract	(38,436,814)	(89,002,810)	(38,436,814)	(89,002,810)
Other non-current assets	(5,033,337)	(2,003,052)	(5,033,337)	(1,599,998)
Increase (decrease) in operating liabilities				
Trade and other payables	11,898,972	16,311,213	14,959,735	18,346,212
Accrued expenses	58,518,431	(9,684,707)	58,393,533	(9,066,946)
Advance received from customers	69,374,027	221,937,304	68,696,999	221,197,222
Other current liabilities	(1,611,597)	8,075,178	(723,677)	7,103,543
Retention guarantees	(28,906,843)	5,316,809	(28,906,843)	5,316,809
Provision for long-term employee benefits	(3,670,561)	(515,840)	(2,216,361)	(515,840)
Other non-current liabilities	1,100,273	3,782,881	1,117,790	3,843,147
Cash flows from operating activities	338,217,433	772,026,658	345,271,064	775,679,475
Cash paid for interest expenses	(65,424,415)	(33,444,184)	(65,424,415)	(33,444,184)
Cash paid for income tax	(14,012,246)	(18,216,007)	(14,535,098)	(17,273,778)
Tax refund	812,753	-	812,753	-
<b>Net cash flows from operating activities</b>	<b>259,593,525</b>	<b>720,366,467</b>	<b>266,124,304</b>	<b>724,961,513</b>

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

Eastern Star Real Estate Public Company Limited and its subsidiaries

Cash flows statement (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Cash flows from investing activities</b>				
Increase in fixed deposits	-	(470)	-	(470)
Acquisition of unit trust	(400,480,000)	(522,010,000)	(361,480,000)	(522,010,000)
Paid loans to subsidiary	-	-	-	(19,000,000)
Cash receipt from loans to subsidiary	-	-	-	39,000,000
Proceed from disposal of equipment	821,392	49,532	760,280	49,065
Proceed from sales of unit trust	368,904,542	596,030,133	360,104,542	596,030,133
Proceed from disposal of investment properties	116,355	141,122	116,355	141,122
Acquisition of investment properties	(17,100,694)	(31,100,396)	(17,100,694)	(31,100,396)
Acquisition of building and equipment and intangible assets	(83,434,208)	(58,303,912)	(80,490,955)	(121,901,873)
Acquisition of land and improvement awaiting development	(1,753,970,825)	(382,506,228)	(1,753,970,825)	(382,506,228)
Decrease (increase) in deposits for purchase of land	5,000,000	(5,000,000)	5,000,000	(5,000,000)
<b>Net cash flows used in investing activities</b>	<b>(1,880,143,438)</b>	<b>(402,700,219)</b>	<b>(1,847,061,297)</b>	<b>(446,298,647)</b>
<b>Cash flows from financing activities</b>				
Cash receipt from short-term loans	1,134,095,400	133,483,000	1,134,095,400	133,483,000
Repayment of short-term loans	(487,285,000)	(687,749,500)	(487,285,000)	(687,749,500)
Cash receipt from long-term loans	1,306,589,000	1,156,610,000	1,306,589,000	1,156,610,000
Repayment of long-term loans	(329,774,039)	(581,752,960)	(329,774,039)	(581,752,960)
Dividend paid	(100,067,446)	(277,313,604)	(100,067,446)	(277,313,604)
<b>Net cash flow from (used in) financing activities</b>	<b>1,523,557,915</b>	<b>(256,723,064)</b>	<b>1,523,557,915</b>	<b>(256,723,064)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(96,991,998)</b>	<b>60,943,184</b>	<b>(57,379,078)</b>	<b>21,939,802</b>
Cash and cash equivalents at beginning of year	198,712,937	137,769,753	153,177,343	131,237,541
<b>Cash and cash equivalents at end of year</b>	<b>101,720,939</b>	<b>198,712,937</b>	<b>95,798,265</b>	<b>153,177,343</b>

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



**Eastern Star Real Estate Public Company Limited and its subsidiaries**

**Cash flows statement (continued)**

**For the year ended 31 December 2019**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Supplemental cash flows information				
Non-cash transactions				
Transfer advance for construction work to real estate				
development costs	22,012,408	8,720,148	22,012,408	8,720,148
Transfer interest expenses to real estate development costs	60,125,820	30,920,965	60,125,820	30,920,965
Transfer real estate development cost to other current assets	-	1,201,058	-	1,201,058
Transfer building and equipment to other current assets	-	7,447	-	7,447
Transfer building and equipment to other non-current assets	2,411,248	160,180	2,411,248	160,180
Transfer equipment to real estate development cost	818,463	209,720	818,463	209,720
Transfer investment properties to advance for construction work	-	14,474	-	14,474
Transfer investment properties to other non-current assets	-	5,341,553	-	5,341,553
Transfer land awaiting development to real estate				
development costs	1,745,085,650	273,215,596	1,745,085,650	273,215,596
Transfer other current assets to other non-current assets	12,555	-	12,555	-
Transfer other non-current assets to equipment	-	420,561	-	-
Accounts payable for purchase of equipment	5,654,125	684,629	1,928,189	626,878
Accounts payable for purchase of investment properties	578,507	509,155	578,507	509,155
Dividend payable	933,742	581,126	933,742	581,126

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

**Eastern Star Real Estate Public Company Limited and its subsidiaries**  
**Notes to consolidated financial statements**  
**For the year ended 31 December 2019**

**1. General information**

**Corporate information**

Eastern Star Real Estate Public Company Limited (“The Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the property development. Its major shareholder is Sunrise Group, which was incorporated in Thailand, and consists of:-

	Percentage of shareholding (base on paid-up capital) (as at 10 May 2019*)
1. Bangkok Broadcasting & Television Co., Ltd.	43.65
2. BBTV Equity Co., Ltd.	10.21
3. Sunrise Equity Co., Ltd.	5.56
4. Person	2.61
5. Person	1.95

\*The latest closing date of the shares register book

The registered office of the Company is at 898 Ploenchit Tower Building, 5th floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok.

**2. Basis of preparation**

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Eastern Star Real Estate Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

<u>Subsidiary companies</u>	<u>Nature of business</u>	<u>Country of incorporation</u>	<u>Percentage of shareholding</u>	
			<u>2019</u>	<u>2018</u>
				%
Eastern Star Resort Co., Ltd.	Golf course	Thailand	81.30	81.30
Eastern Star-Lai San				
New World Co., Ltd.	Real estate	Thailand	60.00	60.00

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

- 2.3 The separate financial statements present investments in subsidiaries under the cost method.

### 3. New financial reporting standards

#### **Adoption of the TFRS 15 Revenue from Contracts with Customers**

In 2018, the Group elected to early adopt TFRS 15 *Revenue from Contracts with Customers*. This financial reporting standard is effective for fiscal years beginning on or after 1 January 2019.

#### **Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

#### **Financial reporting standards related to financial instruments**

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

## **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

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

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

#### **a) Revenue from sales of real estate**

Revenue from sales of land, land with houses and residential condominium units is recognised at the point in time when control of the real estate is transferred to the customer, generally upon transfer of the legal ownership. Revenue from sales of real estate is measured at the amount of the consideration received after deducting discounts and considerations payable to the customer. The terms of payment are in accordance with the payment schedule specified in the customer contract. Considerations received before transferring control of the real estate to the customer are presented under the caption of “Advances received from customers” in the statement of financial position.

The Company allocates the revenues under the contract to the real estate and related furnishings in proportion to the relationship with the standalone selling prices and recognises income when the business has transferred the ownership of the real estate and delivered the related furnishings to the customer by measuring at the amount of the consideration received or receivable, excluding value added tax.

#### **Cost to obtain a contract**

The Company recognises a commission paid to obtain a customer contract as an asset and recognises it as expenses in a manner consistent with the pattern of revenue recognition. An impairment loss is recognised to the extent that the carrying amount of an asset recognised exceeds the remaining amount of consideration that the entity expects to receive less direct costs.

**b) Service income**

Services income is recognised when the services have been rendered.

**c) Rental income**

Rental of land and units in residential buildings are recognised on an accrual basis based on straight line method over the period of contract.

**d) Revenue from financial lease**

The Company recognises revenue from financial lease based on the effective interest rate method.

**e) Revenue from golf course and sport membership**

A subsidiary recognises revenue from golf course and sport memberships over the period of contracts.

**f) Interest income**

Interest income is recognised on an accrual basis based on the effective interest rate method.

**4.2 Cost of real estate sales**

In determining the cost of land, cost of land with houses sold and cost of residential condominium units sold, the anticipated total development costs (taking into account actual costs incurred to date) are attributed to land, land with houses, and residential condominium units on the basis of the salable area.

Cost of real estate sales includes cost of other goods, such as furniture and fixtures, that are considered part of the house or residential condominium unit and transferred to a customer in accordance with the contract.

Selling expenses directly associated with projects, such as specific business tax and transfer fees, are recognised as expenses when the sale occurs.

**4.3 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

**4.4 Current investments**

Investments in unit trusts that are held for trading are stated at fair value based on their net asset.

Changes in the carrying amounts of securities are recorded as gains or losses in the income statements.

The weighted average method is used for computation of the cost of unit trust.

#### **4.5 Trade receivables**

Trade receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

#### **4.6 Real estate development costs and inventories**

Real estate development costs are stated at the lower of cost and net realisable value. Cost consists of the cost of land, land improvement costs, design fees, utilities, construction costs, capitalised borrowing costs and other related expenses, as well as estimated project development costs. The details of cost calculation are as follows:

- Land - Cost of land using the weighted average method, calculating it separately for each project.
- Construction in progress - Construction in progress consists of the cost of construction, public utility costs and interest capitalised (if any) to cost of projects by records cost of construction and public utilities based on the actual cost incurred.

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the First-in First-out method.

#### **4.7 Investments**

Investments in subsidiaries are accounted for in the separate financial statements using the cost method, net of allowance for impairment loss (if any).

#### **4.8 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for impairment loss (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 2 - 5 years for fixtures and building infrastructure, 20 years for building development and 40 - 50 years for building. Depreciation of the investment properties is included in determining income.

No depreciation is provided on investment properties - land.

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

#### **4.9 Property, plant and equipment/Depreciation**

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation, and less allowance for impairment loss (if any). Depreciation of building and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives as follow:

Buildings and construction	-	5 - 50 years
Sales office	-	3, 5 and 20 years
Machines and equipment	-	2 - 5 years
Furniture, fixtures and office equipment	-	2 - 10 years
Vehicles	-	3 - 10 years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

#### **4.10 Intangible assets**

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

Computer software	-	5 - 10 years
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#### **4.11 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Capitalisation rates are calculated based on the weighted average of the interest expenses incurring during the year on loans for development of projects.

#### **4.12 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

#### **4.13 Long-term leases**

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

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.14 Impairment of assets**

At the end of each reporting period, the Group perform impairment reviews in respect of the investment properties, property, plant and equipment, land and improvement awaiting development and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is

recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

#### **4.15 Employee benefits**

##### *Short-term employee benefits*

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### *Post-employment benefits*

##### Defined contribution plans

The Group and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the contributions of the Group are recognised as expenses when incurred.

##### Defined benefit plans

The Group have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises restructuring-related costs.

#### **4.16 Provisions**

Provisions are recognised when the Group have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.17 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that they are probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.18 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measure fair value using valuation technique that are appropriate in the

circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **5. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

### **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

### **Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

### **Property, plant and equipment and investment properties/Depreciation**

In determining depreciation of plant and equipment and investment properties, the management is required to make estimates of the useful lives and residual values and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment and investment properties for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### **Project development costs estimation**

In calculating cost of land and houses sold, the Company has to estimate all project development costs, comprising land and land improvement costs, design and construction costs, public utility costs, borrowing costs and other related costs. The management estimates these costs based on their business experience and revisits the estimations on a periodical basis or when the actual costs incurred significantly vary from the estimated costs.

#### **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

#### **Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

### **6. Related party transactions**

During the years, the Group had significant business transactions with its related parties. These transactions which have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Transactions with subsidiary companies</u>				
(eliminated from the consolidated financial statements)				
Income of central service management	-	-	1	1
Other income	-	-	3	4
Purchase of assets (Note 14)	-	-	-	92
<u>Transactions with related parties</u>				
Office rental and service expenses	6	6	6	6

The pricing policies for the related parties transactions between the Company with its related parties are as follows: -

- Central service management, office rental and service charges, and business transfer are set on a mutually agreed basis.
- Other income are based on the same basis that charge to outside parties.
- The purchase price of assets is based on the agreed price.

Nature of relationship

Company's name	Relationship	Connection
Eastern Star Resort Co., Ltd.	Subsidiary company	Direct shareholding and common directors
Eastern Star-Lai San New World Co., Ltd.	Subsidiary company	Direct shareholding and common directors
Related person of Bangkok Broadcasting & Television Co., Ltd.	Related person	Direct and indirect shareholding

The balances of the accounts between the Company and those related parties are as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Other receivables (Note 9)</b>				
Subsidiaries	-	-	4,347	10,196
<b>Other payables (Note 18)</b>				
Subsidiaries	-	-	7,080	6,703
Related parties	27	42	27	42
Total	27	42	7,107	6,745
<b>Accrued interest expense</b>				
A subsidiary	-	-	63	63

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Retentions</b>				
Related party	1,555	1,393	1,555	1,393
<b>Advance received</b>				
Related parties	658	340	658	340

#### Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Short-term employee benefits	37,876	46,061	34,874	43,097
Post-employment benefits	13,498	5,449	13,224	5,281
Total	51,374	51,510	48,098	48,378

## 7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cash	1,166	1,934	435	373
Bank deposits	100,555	196,779	95,363	152,804
Total	101,721	198,713	95,798	153,177

As at 31 December 2019 and 2018, bank deposits in current accounts, saving accounts and fixed deposits with an original maturity of three months or less carried interests between 0.10% and 1.10% per annum.

## 8. Current investments

(Unit: Thousand Baht)			
Consolidated financial statements			
2019		2018	
Amount	Interest rate	Amount	Interest rate
	(% per annum)		(% per annum)
Fixed deposits 12 months	44 1.10	43 1.10	
Investments in unit trust of mutual fund	99,940	68,351	
Add: Unrealised gain (loss) on changes in value of unit trust	254	(424)	
Total	100,238	67,970	

(Unit: Thousand Baht)			
Separated financial statements			
2019		2018	
Amount	Interest rate	Amount	Interest rate
	(% per annum)		(% per annum)
Fixed deposits 12 months	44 1.10	43 1.10	
Investments in unit trust of mutual fund	69,739	68,351	
Add: Unrealised gain (loss) on changes in value of unit trust	22	(424)	
Total	69,805	67,970	

As at 31 December 2019 and 2018, the Company has investment in TMB ThanaPlus Fund (TMBTHANAPLUS) which is a debt mutual fund. The fund focuses on investing in debt securities issued or guaranteed by the government, financial institution or corporate both domestic and international.

As at 31 December 2019, the subsidiary has investment in Krungsri Cash Management Fund (KFCASH) and Krungsri Cash Plus Fund (KFCASHPLUS) which is a money market fund. The fund focuses on investing in debt securities issued or guaranteed by the government, financial institution, corporate or domestic bank account (31 December 2018: Nil).

## 9. Trade and other receivables

(Unit: Thousand Baht)			
Consolidated		Separate	
financial statements		financial statements	
2019	2018	2019	2018
<b><u>Trade accounts receivable - third parties</u></b>			
Not yet due	438 801	435 505	
Past due not over 3 months	952 797	749 655	
Past due 3 - 6 months	366 258	285 214	
Total trade accounts receivable	1,756 1,856	1,469 1,374	



	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b><u>Other receivables</u></b>				
Other receivables - related parties				
(Note 6)	-	-	4,347	10,196
Other receivables - third parties	2,287	1,668	2,286	1,668
Accrued income	9,830	9,812	9,830	9,812
Advanced payment	3,649	3,750	3,398	3,699
Interest receivable	1	1	1	1
Total other receivables	15,767	15,231	19,862	25,376
Less: Allowance for doubtful debts	(8,780)	(8,780)	(8,780)	(8,780)
Total other receivables - net	6,987	6,451	11,082	16,596
Total trade and other receivables - net	8,743	8,307	12,551	17,970

#### 10. Real estate development costs and inventories

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Land	3,273,143	1,728,358	3,270,973	1,726,628
Construction under development	923,919	864,576	923,919	864,576
Total	4,197,062	2,592,934	4,194,892	2,591,204
Less: Provision for loss on diminution in value of projects	(3,493)	(6,064)	(3,493)	(6,064)
Real estate development costs - net	4,193,569	2,586,870	4,191,399	2,585,140
Other inventories	952	945	-	-
Total	4,194,521	2,587,815	4,191,399	2,585,140

The Company has mortgaged certain plots of land and structures thereon with a net book value as at 31 December 2019 of Baht 3,800 million (2018: Baht 1,935 million) as collateral for credit facilities granted by a bank.

During the year ended 31 December 2019, the Company included borrowing costs in the cost of real estate development amounting to Baht 60 million (2018: Baht 31 million).

Additional information of the Company's projects.

	(Unit: Million Baht)	
	Consolidated and separate financial statements	
	2019	2018
Total estimated sales value of projects on hand		
of which contracts have been signed	13,101	10,922
Total value of contracts signed of land and structures thereon	10,787	9,420
Percentage of total estimated sales value of projects on hand	82.33	86.24
Total value of contracts signed of land and structures thereon not yet recognised as revenue*	1,977	1,883

\* The revenue will be recognised in the future approximately 1 - 2 years.

#### **11. Finance lease contract receivables/Advance received from land lease**

On 23 August 2007, the Company entered into a contract to lease a land and plaza center building to a company. The lease tenor is for 25 years 5 months commencing from 23 August 2007 and the total contractual value of the lease is Baht 97.3 million, which the Company received the contractual lease fee on the lease registration date at Baht 24 million and for the remaining amount, the Company received the 1<sup>st</sup> lease fee for the total leasing period of 17 months at Baht 2.4 million. After which, the lease fee is payable annually. The lease fee for the 2<sup>nd</sup> - 5<sup>th</sup> year is Baht 2.4 million per year and afterwards the lease fee will be increased by 10% every 5 years. The Company recognises the land and building leasing fee by apportioning all leasing fee under the lease contract to the fair value of the land and the plaza center building as follows:-

- 11.1 From the total building lease fee of Baht 64.2 million, the advance of Baht 15.8 million was received on the lease registration date and the remaining amount will be receivable at 66% of annual lease fee as mentioned in above contract. The Company will gradually recognise as income from the building lease fee under financial lease contract. The remaining accounts receivable under the finance lease agreement are as follows:-

(Unit: Thousand Baht)

Consolidated and separate financial statements  
as at 31 December 2019

	Less than		Over	
	1 year	1-5 years	5 years	Total
Original investment in lease agreement	1,917	8,050	17,920	27,887
Unearned financial income	(82)	(272)	(244)	(598)
Present value of the minimum payment				
debtor has to pay under lease agreement	1,835	7,778	17,676	27,289

(Unit: Thousand Baht)

Consolidated and separate financial statements  
as at 31 December 2018

	Less than		Over	
	1 year	1-5 years	5 years	Total
Original investment in lease agreement	1,917	7,858	20,028	29,803
Unearned financial income	(88)	(294)	(303)	(685)
Present value of the minimum payment				
debtor has to pay under lease agreement	1,829	7,564	19,725	29,118

11.2 From total land lease fee of Baht 33.1 million, the advance of Baht 8.2 million was received on the lease registration date and the remaining amount will be receivable at 34% of annual lease fee as mentioned in above contract. The Company will gradually recognise as income from the land lease fee under the operating lease contract throughout the lease tenor. The outstanding balance is as follows:-

(Unit: Thousand Baht)

Consolidated and separate  
financial statements

	2019	2018
Total minimum amount which the debtor has to pay under the outstanding operating lease		
Within 1 year	987	987
1 - 5 years	4,147	4,048
Over 5 years	9,232	10,318
Total	14,366	15,353
Add: Advance received for land lease (net from recognised income)	4,174	4,501
Land lease income to be recognised in future	18,540	19,854

## 12. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Separate financial statements									
	Paid-up capital		Shareholding percentage		Cost		Impairment loss on investments		Net	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
			(%)	(%)						
Eastern Star Resort Co., Ltd.	500,000	500,000	81.30	81.30	409,374	409,374	-	-	409,374	409,374
Eastern Star-Lai San New World Co., Ltd.	160,000	160,000	60.00	60.00	96,000	96,000	-	-	96,000	96,000
					<u>505,374</u>	<u>505,374</u>	<u>-</u>	<u>-</u>	<u>505,374</u>	<u>505,374</u>

As at 31 December 2019 and 2018, the Company possessed 326 remaining golf-membership rights, which were not included in the financial statements because the Company obtained such rights at no cost as a result of its investment in a subsidiary.

## 13. Investment properties

The net book value of investment properties as at 31 December 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Land	Building and improvements	Total
31 December 2019:			
Cost	1,000,467	709,165	1,709,632
Less: Accumulated depreciation	-	(484,679)	(484,679)
Less: Allowance for impairment	(41,584)	(651)	(42,235)
Net book value	<u>958,883</u>	<u>223,835</u>	<u>1,182,718</u>
31 December 2018:			
Cost	1,000,467	709,186	1,709,653
Less: Accumulated depreciation	-	(480,762)	(480,762)
Less: Allowance for impairment	(70,009)	(695)	(70,704)
Net book value	<u>930,458</u>	<u>227,729</u>	<u>1,158,187</u>

(Unit: Thousand Baht)

	Separate financial statements		
	Land	Building and improvements	Total
31 December 2019:			
Cost	1,000,467	752,090	1,752,557
Less: Accumulated depreciation	-	(487,663)	(487,663)
Less: Allowance for impairment	(41,584)	(651)	(42,235)
Net book value	<u>958,883</u>	<u>263,776</u>	<u>1,222,659</u>
31 December 2018:			
Cost	1,000,467	752,111	1,752,578
Less: Accumulated depreciation	-	(482,723)	(482,723)
Less: Allowance for impairment	(70,009)	(695)	(70,704)
Net book value	<u>930,458</u>	<u>268,693</u>	<u>1,199,151</u>

A reconciliation of the net book value of investment properties for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Net book value at beginning of year	1,158,187	1,150,525	1,199,151	1,192,513
Addition - at cost	10,784	24,714	10,784	24,714
Transfer out - net book value at transfer date	(13)	(5,356)	(13)	(5,356)
Disposal and written off - net book value at disposal and written off date	(363)	(75)	(363)	(75)
Impairment loss	-	(695)	-	(695)
Reversal of impairment loss	28,470	2,150	28,470	2,150
Depreciation	(14,347)	(13,076)	(15,370)	(14,100)
Net book value at end of year	<u>1,182,718</u>	<u>1,158,187</u>	<u>1,222,659</u>	<u>1,199,151</u>
Rental income arising from investment properties	39,126	34,095	39,126	34,095

Future minimum rental income to be generated under these investment properties is as follows:

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	2019	2018
In up to 1 year	24,636	35,095
In over 1 and up to 3 years	4,818	13,778

The fair value of the investment properties as at 31 December 2019 and 2018 stated below:

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	2019	2018
Land	1,358,501	1,293,678
Building and improvement	205,268	208,046

The fair values of the above investment properties have been determined based on valuations performed by an accredited independent valuer. The fair value of the land has been determined based on market prices, while that of the land and building and improvement has been determined using the force sale.

As a result of the impairment assessment in 2019, the Company reversed Baht 28 million (2018: Baht 2 million), of the impairment losses previously recognised, recording the reversal in profit or loss in the financial statements. This reversal was reversal of impairment of the Company's land. In addition, the Company recognised impairment loss of the Company's building for rent Baht 1 million and recognised impairment loss Baht 9 million in the separate financial statements due to the acquisition of land and some structures there on from a subsidiary during 2018 as described in Note 14 to the consolidated financial statements.

The Company has mortgaged certain plots of land with a net book value as at 31 December 2019 of Baht 364 million (2018: Baht 82 million) as collateral for credit facilities granted by a bank.

## 14. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements								
	Land and improvement	Buildings and construction	Machines and equipment	Furniture and fixtures	Office equipment	Vehicles	Construction in progress	Total
<u>Cost</u>								
1 January 2018	156,168	434,055	44,128	13,660	23,275	34,670	5,643	711,599
Additions	731	14,820	1,521	2,566	3,896	575	26,132	50,241
Disposals and written off	-	-	(314)	(434)	(1,285)	(325)	-	(2,358)
Transfer in (out)	2,580	8,417	(749)	175	33	748	(5,518)	5,686
31 December 2018	159,479	457,292	44,586	15,967	25,919	35,668	26,257	765,168
Additions	17,629	21,243	1,282	2,917	3,469	3,572	35,589	85,701
Disposals and written off	-	(14,214)	(1,088)	(164)	(1,167)	(2,587)	-	(19,220)
Transfer in (out)	-	32,313	60	1,476	400	948	(31,967)	3,230
31 December 2019	177,108	496,634	44,840	20,196	28,621	37,601	29,879	834,879
<u>Accumulated depreciation</u>								
1 January 2018	737	251,531	38,700	11,061	17,780	20,126	-	339,935
Depreciation for the year	-	8,464	2,225	1,145	2,161	5,156	-	19,151
Accumulated depreciation on disposals and written off	-	-	(301)	(337)	(1,282)	(325)	-	(2,245)
Accumulated depreciation on transfer in (out)	-	213	(10)	-	(2)	9	-	210
31 December 2018	737	260,208	40,614	11,869	18,657	24,966	-	357,051
Depreciation for the year	-	15,422	1,857	1,560	2,544	4,605	-	25,988
Accumulated depreciation on disposals and written off	-	(3,807)	(1,060)	(123)	(1,146)	(2,582)	-	(8,718)
31 December 2019	737	271,823	41,411	13,306	20,055	26,989	-	374,321
<u>Allowance for impairment</u>								
1 January 2018	-	3,680	-	-	-	-	-	3,680
31 December 2018	-	3,680	-	-	-	-	-	3,680
31 December 2019	-	3,680	-	-	-	-	-	3,680
<u>Net book value</u>								
31 December 2018	158,742	193,404	3,972	4,098	7,262	10,702	26,257	404,437
31 December 2019	176,371	221,131	3,429	6,890	8,566	10,612	29,879	456,878
<b>Depreciation for the year</b>								
2018 (Baht 3 million included in cost of real estate sold and services, and the balance in administrative expenses)								19,151
2019 (Baht 4 million included in cost of real estate sold and services, and the balance in administrative expenses)								25,988

(Unit: Thousand Baht)

	Separate financial statements							
	Land and land improvement	Buildings and construction	Machines and equipment	Furniture and fixtures	Office equipment	Vehicles	Construction in progress	Total
<b>Cost</b>								
1 January 2018	4,320	109,518	5,093	13,123	17,158	18,048	5,579	172,839
Additions	54,051	50,885	1,029	2,566	3,281	575	5,010	117,397
Disposals and written off	-	-	(314)	(434)	(1,284)	(325)	-	(2,357)
Transfer in (out)	2,580	6,250	(749)	175	33	748	(3,771)	5,266
31 December 2018	60,951	166,653	5,059	15,430	19,188	19,046	6,818	293,145
Additions	17,629	20,552	370	2,917	3,158	172	34,291	79,089
Disposals and written off	-	(13,996)	(70)	(163)	(103)	(2,587)	-	(16,919)
Transfer in (out)	-	11,635	-	1,477	400	948	(11,230)	3,230
31 December 2019	78,580	184,844	5,359	19,661	22,643	17,579	29,879	358,545
<b>Accumulated depreciation</b>								
1 January 2018	737	38,404	3,963	10,588	12,415	11,748	-	77,855
Depreciation for the year	-	5,788	411	1,145	1,804	2,212	-	11,360
Accumulated depreciation on disposals and written off	-	-	(301)	(337)	(1,281)	(325)	-	(2,244)
Accumulated depreciation on transfer in (out)	-	213	(10)	-	(2)	9	-	210
31 December 2018	737	44,405	4,063	11,396	12,936	13,644	-	87,181
Depreciation for the year	-	12,951	387	1,560	2,168	1,860	-	18,926
Accumulated depreciation on disposals and written off	-	(3,639)	(62)	(123)	(103)	(2,582)	-	(6,509)
31 December 2019	737	53,717	4,388	12,833	15,001	12,922	-	99,598
<b>Allowance for impairment</b>								
1 January 2018	-	9,161	-	-	-	-	-	9,161
31 December 2018	-	9,161	-	-	-	-	-	9,161
31 December 2019	-	9,161	-	-	-	-	-	9,161
<b>Net book value</b>								
31 December 2018	60,214	113,087	996	4,034	6,252	5,402	6,818	196,803
31 December 2019	77,843	121,966	971	6,828	7,642	4,657	29,879	249,786
<b>Depreciation for the year</b>								
2018 (Included in administrative expenses)								11,360
2019 (Included in administrative expenses)								18,926

On 6 November 2018, the Company entered into a sale and purchase agreement regarding land and some structures there on with Eastern Star Resorts Company Limited, the Company's subsidiary. The transaction is included in the disclosure of transaction with subsidiary as described in Note 6 to consolidated financial statements.



However, during 2018, the Company recognised impairment loss Baht 9 million in the separate financial statements for the acquired land and some structures there on. The amount of impairment loss is eliminated from the consolidated financial statements.

As at 31 December 2019, certain plant and equipment items of the Group have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment loss) of those assets amounted to approximately Baht 145 million (Separate financial statements: Baht 51 million) (2018: Baht 156 million (Separate financial statements: Baht 47 million)).

The Company has mortgaged certain plots of land and structures thereon with a net book value as at 31 December 2019 and 2018 of Baht 3 million as collateral for credit facilities granted by a bank.

#### 15. Intangible assets

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	2019	2018
	2019	2018
Computer software - cost	14,678	11,976
Less: Accumulated amortisation	(8,044)	(6,974)
Net book value	6,634	5,002

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	2019	2018
	2019	2018
Net book value at beginning year	5,002	3,764
Additions	2,703	2,244
Amortisation	(1,071)	(1,006)
Net book value at end of year	6,634	5,002

## 16. Land and improvement awaiting development

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Land	1,363,312	1,354,169	1,213,746	1,204,603
Development costs	36,742	37,000	36,742	37,000
Total	<u>1,400,054</u>	<u>1,391,169</u>	<u>1,250,488</u>	<u>1,241,603</u>

A reconciliation of the net book value of land and improvement awaiting development for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Net book value at beginning of year	1,391,169	1,281,878	1,241,603	1,132,312
Addition - at cost	1,753,971	382,506	1,753,971	382,506
Transfer out - at cost	(1,745,086)	(273,215)	(1,745,086)	(273,215)
Net book value at end of year	<u>1,400,054</u>	<u>1,391,169</u>	<u>1,250,488</u>	<u>1,241,603</u>

As at 31 December 2019, land awaiting development of Baht 1 million (separate financial statements: Baht 0.8 million) (2018: Baht 0.5 million (Separate financial statements: Baht 0.2 million)) was land of which ownership is jointly held by the Company and a subsidiary. The Company and the subsidiary recorded the cost of land based on their ownership, with half allocated to each party.

As at 31 December 2019, the Company mortgaged certain plots of land and improvement awaiting development with a net book value of Baht 762 million (2018: 643 million) as collateral for credit facilities granted by a bank.

## 17. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (Percent per annum)	Consolidated and Separate financial statements	
		2019	2018
Short-term loans from financial institutions	MLR - fixed rate	-	133,483
Short-term loans from financial institutions	MLR - fixed rate	306,293	-
Short-term loans from financial institutions	MLR - fixed rate	147,000	-
Short-term loans from financial institutions	fixed rate	224,000	-
Short-term loans from financial institutions	fixed rate	103,000	-
Total		780,293	133,483

Short-term loans from financial institutions are secured by the mortgages of the Company's land and structures thereon as described in Note 10, 13, 14 and 16 to consolidated financial statements.

## 18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Trade accounts payable				
- unrelated parties	47,178	32,384	46,320	30,966
Other payables - related parties (Note 6)	27	42	7,107	6,745
Other payables - unrelated parties	29,133	33,360	26,775	32,547
Total	76,338	65,786	80,202	70,258

## 19. Long-term loans

(Unit: Thousand Baht)

Consolidated and Separate  
financial statements

	2019	2018
Long-term loans from banks	1,551,672	574,857
Less: Current portion	(729,473)	(111,045)
Long-term loans - net of current portion	822,199	463,812

Movements in the long-term loans account during the year ended 31 December 2019 are summarised below.

(Unit: Thousand Baht)

Consolidated and Separate  
financial statements

Balance as at 1 January 2018	574,857
Add: Additional borrowings	1,173,106
Less: Repayments	(329,774)
Add: classify from short - term loans	133,483
Balance as at 31 December 2019	1,551,672

Long-term loans from local banks had the principal terms of the credit facilities as follows:

Consolidated and Separate financial statements		Interest rate (per annum)	Interest period	Principal repayment schedules
Total loan facilities				
2019	2018			
2,769	2,445	MLR - fixed rate	Monthly	Payments of principal are to be made at percentage of the value of secured real estates which transferred to customers, with full repayment to be made within 48 months after the date of the loan agreement or the first draw down of principal.
570	-	MLR - fixed rate	Monthly	Payments of principal are to be made at price per square meters of the value of secured real estates which transferred to customers, with full repayment to be made within 60 months after the date of the loan agreement or the first draw down of principal.
Total	3,339			
	2,445			

The above credit facilities agreements contain covenants relating to various matters, such as the maintenance of financial ratio and restrictions on creating or permitting the subsistence of security interest on property and assets.

As at 31 December 2019, the long-term credit facilities of the Company which have not yet been drawn down totaling Baht 2,266 million (2018: Baht 1,288 million).

The loans and credit facilities are secured by mortgages of land with structures thereon as described in Note 10 to the consolidated financial statements.

## 20. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Retention payable	23,054	31,148	23,054	31,148
Other current liabilities	26,481	25,078	25,479	23,188
Total	49,535	56,226	48,533	54,336

## 21. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Provision for long-term employee				
benefits at beginning of year	24,002	20,100	18,188	15,296
Included in profit or loss:				
Current service cost	5,222	3,928	4,092	3,046
Interest cost	698	490	517	362
Included in other comprehensive income:				
Actuarial gain and loss arising from				
Demographic assumptions				
changes	-	-	-	-
Financial assumptions changes	5,039	-	3,665	-
Experience adjustments	-	-	-	-

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Benefits paid during the year	(3,671)	(516)	(2,216)	(516)
Provision for long-term employee benefits at end of year	31,290	24,002	24,246	18,188

The Group expect to pay Baht 2 million of long-term employee benefits during the next year (Separate financial statements: Baht 1 million) (2018: Baht 0.46 million, separate financial statements: Baht 0.09 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 10 - 11 years (Separate financial statements: 11 years) (2018: 10 - 11 years, separate financial statements: 11 years).

Significant actuarial assumptions are summarised below:

	Consolidated and separate financial statements	
	2019	2018
	(% per annum)	
Discount rate	2.65 - 2.71	2.65 - 2.71
Average future salary increase rate	4 - 6	4 - 6
Staff turnover rate (depending on age)	0 - 35	0 - 35

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 are summarised below:

	(Unit: million Baht)			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(2)	3	(2)	2
Salary increase rate	3	(3)	3	(2)
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Turnover rate	(1)	1	(1)	1

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group have additional long-term employee benefit liabilities of Baht 4 million (The Company only: Baht 3 million) as a result. The Group will reflect the effect of the change by recognising past service costs as expenses in the income statement of the current year.

## 22. Cost to obtain a contract

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
Balance as at 1 January 2019	92,869
Increase during the year	53,147
Recognised as expenses during the year	(14,710)
Balance as at 31 December 2019	131,306

## 23. Advance received from customers

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Advance received for real estate	358,594	281,742	354,432	278,257
Deferred revenue for fixtures	2,640	5,038	2,640	5,038
Total	361,234	286,780	357,072	283,295

Movements in the deferred revenue for fixtures account during the year ended 31 December 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
Balance as at 1 January 2019	5,038
Increase during the year	17,370
Recognised as revenues during the year	(19,768)
Balance as at 31 December 2019	2,640

## 24. Warrants

On 30 June 2016, the Company allotted warrants under Employee Stock Option Plan No. 1 (ESOP No. 1) to the directors, management and/or employees of the Company for 150,000,000 units. The details are as follows:

No. of warrants issued:	150,000,000 units
No. of shares reserved for exercise:	Not exceeding 150,000,000 shares
Term:	Not exceeding 3 years from the issuance date of warrants
Offering price:	Baht 0
Exercise price:	Baht 1.05 per ordinary share
Exercise ratio:	1 ordinary share per 1 warrant (may be changed following the conditions for adjustment of right)
Exercise Date:	The last business day of March, June, September and December throughout the term of the warrants. Except for in case of the last exercise date, it is able to exercise the rights for 15 business days before the maturity date of the warrants. The first exercise date is in June 2016.

Exercise period:

### Exercise No.1

Within 12 months from the offering date, the warrant holders can exercise not exceeding 40% of warrant allotted, on the exercise date throughout the term of the warrants.

### Exercise No.2

After 12 months but not over 24 months from the offering date, the warrant holders can additionally exercise 30% of warrant allotted, on the exercise date throughout the term of the warrants.

### Exercise No.3

Over 24 months from the offering date, the warrant holders can exercise all warrants without the restriction, on the exercise date throughout the term of the warrants.

The estimated fair values of each share option can be exercised in Exercise No.1, No.2 and No.3 are Baht 0.00, Baht 0.05 and Baht 0.01, respectively. These were calculated using the Black-scholes Merton formula. The model inputs were the share price at the price determination date of Baht 0.93, the exercise price of Baht 1.05, an



expected dividend yield of 3%, the life of the share options of 3 years, and a risk-free interest rate of 1.45%, 1.46% and 1.50%, respectively.

As at 30 June 2018, the term of the warrant was expired. There are no holders exercise all warrants (ESOP No. 1).

As at 31 December 2019, the Company has capital reserves for share-based payment of Baht 1 million (2018: Baht 1 million).

## 25. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

During the year 2019, the Company transferred unappropriated retained earnings to statutory reserve amounting to Baht 3 million (2018: Baht 6 million).

## 26. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Payment of land and construction during the year	693,799	803,354	693,799	803,354
Changes in real estate development costs and inventories	160,014	274,881	160,021	275,117
Salaries and wages and other employee benefits	168,610	160,957	137,586	132,927
Depreciation and amortisation	41,418	33,009	35,231	26,100
Marketing expenses	134,000	163,342	132,142	161,758
Cost of other goods incurred and recognised during the year	7,420	6,218	-	-

## 27. Income tax

Income tax expenses (revenues) for the years ended 31 December 2019 and 2018 are made up as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2019	2018	2019	2018
<b>Current income tax:</b>				
Current income tax charge	-	-	-	-
Adjustment in respect of income tax of previous year	-	-	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	20,732	31,803	20,978	30,173
<b>Income tax expenses reported in the statement of comprehensive income</b>	<b>20,732</b>	<b>31,803</b>	<b>20,978</b>	<b>30,173</b>

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

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2019	2018	2019	2018
Accounting profit before tax	72,217	144,721	77,934	154,549
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	14,443	28,944	15,587	30,910
Adjustment in respect of income tax of previous year	-	-	-	-
Tax effects of:				
Non-deductible expenses	3,150	702	2,659	498
Additional taxable revenues	2,786	389	2,786	389
Additional capital expenditure deductions allowed	(131)	(192)	(131)	(192)
Additional expense deductions allowed	(1,692)	(1,934)	(116)	(192)
Tax exempted revenue	(4)	85	(4)	85
Tax losses	1,983	5,134	-	-

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	2019	2018
Others	197	(1,325)
Income tax expenses reported in the statement of comprehensive income	20,732	31,803

The components of deferred tax assets and deferred tax liabilities as at 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	2019	2018
<b>Deferred tax assets</b>		
Allowance for doubtful accounts	1,487	1,487
Allowance for diminution in value of inventories	699	1,213
Allowance for diminution in value of assets	8,447	14,141
Deferred revenue for fixtures	528	1,008
Advance received for land rental income	849	914
Provision for long-term employee benefits	6,257	4,801
Tax loss carried forward	4,535	12,967
Others	1,394	1,076
<b>Total</b>	<b>24,196</b>	<b>37,607</b>

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	2019	2018
<b>Deferred tax liabilities</b>		
Finance lease contract receivables	5,458	5,824
Cost to obtain a contract	26,261	18,574
<b>Total</b>	<b>31,719</b>	<b>24,398</b>

As at 31 December 2019 the subsidiaries has unused tax losses totaling Baht 38 million (2018: Baht 42 million). No deferred tax assets have been recognised on these amounts as the subsidiaries believes future taxable profits may not be sufficient to allow utilisation of unused tax losses.

Details of expiry date of the subsidiaries' unused tax losses are summarised as below:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
31 December 2019	-	4	-	-
31 December 2020	7	16	-	-
31 December 2021	19	19	-	-
31 December 2022	-	-	-	-
31 December 2023	13	-	-	-
	<u>39</u>	<u>39</u>	<u>-</u>	<u>-</u>

## 28. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Profit attributable to equity holders of the Company (Thousand Baht)	52,652	115,449	56,957	124,377
Weighted average number of ordinary shares (Thousand shares)	5,022,246	5,022,246	5,022,246	5,022,246
Earnings per share (Baht/share)	0.010	0.023	0.011	0.025

There is no disclosure of diluted earnings per share in the financial statements for the year ended 31 December 2019 since as at 30 June 2018, the term of the warrant was expired. There are no holders exercise all warrants (ESOP No. 1).

## 29. 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 decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group are organised into business units based on its products and services and have three reportable segments as follows:

- (1) Real estate business
- (2) Golf course business
- (3) Rental business

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

Transfer prices between business segments are set out in Note 6 to the consolidated financial statements.

Below is the revenue and gross profit of the Group for the year ended 31 December 2019 and 2018 by segments.

(Unit: Million Baht)

Consolidated financial statements for the year ended 31 December										
	Revenue from Contracts with Customers									
	Real estate		Golf course		Rental		Adjustments		Total	
	business		business		business		and eliminations			
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Revenues</b>										
External customers	1,273	1,621	56	51	44	34	-	-	1,373	1,706
Inter- segment	-	-	-	1	-	-	-	(1)	-	-
<b>Total revenues</b>	<u>1,273</u>	<u>1,621</u>	<u>56</u>	<u>52</u>	<u>44</u>	<u>34</u>	<u>-</u>	<u>(1)</u>	<u>1,373</u>	<u>1,706</u>
<b>Operating results</b>										
<b>Gross profit of segments</b>	387	523	19	16	14	4	-	-	420	543
Other income									27	14
Selling and distribution expenses									(134)	(163)
Administrative expenses									(265)	(246)
Loss on diminution in value of assets									-	(1)
Reversal of loss on diminution in value of assets									29	2
Finance cost									(4)	(4)
Income tax expenses									(21)	(32)
Non-controlling interests of the subsidiaries									1	2
<b>Profit for the year attributable to equity holders of the Company</b>									<u>53</u>	<u>115</u>

The following table presents segment assets of the Group as at 31 December 2019 and 2018.

(Unit: Million Baht)

Consolidated financial statements as at 31 December								
	Real estate		Golf course		Rental		Total	
	business		business		business			
	2019	2018	2019	2018	2019	2018	2019	2018
Real estate development cost and inventories	4,194	2,587	1	1	-	-	4,195	2,588
Investment properties	855	831	-	-	327	327	1,182	1,158
Property, plant and equipment	168	114	288	289	1	1	457	404
Land and improvement awaiting development	1,400	1,391	-	-	-	-	1,400	1,391
Unallocated assets							546	541
<b>Total segment assets</b>							<u>7,780</u>	<u>6,082</u>
Additions to non-current assets other than financial instruments, deferred tax assets and other non-current assets	111	410	6	24	12	25	129	459

## Geographic information

The Group operate in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

## Major customers

For the years 2019 and 2018, the Group have no major customer, with revenue of 10% or more of an entity's revenue.

### 30. Dividend payment

Dividend	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Dividend announced from operating result for the year 2018	Annual General Meeting of the shareholders on 30 April 2019	100	0.020
Total dividend for 2019		100	
Dividend announced from operating result for the year 2017	Annual General Meeting of the shareholders on 27 April 2018	276	0.055
Total dividend for 2018		276	

### 31. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees, and the Group contributed to the fund monthly at the rates of 3 - 5% of basic salary. The fund, which is managed by Ayudhya Fund Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2019 amounting to approximately Baht 3 million were recognised as expenses (Separate financial statements: Baht 3 million) (2018: Baht 3 million (Separate financial statements: Baht 3 million)).

### 32. Commitments and contingent liabilities

As at 31 December 2019, the Group have the following outstanding commitments and contingent liabilities:

- 32.1 The Company had the outstanding commitments in respect of agreements to construction including project and interior design of projects amounting to Baht 257 million (2018: Baht 142 million).

32.2 The Company had the outstanding commitments in respect of land purchase agreements to develop project for sale amounting to Baht 144 million (2018: 589 million).

32.3 The Company had capital commitments of Baht 1 million (2018: 0.6 million) in respect of the acquisition of software for the Company's operations.

32.4 The Group have entered into several lease agreements to lease buildings and equipment and services, with terms of generally between 1 and 3 years.

Future minimum payments required under these operating leases contracts are as follows:

Payable	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
In up to 1 year	10	18	9	16
In over 1 and up to 3 years	5	11	5	11

#### 32.5 Bank guarantees

There were the following outstanding bank guarantees issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business of the Company.

	(Unit: Million Baht)	
	Consolidated and separate	
	financial statements	
	2019	2018
Letters of guarantee for arrangement and maintenance of public utilities	102	152
Letters of guarantee for electricity usage	9	6
Letters of guarantee for elevators	20	-
Total	131	158

Bank guarantees facilities are secured by the Company's land and structures thereon.



### 32.6 Litigation

As at 31 December 2019, civil lawsuits were filed against the Company by customers with and amount in disputes totaling Baht 14 million (2018: Baht 17 million). The Company has set aside a provision that may arise from the final of judicial processes in its financial statements as it considers appropriate. The Company's management believes that there will have no significant impact on the financial position of the Company.

### 33. Fair value hierarchy

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

(Unit: Million Baht)				
	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Current investments	100	-	-	100
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	1,248	316	1,564

(Unit: Million Baht)				
	Separate Financial Statements			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Current investments	70	-	-	70
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	1,248	316	1,564

### 34. Financial instruments

#### 34.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, finance lease contract receivables, trade and other payables, short-term loans from a financial institution and long-term loans. The financial risks associated with these financial instruments and how they are managed in described below.

##### ***Credit risk***

The Group are exposed to credit risk primarily with respect to trade and other receivables. The Group manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Group do not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables and other receivables as stated in the statement of financial position.

##### ***Interest rate risk***

The Group exposure to interest rate risk relates primarily to their cash at financial institutions, current investments, finance lease contract receivables, short-term loans from a financial institution and long-term loan with interest bearing. However, most of these financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2019							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate
	Within 1 year	1-5 years	Over 5 years				
							(% p.a.)
<b><u>Financial assets</u></b>							
Cash and cash equivalents	-	-	-	102	-	102	0.10 - 1.10
Current investments	-	-	-	-	100	100	-
Trade and other receivables	-	-	-	-	9	9	-
Finance lease contract receivables	2	7	18	-	-	27	0.30

(Unit: Million Baht)

## Consolidated financial statements as at 31 December 2019

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial liabilities</b>							
Short-term loans from a financial institution	-	-	-	780	-	780	MLR - fixed rate
Long-term loans	-	-	-	1,552	-	1,552	MLR - fixed rate
Trade and other payables	-	-	-	-	77	77	-

(Unit: Million Baht)

## Consolidated financial statements as at 31 December 2018

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	199	-	199	0.10 - 1.10
Current investments	-	-	-	-	68	68	-
Trade and other receivables	-	-	-	-	8	8	-
Finance lease contract receivables	2	7	20	-	-	29	0.30
<b>Financial liabilities</b>							
Short-term loans from a financial institution	-	-	-	133	-	133	MLR - fixed rate
Long-term loans	-	-	-	575	-	575	MLR - fixed rate
Trade and other payables	-	-	-	-	66	66	-

**34.2 Fair values of financial instruments**

Since the majority of Group's financial instruments are short-term and loans denominated in Thai Baht bearing the market interest rate, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value

is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

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

### **35. Capital management**

The primary objective of the Company's capital management is to ensure that it has an appropriate financial capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group's total debt-to-equity ratio was 0.65:1 (2018: 0.28:1).

### **36. Event after the reporting period**

#### **Dividend payment**

At the Company's Board of Directors' meeting held on 27 February 2020, the Board passed a resolution proposing the payment of a dividend of Baht 0.01 per share, or a total amount of approximately Baht 50 million, from the Company's operating result for the year 2019. The dividend will be paid to the shareholders within 28 May 2020. The dividend payment is subject to approval of the Annual General Meeting of the Company's shareholders.

### **37. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2020.