

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**REVIEW REPORT AND INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019**

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To The Shareholders and Board of Directors of
Areeya Property Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Areeya Property Public Company Limited and its subsidiaries as at September 30, 2019 and the related consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2019, changes in shareholders' equity and cash flows for the nine-month period then ended, and the condensed notes to financial statements of financial position of Areeya Property Public Company Limited as at September 30, 2019 and the related statement of comprehensive income for the three-month and nine-month periods ended September 30, 2019, changes in shareholders' equity and cash flows for the nine-month period then ended, and the condensed notes to financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standards No. 34 "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

SCOPE OF REVIEW

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

CONCLUSION

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standards No. 34 "Interim Financial Reporting".

(Miss Wannisa Ngambuathong)
Certified Public Accountant
Registration No. 6838

Dharmniti Auditing Company Limited
Bangkok, Thailand
November 13, 2019

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- 2 -

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2019

		<u>ASSETS</u>			
		In Thousand Baht			
		Consolidated		Separate	
		Financial Statements		Financial Statements	
		As at September	As at December	As at September	As at December
Notes		30, 2019	31, 2018	30, 2019	31, 2018
CURRENT ASSETS					
	Cash and cash equivalents	56,506	85,918	33,843	60,966
	Current investment	80	84	80	84
	Trade and other receivables	5	403,198	1,253,415	1,025,242
	Real estate projects under development	6	11,663,681	8,524,233	8,554,629
	Deposits for land	17	275,200	275,200	280,900
	Short-term loans to related parties	4	-	1,229,163	1,148,330
	Other current assets		23,034	15,812	1,849
	Total current assets		12,421,699	11,331,746	11,072,000
NON-CURRENT ASSETS					
	Deposits at banks used as collateral	7	268,272	262,084	188,667
	Investments in subsidiaries	8	-	313,000	311,000
	Investment properties	9	478,630	433,630	412,040
	Property, plant and equipment		316,835	274,893	308,363
	Prepaid rental expenses		121,381	121,381	127,773
	Leasehold rights	10	1,097,749	1,097,749	902,549
	Intangible assets		15,383	13,495	16,406
	Deferred tax assets		78,405	14,178	6,091
	Rental deposit	4	60,000	60,000	60,000
	Other non-current assets		31,887	22,837	39,892
	Total non-current assets		2,468,542	2,613,247	2,372,781
	TOTAL ASSETS		14,890,241	13,944,993	13,444,781

Notes to interim financial statements form an integral part of these statements.

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- 4 -

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT SEPTEMBER 30, 2019

LIABILITIES AND SHAREHOLDER' EQUITY (CONT.)

		In Thousand Baht			
		Consolidated		Separate	
		Financial Statements		Financial Statements	
		As at September	As at December	As at September	As at December
Notes		30, 2019	31, 2018	30, 2019	31, 2018
SHAREHOLDERS' EQUITY					
SHARE CAPITAL					
	Authorised share capital	1,200,000	1,200,000	1,200,000	1,200,000
	Issued and paid-up share capital	980,000	980,000	980,000	980,000
	PREMIUM ON ORDINARY SHARES	669,210	669,210	669,210	669,210
RETAINED EARNINGS					
	Appropriated				
	Legal reserve	88,294	88,294	88,294	88,294
	Unappropriated	1,474,897	1,594,556	1,258,646	1,302,776
	TOTAL SHAREHOLDERS' EQUITY	3,212,401	3,332,060	2,996,150	3,040,280
TOTAL LIABILITIES AND					
	SHAREHOLDERS' EQUITY	14,890,241	14,297,305	13,944,993	13,444,781

Notes to interim financial statements form an integral part of these statements.

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- 5 -

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

		In Thousand Baht			
		Consolidated		Separate	
		Financial Statements		Financial Statements	
Notes		2019	2018	2019	2018
	INCOME				
	Revenue from sale of real estate	719,480	1,018,352	433,590	816,675
	Interest income	496	338	21,041	18,758
	Other income	17,425	23,392	27,819	27,720
	Total income	737,401	1,042,082	482,450	863,153
	EXPENSES				
	Cost of sale of real estate	492,579	636,372	301,502	497,081
	Selling expenses	140,737	145,501	89,518	120,436
	Special Business Tax and transferred fee	27,000	38,959	16,322	31,280
	Administrative expenses	110,098	133,396	76,788	103,969
	Finance costs	72,711	59,046	70,021	55,101
	Total expenses	843,125	1,013,274	554,151	807,867
	Profit (loss) before income tax expense	(105,724)	28,808	(71,701)	55,286
	Income tax (revenue) expense	(19,471)	11,821	(13,541)	13,695
	PROFIT (LOSS) FOR THE PERIOD	(86,253)	16,987	(58,160)	41,591
	Other comprehensive income for the period :				
	Items that will not be reclassified to profit or loss				
	Actuarial losses - net of income tax	-	-	-	-
	Comprehensive income (loss) for the period, net of income tax	-	-	-	-
	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	(86,253)	16,987	(58,160)	41,591

Notes to interim financial statements form an integral part of these statements.

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- 6 -

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME (CONT.)

FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

		In Thousand Baht				
		Consolidated		Separate		
		Financial Statements		Financial Statements		
Notes		2019	2018	2019	2018	
	Profit (loss) attributable to					
	Shareholders' equity of the parent company	(86,253)	16,987	(58,160)	41,591	
	Non-controlling interests	-	-	-	-	
		<u>(86,253)</u>	<u>16,987</u>	<u>(58,160)</u>	<u>41,591</u>	
	Total comprehensive income (loss) attributable to					
	Shareholders' equity of the parent company	(86,253)	16,987	(58,160)	41,591	
	Non-controlling interests	-	-	-	-	
		<u>(86,253)</u>	<u>16,987</u>	<u>(58,160)</u>	<u>41,591</u>	
	BASIC EARNINGS (LOSS) PER SHARE OF					
	THE PARENT COMPANY					
	Profit (loss) for the period (Baht per share)	15	(0.09)	0.02	(0.06)	0.04

Notes to interim financial statements form an integral part of these statements.

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- 7 -

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

		In Thousand Baht			
		Consolidated		Separate	
		Financial Statements		Financial Statements	
Notes		2019	2018	2019	2018
	INCOME				
	Revenue from sale of real estate	2,373,705	3,019,231	1,535,366	2,444,840
	Interest income	3,714	1,786	64,200	57,236
	Unrealised gains on fair value of investment properties	26,980	-	21,590	-
	Other income	63,541	79,327	87,707	102,895
	Total income	2,467,940	3,100,344	1,708,863	2,604,971
	EXPENSES				
	Cost of sale of real estate	1,500,866	1,895,001	943,898	1,508,803
	Selling expenses	421,523	392,687	279,283	322,037
	Special Business Tax and transferred fee	89,250	115,505	57,993	93,650
	Administrative expenses	374,124	397,063	258,726	311,448
	Finance costs	229,517	174,638	221,402	174,305
	Total expenses	2,615,280	2,974,894	1,761,302	2,410,243
	Profit (loss) before income tax expense	(147,340)	125,450	(52,439)	194,728
	Income tax (revenue) expense	(27,003)	38,591	(8,131)	44,358
	PROFIT (LOSS) FOR THE PERIOD	(120,337)	86,859	(44,308)	150,370
	Other comprehensive income for the period :				
	Items that will not be reclassified to profit or loss				
	Actuarial losses - net of income tax	678	-	178	-
	Comprehensive income (loss) for the period, net of income tax	678	-	178	-
	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	(119,659)	86,859	(44,130)	150,370

Notes to interim financial statements form an integral part of these statements.

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- 8 -

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME (CONT.)

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

		In Thousand Baht				
		Consolidated		Separate		
		Financial Statements		Financial Statements		
Notes		2019	2018	2019	2018	
	Profit (loss) attributable to					
	Shareholders' equity of the parent company	(120,337)	86,859	(44,308)	150,370	
	Non-controlling interests	-	-	-	-	
		<u>(120,337)</u>	<u>86,859</u>	<u>(44,308)</u>	<u>150,370</u>	
	Total comprehensive income attributable to					
	Shareholders' equity of the parent company	(119,659)	86,859	(44,130)	150,370	
	Non-controlling interests	-	-	-	-	
		<u>(119,659)</u>	<u>86,859</u>	<u>(44,130)</u>	<u>150,370</u>	
	BASIC EARNINGS (LOSS) PER SHARE OF					
	THE PARENT COMPANY					
	Profit (loss) for the period (Baht per share)	15	(0.12)	0.09	(0.05)	0.15

Notes to interim financial statements form an integral part of these statements.

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- 9 -

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

In Thousand Baht					
Consolidated Financial Statements					
Note	Issued and	Premium	Retained Earnings		Total
	Paid-up	on Ordinary	Legal Reserve	Unappropriated	Shareholders'
	Share Capital	Shares			Equity
For the nine-month period ended September 30, 2019					
	980,000	669,210	88,294	1,594,556	3,332,060
Comprehensive income for the period					
	-	-	-	(120,337)	(120,337)
	-	-	-	678	678
	-	-	-	(119,659)	(119,659)
	980,000	669,210	88,294	1,474,897	3,212,401
For the nine-month period ended September 30, 2018					
	980,000	669,210	80,874	1,610,388	3,340,472
	-	-	-	(39,198)	(39,198)
Comprehensive income for the period					
	-	-	-	86,859	86,859
	-	-	-	86,859	86,859
	980,000	669,210	80,874	1,658,049	3,388,133

Notes to interim financial statements form an integral part of these statements.

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- 10 -

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

		In Thousand Baht				
		Separate Financial Statements				
		Issued and	Premium	Retained Earnings		Total
		Paid-up	on Ordinary Shares	Legal Reserve	Unappropriated	Shareholders' Equity
Note	Share Capital					
For the nine-month period ended September 30, 2019						
	Balance as at January 1, 2019	980,000	669,210	88,294	1,302,776	3,040,280
	Comprehensive income for the period					
	Profit for the period	-	-	-	(44,308)	(44,308)
	Other comprehensive income for the period	-	-	-	178	178
	Total comprehensive income for the period	-	-	-	(44,130)	(44,130)
	Balance as at September 30, 2019	980,000	669,210	88,294	1,258,646	2,996,150
For the nine-month period ended September 30, 2018						
	Balance as at January 1, 2018	980,000	669,210	80,874	1,201,102	2,931,186
	Dividend	-	-	-	(39,198)	(39,198)
	Comprehensive income for the period					
	Profit for the period	-	-	-	150,370	150,370
	Total comprehensive income for the period	-	-	-	150,370	150,370
	Balance as at September 30, 2018	980,000	669,210	80,874	1,312,274	3,042,358

Notes to interim financial statements form an integral part of these statements.

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- 11 -

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) for the period	(120,337)	86,859	(44,308)	150,370
Adjustments to reconcile profit (loss) for the period to net cash provided by (used in) from operating activities				
Unrealised loss (gain) on current investment	4	(1)	4	(1)
Doubtful debt (Reverse)	271	(263)	271	(65)
Bad debt	3	-	3	-
Allowance for decline in value of real estate projects under development (Reverse)	-	(9,823)	-	(3,304)
Unrealised losses (gain) on fair value of investment properties	(26,980)	-	(21,590)	-
Depreciation and amortization	41,168	48,861	32,923	46,438
Loss (gain) on disposal of equipment	(5,348)	(266)	(1,993)	(33)
Amortisation of premium on debentures	14,534	6,376	14,534	6,376
Homecare warranty and housing estate juristic person expenses	6,489	4,256	3,810	3,001
Employee benefit obligations	35,362	4,667	16,170	2,191
Gain from written off construction retentions	(13,059)	(8,215)	(9,530)	-
Finance cost	239,998	168,262	221,402	167,929
Income tax expense	(26,665)	38,591	(8,043)	44,358
Interest income	(3,714)	(1,786)	(64,200)	(57,236)
Profit (loss) from operations before changes in operating assets and liabilities	141,726	337,518	139,453	360,024
Changes in operating assets and liabilities				
Trade and other receivables	(167,822)	(63,994)	(167,767)	(73,857)
Real estate projects under development	45,206	(188,107)	222,018	269,970
Deposits for land	5,700	(183,042)	5,700	(206,042)
Other non-current assets	18,152	7,828	17,055	10,862
Trade and other payables	155,209	(34,354)	21,977	1,041
Construction retentions	13,139	(12,096)	7,667	(14,664)
Unrecognised income on installments due	282,773	318,450	285,055	318,525
Other current liabilities	(3,253)	11,020	(4,812)	9,033

Notes to interim financial statements form an integral part of these statements.

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- 12 -

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONT.)

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2019	2018	2019	2018
Utilities guarantee	552	(224)	552	(224)
Other non-current liabilities	(26,069)	(22,074)	(24,300)	(18,323)
Cash from operating activities	465,313	170,925	502,598	656,345
Income tax paid	(21,968)	(55,023)	(14,007)	(46,478)
Net cash provided by (used in) operating activities	443,345	115,902	488,591	609,867
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	3,714	1,786	3,520	1,638
(Increase) decrease in deposits at banks used as collateral	(73,428)	27,379	(73,417)	35,627
Increase in short-term loans from related parties	-	-	(460,941)	(20,752)
Decrease in short-term loans from related parties	-	-	380,108	-
Investment in subsidiaries	-	-	(2,000)	(9,000)
Purchase of investment properties	-	(46)	-	(46)
Purchase of equipments	(11,553)	(30,043)	(4,317)	(6,629)
Received from disposal of equipment	6,719	266	3,364	33
Purchase of intangible assets	(333)	(2,710)	(333)	(841)
Leasehold rights	(149,611)	(60,440)	(149,611)	(60,440)
Net cash provided by (used in) investing activities	(224,492)	(63,808)	(303,627)	(60,410)
CASH FLOWS FROM FINANCING ACTIVITIES				
Finance costs paid	(455,058)	(400,734)	(400,593)	(373,568)
Dividend	-	(39,198)	-	(39,198)
Increase (decrease) in bank overdrafts and short-term loans				
from financial institutions	228,001	(48,495)	237,820	(58,011)
Increase in short-term loans from related parties	-	-	1,925	152,060
Proceed from long-term loans from financial institutions	1,056,522	1,797,915	613,194	1,024,244
Repayment of long-term loans from financial institutions	(1,320,993)	(1,514,427)	(908,314)	(1,377,291)
Proceed from long-term loans from other company	355,000	-	355,000	-
Proceeds from debentures	2,000,000	-	2,000,000	-
Repayment of debentures	(2,000,000)	-	(2,000,000)	-
Transaction cost from issue of debenture	(42,799)	-	(42,799)	-
Repayment of finance lease liabilities	(68,938)	(13,573)	(68,320)	(12,771)
Net cash provided by (used in) financing activities	(248,265)	(218,512)	(212,087)	(684,535)

Notes to interim financial statements form an integral part of these statements.

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- 13 -

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONT.)

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements	Financial Statements	Financial Statements	Financial Statements
	2019	2018	2019	2018
Net increase (decrease) in cash and cash equivalents	(29,412)	(166,418)	(27,123)	(135,078)
Cash and cash equivalents as at January 1,	85,918	291,717	60,966	214,665
Cash and cash equivalents as at September 30,	56,506	125,299	33,843	79,587
Non-cash transactions				
Acquisition of equipments under finance leases	150	15,833	150	12,281
Transfer cost of real estate project under development to property, plant and equipment	11,800	-	-	-
Depreciation expense which include real estate project under development	15,908	14,529	13,279	12,543
Borrowing cost which is included as a part of real estate under development cost during the period	204,691	211,415	175,515	191,232
Expenses under contracts which is included as a part of leasehold rights	19,176	20,676	19,176	20,676
Borrowing cost which is included a part of construction in process of leasehold rights	26,413	16,403	26,413	16,403
Transfer long-term loans form other parties to trade and other payables	35,473	-	35,473	-
Transfer long-term loans form other parties to unrecognised income on installments due	76,020	-	76,020	-

Notes to interim financial statements form an integral part of these statements.

AREEYA PROPERTY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

1. THE OPERATIONS AND OTHER INFORMATION OF THE COMPANY

Areeya Property Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 999 Praditmanutham Road, Kwaeng Saphansong, Khet Wangthonglang, Bangkok.

The Company was listed on the Stock Exchange of Thailand in April 2004.

The Company’s major shareholders during the financial period were Laohapoonrungee (46.22%) and Porncharoenchaisilp (19.58%) family shareholdings.

The principal business of the Company is the development of real estate projects. Details of the Company’s subsidiaries as at September 30, 2019 and December 31, 2018 are given in notes 4 and 8.

2. BASIS FOR PREPARATION OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 The accompanying consolidated interim financial statements include the interim financial statements of Areeya Property Public Company Limited and the following subsidiaries which are owned directly and indirectly by the Company.

Name	Business type	Country of registration	Percentage of shareholdings (%)	
			As at September 30, 2019	As at December 31, 2018
Subsidiaries				
Areeya Service Co., Ltd.	After sales services for property	Thailand	99.99	99.99
One Up Co., Ltd.	Construction service	Thailand	99.99	99.99
Areeya Management Co., Ltd.	Development of real estate projects and property management	Thailand	99.99	99.99
Cool Space Co., Ltd.	Development of real estate projects	Thailand	99.99	99.99
White Living Co., Ltd.	Development of real estate projects	Thailand	99.99	99.99
Chill Space Co., Ltd.	Development of real estate projects	Thailand	99.99	99.99
Areeya Hospitality Co., Ltd.	Restaurant	Thailand	99.99	99.99
Soontareeya Residence Co., Ltd.	Development of real estate Projects	Thailand	99.97	-
Soontareeya Leisure Co., Ltd.	Hotel	Thailand	99.97	-

2.2 These consolidated interim financial statements included the financial statements of Areeya Property Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended December 31, 2018. During the period there was the investment in two subsidiaries.

- 2.3 Outstanding balances between the Company and the subsidiaries, significant intercompany transactions, investment balance in the Company’s books and share capital of the subsidiaries are eliminated from the consolidated interim financial statements.
- 2.4 Subsidiaries are fully consolidated in the consolidated interim financial statement as from the date of acquisition, being the date on which the Company obtains control in the subsidiary until the end of such control.
- 2.5 The accounting policies of the subsidiaries for similar accounting transactions are the same as the Company.
- 2.6 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 from the shareholders’ equity of the parent company.

3. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

3.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2018) Interim Financial Reporting, and the requirements of the Securities and Exchange Commission (SEC). The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events, and situations and not intended to re-emphasis on the information previously reported. The interim financial statements should therefore, be read in conjunction with the financial statements for the year ended December 31, 2018.

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

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

3.2 Thai Financial Reporting Standards that become effective in the current year

During the period, the Company and its subsidiaries have adopted the revised and new financial reporting standards and interpretations (revised 2018) including new accounting treatment guidance, which are effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries’ financial statements. However, the new standard involves changes to key principles, as summarized below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

3.3 Financial reporting standards that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard and accounting guidance for financial instruments, which is effective for fiscal years beginning on or after January 1, 2020. Key principles of these standards are summarized below.

The accounting guidance for financial instruments and Presentation for Insurance business

Accounting practice was adjusted to have close content with TFRS 9 by dividing into 4 parts as follows:

1. The recognition of transaction and valuation of financial instrument which is developed closely to Thai Accounting Standard No.105 (revised 2016) accounting for investment in debt securities and equity securities and Thai Financial Reporting Standard No.9 financial instrument.
2. Impairment of financial asset which has content close to Thai Financial Reporting Standard No.9 financial instrument.
3. Accounting to prevent risk with content close to Thai Financial Reporting Standard No.9 financial instrument.
4. Information disclosure of financial instrument with content similar to Thai Financial Reporting Standard No.7 disclosure of financial instrument information.

TFRS 16 Leases

As the lease is significant transaction in many business in many industries. It's significant that user of financial statement should receive information on activity of the lease completely and able to compare which the former accounting method for lease agreement under accounting standard No.17 regarding lease agreement require the lessee and lessor to classify lease agreement as financial lease or operating lease and record the account for both lease agreement differently. Such accounting method can't respond to the needs of the financial statement users as the accounting method does not objectively represent for the lease transaction in every case. For the lessee to recognize assets and liabilities that arise from operating lease which affects the lease agreement to be recognized as asset and liabilities in the statement of financial position. The use of asset and commitment that arises from the lease agreement under the definition of asset and liabilities affect the significant financial ratio to be distorted. New accounting method under the financial reporting standards No.16 lease agreement requires the lessee to recognize the right to use asset as asset in the financial statements and recognize commitment that arises from lease agreement in the financial statements. Such accounting method affects the asset presentation and liabilities of the lessee as objective representation as well as increase the disclosure of information that reflects the financial risk and capital money of the lessee.

At present, the management of the Company and its subsidiaries are evaluating the impact of this standard to the financial statements in the year when it is adopted.

3.4 Reporting currency in interim financial information

The interim financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

3.5 Use of estimates and judgments by the management

The preparation of interim financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended December 31, 2018.

3.6 Significant accounting policies

The interim financial information has been prepared based on the basis, accounting policies and method of computation that are consistent with those used in the financial statements for the year ended December 31, 2018 except that the Company and its subsidiaries have adopted all the new and revised Thai Financial Reporting Standards (“TFRS”) that are effective for annual periods beginning on or after 1 January 2019.

4. RELATED PARTY TRANSACTIONS

For the purposes of these interim financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group Companies are subject to common control or common significant influence. Related parties may be individuals or other entities.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Relationships with related parties were as follows:

Name of entities	Country of	Nature of relationships
	incorporation/ nationality	
Cool Space Co., Ltd.	Thailand	Subsidiary
Chill Space Co., Ltd.	Thailand	Subsidiary
Areeya Management Co., Ltd.	Thailand	Subsidiary
One Up Co., Ltd.	Thailand	Subsidiary
White Living Co., Ltd.	Thailand	Subsidiary
Areeya Service Co., Ltd.	Thailand	Subsidiary
Areeya Hospitality Co., Ltd.	Thailand	Subsidiary
Soontareeya Residence Co., Ltd.	Thailand	Subsidiary
Soontareeya Leisure Co., Ltd.	Thailand	Subsidiary
Daily By Areeya Co., Ltd.	Thailand	Co-director
A Attitude Co., Ltd.	Thailand	Co-director
At Home Development Co., Ltd.	Thailand	Co-director
The Colors Co., Ltd.	Thailand	Co-director

Name of entities	Country of incorporation/ nationality	Nature of relationships
W Solar & Power Co., Ltd.	Thailand	Co-director
W Power Co., Ltd.	Thailand	Co-director
Tavalamai Co., Ltd.	Thailand	Co-director
Laohapoonrungee and Porncharoenchaisilp groups	Thailand	The group of major shareholders
Mr. Wisit Laohapoonrungee	Thailand	A Director of the Company / Group
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director (whether executive or otherwise) of the Group.

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Revenue from sale of real estate	Market price
Interest income	5.45% - 6.75% per annum
Purchase the land	At cost
Management income / Management fee	Agreed price
Finance costs	5.45% - 6.75% per annum
Land rental	Contractually agreed rates

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- 20 -

Significant transactions for the three-month and nine-month periods ended September 30, 2019 and 2018 with related parties were as follows :

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	For the three-month period ended		For the three-month period ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Subsidiaries:				
Interest income	-	-	20,654	18,421
Management income	-	-	16,751	18,397
Management fee	-	-	2,730	9,550
Finance costs	-	-	87	1,556
Other related parties :				
Land rental	275	273	275	273
Key management personnel compensation:				
Short-term benefits	16,777	18,503	8,431	8,430
Post-employment benefits	794	203	355	181
Total	<u>17,571</u>	<u>18,706</u>	<u>8,786</u>	<u>8,611</u>

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	For the nine-month period ended		For the nine-month period ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Subsidiaries:				
Interest income	-	-	60,680	55,599
Management income	-	-	49,988	54,501
Purchase the land (under real estate project in development)	-	-	101,716	-
Management fee	-	-	12,490	33,890
Finance costs	-	-	269	2,826
Other related parties :				
Land rental	825	823	825	823
Key management personnel compensation:				
Short-term benefits	52,521	61,768	27,301	30,970
Post-employment benefits	2,382	1,358	1,067	543
Total	<u>54,903</u>	<u>63,126</u>	<u>28,368</u>	<u>31,513</u>

From time to time directors of the Group, or their related entities, purchase real estate from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers.

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- 21 -

The significant outstanding balances with related parties as at September 30, 2019 and December 31, 2018 are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at September 30, 2019	As at December 31, 2018	As at September 30, 2019	As at December 31, 2018
Trade and other receivables				
- related parties				
Subsidiaries	-	-	591,299	590,459
Interest receivable - related parties				
(included in trade and other receivables)				
Subsidiaries	-	-	285,609	224,929
Borrowing costs - related parties				
(included in real estate projects under development)				
Subsidiaries	-	-	677	462
Rental deposit				
Key management	60,000	60,000	60,000	60,000
Trade and other payables				
- related parties				
Subsidiaries	-	-	370,021	436,796
Accrued interest expense - related parties				
(included in trade and other payables)				
Subsidiaries	-	-	25,695	25,210
Unrecognised income on installments due				
Key management	7,451	5,093	7,451	5,093
Construction retentions - related party				
Subsidiaries	-	-	5,012	5,012
Short-term loans to related parties				
Subsidiaries				
Chill Space Co., Ltd.	-	-	344,940	300,543
One Up Co., Ltd.	-	-	194,321	193,000
White Living Co., Ltd.	-	-	167,076	69,718
Areeya Management Co., Ltd.	-	-	150,361	326,222
Cool Space Co., Ltd.	-	-	352,165	242,847
Areeya Hospitality Co., Ltd.	-	-	20,300	16,000
Total	-	-	1,229,163	1,148,330

Short-term loans to related parties are due at call.

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- 22 -

Movements during for the nine-month period ended September 30, 2019 and for the year ended December 31, 2018 of short-term loans to related parties were as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at September	As at December	As at September	As at December
	30, 2019	31, 2018	30, 2019	31, 2018
	(For the nine-month)	(For the year)	(For the nine-month)	(For the year)
Short-term loans to related parties				
Subsidiaries				
Beginning balance	-	-	1,148,330	1,303,804
Increase	-	-	460,941	523,767
Decrease	-	-	(380,108)	(679,241)
Ending balance	-	-	1,229,163	1,148,330

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at September	As at December	As at September	As at December
	30, 2019	31, 2018	30, 2019	31, 2018
Short-term loans from related parties				
Subsidiaries				
Areeya Service Co.,Ltd.	-	-	4,725	2,800

Short-term loans from related parties are due at call.

Movements during the nine-month period ended September 30, 2019 and for the year ended December 31, 2018 of short-term loans from related parties were as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at September	As at December	As at September	As at December
	30, 2019	31, 2018	30, 2019	31, 2018
	(For the nine-month)	(For the year)	(For the nine-month)	(For the year)
Short-term loans from related parties				
Subsidiaries				
Beginning balance	-	-	2,800	82,238
Increase	-	-	1,925	208,807
Decrease	-	-	-	(288,245)
Ending balance	-	-	4,725	2,800

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- 23 -

	In Thousand Baht					
	Interest rate		Consolidated		Separate	
	(% per annum)		Financial Statements		Financial Statements	
	As at	As at	As at	As at	As at	As at
September	December	September	December	September	December	
30, 2019	31, 2018	30, 2019	31, 2018	30, 2019	31, 2018	
Long-term loans from related party						
Subsidiary						
Areeya Service Co.,Ltd.	4.75	4.75	-	-	9,700	9,700

Long-term loans from related party are due at call. However, the subsidiary will not recall loan within 12 months since September 30, 2019.

Due to the requirements of the Land Development Act B.E. 2543, during 2003 to 2012 the Company transferred the title on certain parcels of land used for entrance ways, road and utilities with a cumulative value at September 30, 2019 of Baht 57.4 million (December 31, 2018 : Baht 57.4 million) to a director and its subsidiaries for nil consideration so that the director and its subsidiaries could hold the title of the land on behalf of the Company as a representative for the purposes of entering into any contract in relation to the land. As specified in the agreement, the director and its subsidiaries may not perform any activities on the land. In addition, the director and its subsidiaries have registered the land subject to servitudes and restrictions to the projects of the Company for construction of utilities for the projects without any compensation and with no time limit.

In 2009, a subsidiary also transferred the title of certain parcels of land used as site entrance roads of development projects with a cumulative value at September 30, 2019 of Baht 0.4 million (December 31, 2018 : Baht 0.4 million) to a subsidiary, without any compensation for the subsidiary to hold title to such land on behalf of the subsidiary as a representative for the purposes of entering into any contract in relation to the land. In addition, the subsidiary has registered the land subject to servitudes and restrictions to the projects of the subsidiary for construction of the utilities of the projects without any compensation and with no time limit.

Contracts with related parties

The Company entered into a land lease agreement with two directors to build a head office building, for a period of 10 years. The lessor promises that upon the expiry of the lease term of 10 years, the lessor will allow an extension for another 10 years and negotiate the new rate at market price or other appropriate price. If the Company agrees to extend the agreement, the Company must submit written notice in advance as stipulated in the memorandum.

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- 24 -

As at September 30, 2019, the Company had commitment up to the end of lease agreement amounting to Baht 5.23 million (December 31, 2018 : Baht 6.06 million). The Company paid rental deposit to the lessor amounting to Baht 60 million to guarantee that the leased asset would not be foreclosed by the financial institution since the lessor agreed to mortgage the leased asset under a credit facility agreement with the financial institution to finance the construction of the office building. The said deposit will be repaid to lessee at the end of the lease on December 31, 2023. Upon the expiration of the lease term of this agreement or expired lease to be extended, no matter how many times to renew or the lease agreement was terminated by the fault of the lessee, the lessee has to manage the leased asset condition as before the rental and demolish all the building on leased asset. If the expiration of the lease period, the Company does not demolish, the Company agrees to obtain the right in building to the lessor's part of land and leased asset without any charge. If lessor does not require the building, the lessee is responsible for any charge such as demolition of building as specified in the memorandum. The Company recognised the construction in prepaid rental expense.

Other

1. The Company has guaranteed liabilities of subsidiaries with local banks and the subsidiaries have guaranteed liabilities of the Company and subsidiaries with local banks.
2. The Company has made an agreement with several subsidiaries to provide back office management service. The service period and service fee are stated in the agreements.

5. TRADE AND OTHER RECEIVABLES

		In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		As at September	As at December	As at September	As at December
Note		30, 2019	31, 2018	30, 2019	31, 2018
	Trade accounts receivable				
	Related parties	4	-	-	-
	Other parties	11,166	10,247	10,332	9,472
	Total	11,166	10,247	10,332	9,472
	<u>Less</u> allowance for doubtful accounts	(5,510)	(5,515)	(5,392)	(5,397)
	Net	5,656	4,732	4,940	4,075
	Other receivables				
	Related parties	4	-	876,908	815,388
	Other parties	404,678	237,778	377,921	211,857
	Total	404,678	237,778	1,254,829	1,027,245
	<u>Less</u> allowance for doubtful accounts	(7,136)	(6,860)	(6,354)	(6,078)
	Net	397,542	230,918	1,248,475	1,021,167
	Total trade and other receivables - net	403,198	235,650	1,253,415	1,025,242

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- 25 -

The movement of the allowance for doubtful debts are follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	For the three-month period ended		For the three-month period ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Doubtful debts (reversal)	(5)	-	(5)	-

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	For the nine-month period ended		For the nine-month period ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Doubtful debts	276	146	276	23
Doubtful debts (reversal)	(5)	(409)	(5)	(88)

Aging analyses for trade accounts receivable were as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at September 30, 2019	As at December 31, 2018	As at September 30, 2019	As at December 31, 2018
Trade accounts receivable				
Related parties				
Overdue:				
Over 12 months	-	-	-	-
	-	-	-	-
Other parties				
Within credit term	984	596	795	369
Overdue:				
Less than 3 months	627	802	560	665
3 - 6 months	1,082	643	833	618
6 - 12 months	458	134	384	76
Over 12 months	8,015	8,072	7,760	7,744
	11,166	10,247	10,332	9,472
<u>Less allowance for doubtful accounts</u>	<u>(5,510)</u>	<u>(5,515)</u>	<u>(5,392)</u>	<u>(5,397)</u>
Trade accounts receivable - net	<u>5,656</u>	<u>4,732</u>	<u>4,940</u>	<u>4,075</u>
Other receivables - net	<u>397,542</u>	<u>230,918</u>	<u>1,248,475</u>	<u>1,021,167</u>
Total trade and other receivables - net	<u>403,198</u>	<u>235,650</u>	<u>1,253,415</u>	<u>1,025,242</u>

The receivables, overdue over 12 months, had the retention and deposit. The Company did not record the allowance for doubtful accounts.

The normal credit term granted by the Group ranges 30 days.

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- 26 -

6. REAL ESTATE PROJECTS UNDER DEVELOPMENT

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at September 30, 2019	As at December 31, 2018	As at September 30, 2019	As at December 31, 2018
Cost of projects under development	33,492,905	30,143,968	26,497,304	23,906,169
Land held for development	3,503,528	5,321,916	2,415,526	3,925,407
Sample houses	247,768	259,704	209,691	222,352
House and condominium for sale	3,584,873	3,444,692	2,541,369	2,699,268
Construction materials	6,861	6,541	3,025	3,014
Total	40,835,935	39,176,821	31,666,915	30,756,210
<u>Less</u> Portion transferred to cost of sales	(29,170,266)	(27,683,253)	(23,140,915)	(22,199,814)
	11,665,669	11,493,568	8,526,000	8,556,396
<u>Less</u> allowance for decline in value of real estate projects under development	(1,988)	(1,988)	(1,767)	(1,767)
Net	11,663,681	11,491,580	8,524,233	8,554,629

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at September 30, 2019 (For the nine- month)	As at December 31, 2018 (For the year)	As at September 30, 2019 (For the nine- month)	As at December 31, 2018 (For the year)
Finance costs capitalised during the period	204,691	276,232	175,515	252,152
Rates of interest capitalized (% per annum)	4.75 - 10.00	1.00 - 6.25	4.75 - 10.00	1.00 - 6.25

Land and construction thereon of the Group's and Company's projects have been mortgaged as collateral for loans and credit facilities from financial institutions.

7. DEPOSITS AT BANKS USED AS COLLATERAL

The Company had guaranteed the saving deposits and fixed deposits for the letter of guarantee from bank. And as at September 30, 2019, the Company had the bank deposits with restrictions on use amounted Baht 93.47 million that was in accordance with the terms and conditions regarding the rights and duties of debenture issuers and debenture holders. The Company, as the guaranteed debenture issuer, had mortgaged the land and buildings and some parts of the Company's empty land as the guarantee agreement for the issuance of debenture. It was under the condition that the Company can redeem or release the mortgage of such land and buildings and the empty land. If the value of the property that was insured under the guarantee agreement was lower than specified, the debenture issuer had to change the guarantee or seek for replacement assets to guarantee the repayment of additional debentures within the specified period in order to maintain the guarantee value under the rights of debenture holders.

“UNAUDITED”

“REVIEWED”

- 27 -

8. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as at September 30, 2019 and December 31, 2018 and dividend income from those investments for the nine-month periods ended September 30, 2019 and 2018, were as follows:

		In Thousand Baht											
		Separate Financial Statements											
Direct subsidiaries	Type of business	Ownership interest (%)		Paid-up capital		Cost method		Impairment		At cost-net		Dividend income	
		As at September 30, 2019	As at December 31, 2018	As at September 30, 2019	As at December 31, 2018	As at September 30, 2019	As at December 31, 2018	As at September 30, 2019	As at December 31, 2018	As at September 30, 2019	As at December 31, 2018	For the nine-month period ended September 30,	
												2019	2018
Areeya Service Co., Ltd	After sales services for property	99.99	99.99	10,000	10,000	10,000	10,000	-	-	10,000	10,000	-	-
One Up Co., Ltd	Construction service	99.99	99.99	100,000	100,000	100,000	100,000	-	-	100,000	100,000	-	-
Areeya Management Co., Ltd.	Development of real estate projects and property management	99.99	99.99	65,000	65,000	65,000	65,000	-	-	65,000	65,000	-	-
Cool Space Co., Ltd.	Development of real estate projects	99.99	99.99	60,000	60,000	60,000	60,000	-	-	60,000	60,000	-	-
White Living Co., Ltd.	Development of real estate projects	99.99	99.99	65,000	65,000	65,000	65,000	-	-	65,000	65,000	-	-
Chill Space Co., Ltd.	Development of real estate projects	99.99	99.99	1,000	1,000	1,000	1,000	-	-	1,000	1,000	-	-
Areeya Hospitality Co., Ltd.	Restaurant	99.99	99.99	10,000	10,000	10,000	10,000	-	-	10,000	10,000	-	-
Soontareeya Residence Co., Ltd.	Development of real estate projects	99.97	-	1,000	-	1,000	-	-	-	1,000	-	-	-
Soontareeya Leisure Co., Ltd.	Hotel	99.97	-	1,000	-	1,000	-	-	-	1,000	-	-	-
Total				313,000	311,000	313,000	311,000	-	-	313,000	311,000	-	-

On May 17, 2019, Areeya property Public Company Limited has established a new subsidiary named Soontareeya Residence Company Limited to engage in real estate development business and Soontareeya Leisure Company Limited to engage in hotel business. The Company holds 99.97% of the shares. The registered ordinary shares consisted of 10,000 shares at the par value of Baht 100, totaling registered share capital of Baht 1 million.

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- 28 -

9. INVESTMENT PROPERTIES

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at September	As at December	As at September	As at December
	30, 2019	31, 2018	30, 2019	31, 2018
	(For the nine-month)	(For the year)	(For the nine-month)	(For the year)
Beginning balance	451,650	454,183	412,040	416,583
Additions	-	-	-	-
Transfer	-	(193)	-	(193)
<u>Less</u> Unrealised loss (gain) from				
a fair value adjustment	26,980	(2,340)	21,590	(4,350)
Ending balance	<u>478,630</u>	<u>451,650</u>	<u>433,630</u>	<u>412,040</u>

Investment properties were revalued as at September 30, 2019 and December 31, 2018 by a firm of independent valuers, using the income approach.

Investment properties mainly comprise shopping malls, space for rent and construction in progress.

As at September 30, 2019 and December 31, 2018, the Company mortgaged certain investment properties as collateral to secure the loan and credit facilities granted by the financial institutions.

10. LEASEHOLD RIGHTS

Movements of the leasehold rights as at September 30, 2019 and December 31, 2018 were as follows :

	In Thousand Baht	
	Consolidated / Separate Financial Statements	
	As at September	As at December
	30, 2019	31, 2018
Beginning balance	902,549	757,344
<u>Add</u> Increase	195,200	145,205
<u>Less</u> Decrease	-	-
Ending balance	<u>1,097,749</u>	<u>902,549</u>

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- 29 -

	In Thousand Baht	
	Consolidated / Separate Financial Statements	
	As at September 30, 2019	As at December 31, 2018
Leasehold rights consist of ;		
Expense under contracts	539,375	494,900
Construction in process	558,374	407,649
	<u>1,097,749</u>	<u>902,549</u>

	In Thousand Baht	
	Consolidated / Separate Financial Statements	
	As at September 30, 2019	As at December 31, 2018
Finance costs capitalized construction in process	26,413	23,059

Leasehold rights arise from the Company entered into the lease agreements with third parties for developing and constructing projects of residential and hotel (see Note 17.2).

11. INTEREST-BEARING LIABILITIES

11.1 Bank overdrafts and short-term loans from financial institutions

	Credit Facilities (Million Baht)				In Thousand Baht					
	Consolidated		Separate		Interest rate (% per annum)		Consolidated		Separate	
	Financial Statements	Financial Statements	Financial Statements	Financial Statements	As at September	As at December	Financial Statements	Financial Statements	Financial Statements	Financial Statements
	As at September 30, 2019	As at December 31, 2018	As at September 30, 2019	As at December 31, 2018	As at September 30, 2019	As at December 31, 2018	As at September 30, 2019	As at December 31, 2018	As at September 30, 2019	As at December 31, 2018
Bank overdrafts	40	40	30	30	MOR, saving bank account+ fixed number	MOR, saving bank account+ fixed number	12,320	39,060	12,320	29,241
Promissory notes	540	297	540	297	MLR-fixed number	MLR-fixed number	515,000	247,000	515,000	247,000
Bills of exchange	122	2,000	122	2,000	Government bond yield+ credit spread	Government bond yield+ credit spread	122,000	136,000	122,000	136,000
	<u>702</u>	<u>2,337</u>	<u>692</u>	<u>2,327</u>						
Less prepaid interest							(4,163)	(4,904)	(4,163)	(4,904)
Bills of exchange - net							117,837	131,096	117,837	131,096
Total							<u>645,157</u>	<u>417,156</u>	<u>645,157</u>	<u>407,337</u>

“UNAUDITED”

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- 30 -

Bank overdrafts and short-term loans have been secured by certain director and the mortgage of land of projects of the Group and the Company.

As at September 30, 2019 and December 31, 2018, the Group and the Company had bank overdraft credit line with local banks in the amount of Baht 40 million and Baht 30 million, respectively.

11.2 Loans from other parties

Movements of loans during the nine-month period ended September 30, 2019 and for the years ended December 31, 2018 were as follows :

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at September 30, 2019 (For the nine-month)	As at December 31, 2018 (For the year)	As at September 30, 2019 (For the nine-month)	As at December 31, 2018 (For the year)
Beginning balance	111,493	111,493	111,493	111,493
Increase	-	-	-	-
Decrease	-	-	-	-
Transfer out trade and other payables	(35,473)	-	(35,473)	-
Transfer out unrecognized income on installments due	(76,020)	-	(76,020)	-
Ending balance	<u>-</u>	<u>111,493</u>	<u>-</u>	<u>111,493</u>

As at December 31, 2018, the Company had obtained loans from other persons totaling Baht 111.49 million. These loans carried interest at a rate close to fixed interest rate and due at call.

11.3 Long-term loans from financial institutions

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at September 30, 2019 (For the nine- month)	As at December 31, 2018 (For the year)	As at September 30, 2019 (For the nine- month)	As at December 31, 2018 (For the year)
Current				
Current portion	1,076,876	1,564,231	662,393	1,224,237
Non-current				
Long-term loans from financial institutions	<u>1,101,075</u>	<u>878,191</u>	<u>676,326</u>	<u>409,602</u>
Total	<u>2,177,951</u>	<u>2,442,422</u>	<u>1,338,719</u>	<u>1,633,839</u>

“UNAUDITED”

“REVIEWED”

- 31 -

Movements of long-term loans during the nine-month period ended September 30, 2019 and for the years ended December 31, 2018 were as follows :

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at September	As at December	As at September	As at December
	30, 2019	31, 2018	30, 2018	31, 2018
	(For the nine-month)	(For the year)	(For the nine-month)	(For the year)
Beginning balance	2,442,422	1,643,200	1,633,839	1,464,648
Increase	1,056,522	3,040,741	613,194	2,112,927
Decrease	(1,320,993)	(2,241,519)	(908,314)	(1,943,736)
Ending balance	2,177,951	2,442,422	1,338,719	1,633,839

Long-term loans from financial institutions of the Company and its subsidiaries carry interest at the rate of MLR minus fixed number per annum. The loan agreements also stipulated that loan repayments are to be made proportionately when properties are sold and transferred the right to customers and full payment is to be made within 2022.

The loan agreements contain covenants pertaining to matters including the maintenance of certain financial ratios, such as debt-to-equity.

As at September 30, 2019, in order to comply with the term and conditions stipulated in some loan agreements, certain amounts of loans have been presented as current liabilities in the statement of financial position.

Long-term loans from financial institutions are secured by the mortgage of property projects and investment properties and office buildings. Some loans from financial institutions are also guaranteed by the subsidiaries, certain directors and the mortgage of land of certain directors.

11.4 Long-term loans from other parties

Movements of loans during the nine-month period ended September 30, 2019 and for the years ended December 31, 2018 were as follows :

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at September	As at December	As at September	As at December
	30, 2019	31, 2018	30, 2019	31, 2018
	(For the nine-month)	(For the year)	(For the nine-month)	(For the year)
Beginning balance	-	-	-	-
Increase	355,000	-	355,000	-
Decrease	-	-	-	-
Ending balance	355,000	-	355,000	-

“UNAUDITED”

“REVIEWED”

- 32 -

Loans from other company carries interest at the fixed rate not lower than 10% per annum and the principal has to be fully repaid within 2021.

Loans from other company is by the mortgage of land with construction that combined existing and future land construction.

11.5 Unutilised credit facilities

As at September 30, 2019, the credit facilities of the Group and the Company which have not yet been drawn down amounted to Baht 3,055.95 million and Baht 1,757.40 million, respectively (December 31, 2018 : Baht 3,528.80 million and Baht 2,182.83 million, respectively).

“UNAUDITED”

“REVIEWED”

- 33 -

12. Debentures

As at September 30, 2019 and December 31, 2018, the debentures of the Company were registered, unsubordinated, unsecured and without a debenture holders' representative, interest is payable quarterly, with face value of Baht 1,000 per unit as follows :

Debenture	Units (Thousand units)	Issuance date	Term	Maturity date	Interest rate (% per annum)	In Thousand Baht					
						Consolidated/Separate Financial Statements					
						Current portion		Non-current		Total	
As at September 30, 2019	As at December 31, 2018	As at September 30, 2019	As at December 31, 2018	As at September 30, 2019	As at December 31, 2018						
No. 1/2016	1,353.2	1 April 2016	3 years	1 April 2019	5.45	-	1,353,200	-	-	-	1,353,200
No. 2/2016	1,000	5 October 2016	3 years 11 months 26 days	1 October 2020 or early redemption	5.40	-	-	1,000,000	1,000,000	1,000,000	1,000,000
No. 3/2016	646.8	20 October 2016	2 years 9 months	20 July 2019	5.00	-	646,800	-	-	-	646,800
No. 1/2017	654.5	31 January 2017	3 years	31 January 2020	5.25	654,500	-	-	654,500	654,500	654,500
No. 2/2017*	1,500	5 April 2017	3 years	5 April 2020 or early redemption	5.95	1,500,000	-	-	1,500,000	1,500,000	1,500,000
No. 3/2017	842.3	31 October 2017	3 years 5 months 30 days	31 October 2019 2 November 2020 30 April 2021	5.95	31,215	31,215	-	-	31,215	31,215
No. 1/2018	250	19 October 2018	3 years	19 October 2021	6.05	-	-	748,655	748,655	748,655	748,655
No. 2/2018	166.6	22 November 2018	3 years 3 months	22 February 2022	6.05	-	-	250,000	250,000	250,000	250,000
No. 1/2019*	2,000	1 April 2019	2 years 6 months 7 days	8 October 2021	6.75	-	-	166,600	166,600	166,600	166,600
						-	-	2,000,000	-	2,000,000	-
Total debentures, at face value						2,185,715	2,031,215	4,196,470	4,350,970	6,382,185	6,382,185
Less deferred transaction costs from issuing of debentures						-	-	(42,313)	(14,048)	(42,313)	(14,048)
Debentures - net						2,185,715	2,031,215	4,154,157	4,336,922	6,339,872	6,368,137

* Secured debenture.

“UNAUDITED”

“REVIEWED”

- 34 -

The debenture No. 2/2017 had the maturity date in 2020 and the debenture No. 1/2019 had the maturity date in 2021. The debenture issuer had the right to redeem the debenture before the maturity date. Such debenture had been guaranteed by the Company as the debenture issuer had mortgaged the land and buildings and some parts of the Company’s empty land. In addition, the Company had the right to sell the land and buildings and the empty land that was a mortgage property under the guarantee agreement and be able to redeem or release the mortgage of such land and buildings and the empty land. If the value of the property that was insured under the guarantee agreement was lower than specified, the debenture issuer had to change the guarantee or seek for replacement assets to guarantee the repayment of additional debentures within the specified period.

Under the terms of the debentures, the Company had to maintain the debt to equity ratio throughout the debenture period not over 3 : 1. It had been calculated from the financial statements as at the end of the quarterly accounting period or the end of the fiscal year. The Company also had to comply with the terms and conditions regarding the rights and duties of debenture issuers and debenture holders.

13. EMPLOYEE BENEFIT OBLIGATIONS

13.1 Movements of the employee benefit obligations account for the nine-month periods ended September 30, 2019 and 2018 are as follows:-

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at September 30, 2019 (For the nine- month)	As at December 31, 2018 (For the year)	As at September 30, 2019 (For the nine- month)	As at December 31, 2018 (For the year)
The statements of financial position				
Employee benefit obligations, beginning	56,769	50,546	24,002	21,081
Gain estimation over actuarial principles	(848)	-	(222)	-
Past service cost and interest				
- Change a considered a post employment plan amendment	16,562	-	7,218	-
- Amendment in other long-term employee benefit	10,446	-	5,279	-
Employee benefit obligations paid	8,524	6,223	3,717	2,921
Employee benefit obligations, ending	<u>91,453</u>	<u>56,769</u>	<u>39,994</u>	<u>24,002</u>

“UNAUDITED”

“REVIEWED”

- 35 -

13.2 Revenues and expenses recognized in the statement of comprehensive income for the three-month and nine-month periods ended September 30, 2019 and 2018 are as follows:-

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	For the three-month periods ended September 30,		For the three-month periods ended September 30,	
The statement of comprehensive income	2019	2018	2019	2018
Recognized in profit or loss				
Cost of sale	632	248	202	108
Selling expenses	228	99	100	57
Administrative expenses	1,982	1,209	937	566
Total	<u>2,842</u>	<u>1,556</u>	<u>1,239</u>	<u>731</u>

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	For the nine-month periods ended September 30,		For the nine-month periods ended September 30,	
The statement of comprehensive income	2019	2018	2019	2018
Recognized in profit or loss				
Cost of sale	7,856	744	2,766	323
Selling expenses	3,291	297	1,635	171
Administrative expenses	24,385	3,626	11,813	1,697
Total	<u>35,532</u>	<u>4,667</u>	<u>16,214</u>	<u>2,191</u>
Recognized in other comprehensive income				
Gain on actuarial gain loss	(848)	-	(222)	-
Total	<u>34,684</u>	<u>4,667</u>	<u>15,992</u>	<u>2,191</u>

“UNAUDITED”

“REVIEWED”

- 36 -

13.3 Gain and loss from the estimate based on actuarial principles recognized in the statement of comprehensive income for the nine-month periods ended September 30, 2019 arise from

	In Thousand Baht	
	For the nine-month periods ended	
	September 30, 2019	
	Consolidated	Separate
	Financial	Financial
	Statements	Statements
Recognize in other comprehensive income		
Population assumption	2,445	1,394
Financial assumption	(2,932)	(2,691)
Improvement from experience	(361)	1,075
Total	<u>(848)</u>	<u>(222)</u>

13.4 Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	(% per annum)			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	2019	2018	2019	2018
Discount rate	2.10 - 3.19	2.39 - 3.12	2.30 - 3.13	3.11
Inflation rate	2.75	2.75	2.75	2.75
Future salary growth rate	4.00 - 7.00	4.00 - 8.00	7.00	8.00
Employee turnover rate (depending on age)	1.91 - 45.84	1.91 - 42.98	5.73 - 34.38	5.73 - 34.38
Mortality rate	table of death	table of death	table of death	table of death
	B.B.2017	B.B.2017	B.B.2017	B.B.2017

Assumptions regarding future mortality are based on published statics and mortality tables.

At September 30, 2019, the Group has the weighted-average duration of the defined benefit obligation was 10 - 18 years. (Separate financial statements : 16 years).

As at September 30, 2019, the Group expects to pay Baht 28.16 million of long-term employee benefits during the next year (Separate financial statements : Baht 1.11 million).

On April 5, 2019, the Labour Protection Act has been enacted in the Royal Gazette. The Labour Protection Act includes a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of 20 years or more, receives severance payment of 400 days of wages at the most recent rate, which is increased from the current maximum rate of 300 days. This Act shall come into force after the expiration of thirty days from the enacted date in the Royal Gazette onwards. This change is considered a post-employment benefits plan amendment. The effect of the change is recognized past service costs as expenses in the income statement.

14. 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.

The Group is principally engaged in the real estate business. Their operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

Major customers

For the period, the Group has no major customer with revenue of 10 percent or more of an entity’s revenues.

15. BASIC EARNINGS PER SHARE

The calculations of basic earnings per share for the three-month and nine-month periods ended September 30, 2019 and 2018 were based on the profit for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods as follows :

	Consolidated Financial Statements		Separate Financial Statements	
	For the three-month period ended		For the three-month period ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Profit attributable to ordinary shareholders of the Company (basic) (Thousand Baht)	(86,253)	16,987	(58,160)	41,591
Number of ordinary shares outstanding (Thousand shares)	980,000	980,000	980,000	980,000
Earnings per share (basic) (Baht per share)	(0.09)	0.02	(0.06)	0.04

	Consolidated Financial Statements		Separate Financial Statements	
	For the nine-month period ended		For the nine-month period ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Profit attributable to ordinary shareholders of the Company (basic) (Thousand Baht)	(120,337)	86,859	(44,308)	150,370
Number of ordinary shares outstanding (Thousand shares)	980,000	980,000	980,000	980,000
Earnings per share (basic) (Baht per share)	(0.12)	0.09	(0.05)	0.15

16. FINANCIAL INSTRUMENTS

Financial instruments carried at fair value

Fair value hierarchy

The fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

For disclosure purpose, the Group determines Level 2 fair values for traded debentures have been determined based on quoted selling prices from the Thai Bond Market Association that were not difference with fair value at the year end.

For disclosure purposes, the Group determines Level 3 fair values for fair values of investment property is carried based on valuations by independent values. Fair value is measured by discounted cash flow projections which reflects rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects any cash outflows that could be expected in respect of the property. The discount rate reflects current market assessments of the time value of money and risk adjusted.

The fair value of accounts receivable and accounts payable-trade and others is taken to approximate the carrying value.

The fair value of loans to related parties is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.

The fair value of long-term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.

17. COMMITMENTS WITH NON-RELATED PARTIES

As at September 30, 2019, the Company and subsidiaries has commitments as follows:

- 17.1 As at September 30, 2019, the Company and subsidiaries have commitments relating to project development contracts amounting to Baht 1,938.29 million (As at December 31, 2018 : Baht 904.35 million).
- 17.2 During 2011, the Company entered into a Joint Developing Area agreement with an Association with a lease period of not less than 30 years. The Company must comply with terms and conditions stipulated in the agreement.
- 17.3 In January 2016, the Company entered into a sale and purchase agreement of land amounting to Baht 228.00 million for a property development project. As at September 30, 2019, the Company had paid Baht 118.00 million for deposit. (As at December 31, 2018 : Baht 114.00 million).
- 17.4 In April 2017, the Company entered into a sale and purchase agreement of land amounting to Baht 414.89 million for a property development project. As at September 30, 2019, the Company had paid Baht 30.00 million for deposit. (As at December 31, 2018 : Baht 30.00 million) and the parties transferred the ownership over the certain part of land in January and April, 2018 Baht 218.32 million.
- 17.5 In April 2018, the Company entered into a sale and purchase agreement of land amounting to Baht 122.40 million for a property development project. As at September 30, 2019, the Company had paid Baht 62.00 million for deposit. (As at December 31, 2018 : Baht 53.00 million).
- 17.6 In August 2018, the Company entered into a sale and purchase agreement of land amounting to Baht 295.11 million for a property development project. As at September 30, 2019, the Company had paid Baht 65.20 million for deposit and some portion of the land have been transferred the ownership amounted Baht 115.13 million in May 2019. (As at December 31, 2018 : Baht 63.90 million).
- 17.7 In December 2018, the Company entered into a sale and purchase agreement of land amounting to Baht 175.82 million for a property development project and the parties transferred the ownership all the part of land in May, 2019 (As at December 31, 2018 : Baht 20.00 million).

17.8 Non-cancellable operating lease commitments

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at September	As at December	As at September	As at December
	30, 2019	31, 2018	30, 2019	31, 2018
Future minimum lease payment under non-cancellable operating leases				
Within one year	46,453	45,083	44,065	42,695
After one year but within five years	114,686	125,927	114,089	123,539
After five years	718,022	737,198	718,022	737,198
Total	<u>879,161</u>	<u>908,208</u>	<u>876,176</u>	<u>903,432</u>

The Company has lease agreements of land rental and rental space in the building for periods of 2 - 30 years ended 2052.

17.9 As at September 30, 2019, the Group and the Company have outstanding bank guarantees of Baht 909.26 million and Baht 568.43 million, respectively. (As at December 31, 2018, amount of Baht 1,014.98 million and Baht 757.76 million, respectively).

18. CONTINGENT LIABILITIES

As at September 30, 2019, the Company and its subsidiaries have contingent liabilities from the charges filed by other company and persons in total of seven lawsuits on the breach of agreement. The capital amount sued for damage claim and others amounted to Baht 189.38 million. Presently, the cases are under consideration of the court. The Court of First Instance had ruled in four case for the Company and its subsidiaries to pay Baht 17.91 million. Now the Company and its subsidiaries are filing an appeal on the court’s decision.

However, the Company and its subsidiaries’ management expects that no significant damage will be incurred. Therefore, the Company did not record the provisions for contingent liabilities and damage from the cases mentioned in the financial statements.

“UNAUDITED”

“REVIEWED”

- 41 -

19. RECLASSIFICATION

Certain amounts in the consolidated financial statements and separate financial statement for the year 2018 have been reclassified to conform to the current period classification with no effect to the previously reported profit for the period or shareholders' equity.

20. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorized for issue by the Company's Directors on November 13, 2019.