

Eastern Star Real Estate Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2018

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 2018, 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 2018, 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.



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Emphasis of Matter

As described in Note 4 to the financial statements, during the current year, the Company and its subsidiaries have early adopted TFRS 15 *Revenue from Contracts with Customers*. The cumulative effect of initially applying TFRS 15 is recognised as an adjustment to retained earnings as at 1 January 2018. My opinion is not modified in respect of this matter.

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 5.1 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.



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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 5.8 and Note 14 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.



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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.



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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.



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- 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.

Chayapol Suppasdtanon

Certified Public Accountant (Thailand) No. 3972

EY Office Limited

Bangkok: 28 February 2019

Eastern Star Real Estate Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets					
Current assets					
Cash and cash equivalents	8	198,712,937	137,769,753	153,177,343	131,237,541
Current investments	9	67,970,150	140,566,231	67,970,150	140,566,231
Trade and other receivables	10	8,306,706	3,810,565	17,969,903	9,611,972
Real estate development costs and inventories	11	2,587,815,480	2,728,441,814	2,585,139,886	2,726,983,285
Advance for construction work		5,881,819	4,111,284	5,881,819	4,111,284
Cost to obtain a contract	4, 23	3,145,325	-	3,145,325	-
Other current assets		14,414,118	8,655,680	12,324,957	7,361,572
Total current assets		2,886,246,535	3,023,355,327	2,845,609,383	3,019,871,885
Non-current assets					
Finance lease contract receivables	12.1	29,118,300	30,942,112	29,118,300	30,942,112
Loans to subsidiary	7	-	-	-	20,000,000
Investments in subsidiaries	13	-	-	505,374,399	498,400,592
Investment properties	14	1,158,186,639	1,150,524,743	1,199,151,419	1,182,512,942
Property, plant and equipment	15	404,437,285	367,983,805	196,803,366	94,963,999
Intangible assets	16	5,001,537	3,783,722	4,861,234	3,482,264
Deferred tax assets	28	37,606,710	51,974,077	38,276,314	51,013,278
Land and improvement awaiting development	17	1,391,169,109	1,281,878,477	1,241,602,803	1,132,312,170
Deposits for purchase of land		5,000,000	-	5,000,000	-
Cost to obtain a contract	4, 23	89,724,127	-	89,724,127	-
Other non-current assets		75,986,910	56,119,754	70,860,527	51,918,093
Total non-current assets		3,196,230,617	2,943,186,690	3,380,772,489	3,075,565,450
Total assets		6,082,477,152	5,966,542,017	6,226,381,872	6,095,437,335

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 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	18	133,483,000	687,749,502	133,483,000	687,749,502
Trade and other payables	19	65,785,592	61,679,183	70,257,561	60,557,782
Current portion of long-term loans	20	111,045,378	-	111,045,378	-
Advance received from customers	4, 24	291,859,783	64,842,588	288,375,336	62,098,223
Accrued expenses		48,246,148	57,762,486	47,480,046	56,378,621
Other current liabilities	21	51,146,771	48,151,482	49,256,205	47,232,551
Total current liabilities		701,566,671	920,185,241	699,897,524	914,016,679
Non-current liabilities					
Long-term loans - net of current portion	20	463,811,664	-	463,811,664	-
Provision for long-term employee benefits	22	24,001,747	20,100,460	18,188,345	15,286,465
Retention guarantees		81,248,759	75,931,950	81,248,759	75,931,950
Advance received from land lease	12.2	4,500,891	4,827,291	4,500,891	4,827,291
Deferred tax liabilities	28	24,397,550	6,188,422	24,397,550	6,188,422
Other non-current liabilities		12,461,150	8,678,269	12,400,827	8,557,680
Total non-current liabilities		610,421,761	115,726,392	604,548,036	110,801,808
Total liabilities		1,311,988,432	1,035,911,633	1,304,445,560	1,024,818,487

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 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
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	25	978,875	978,875	978,875	978,875
Retained earnings					
Appropriated - statutory reserve	26	65,154,224	58,935,397	65,154,224	58,935,397
Unappropriated (deficits)		(75,544,416)	88,264,458	262,821,914	417,723,277
Other components of shareholders' equity		74,131,479	74,131,479	-	-
Total shareholders' equity		4,657,701,461	4,815,311,508	4,921,936,312	5,070,618,848
Non-controlling interest of the subsidiaries		112,787,259	115,318,876	-	-
Total shareholders' equity		4,770,488,720	4,930,630,384	4,921,936,312	5,070,618,848
Total liabilities and shareholders' equity		6,082,477,152	5,966,542,017	6,226,381,872	6,095,437,335

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

Directors

Eastern Star Real Estate Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Profit or loss:					
Revenues					
Revenue from sales of real estate	30	1,620,412,254	2,516,029,464	1,620,412,254	2,516,029,464
Services revenue	30	51,202,243	48,495,728	-	-
Rental revenue	14, 30	34,094,742	32,082,545	34,094,742	29,265,194
Other income		13,738,942	26,884,277	19,234,228	32,745,004
Total revenues		1,719,448,181	2,623,292,014	1,673,741,224	2,578,039,662
Expenses					
Cost of real estate sold	4	1,097,351,355	1,765,549,562	1,098,545,351	1,787,088,709
Cost of services		34,702,342	34,460,833	-	-
Cost of rent		30,672,300	23,084,274	31,695,719	22,611,667
Selling and distribution expenses		163,341,799	186,348,593	161,758,220	184,600,247
Administrative expenses		248,262,488	245,075,270	222,807,697	222,699,614
Loss on diminution in value of assets	13, 14, 15	695,193	-	9,856,614	11,053,057
Reversal of loss on diminution in value of assets	13, 14	(2,150,680)	(647,745)	(9,124,487)	(647,745)
Total expenses		1,570,874,797	2,253,870,787	1,515,339,114	2,207,405,549
Profit before finance cost and income tax revenues (expenses)		148,573,384	369,421,227	158,402,110	370,634,113
Finance costs		(3,852,803)	(1,706,530)	(3,852,803)	(1,706,530)
Profit before income tax revenues (expenses)		144,720,581	367,714,697	154,549,307	368,927,583
Income tax revenues (expenses)	28	(31,803,166)	37,025,390	(30,172,784)	36,996,820
Profit for the year		112,917,415	404,740,087	124,376,543	405,924,403
Other comprehensive income:					
Other comprehensive income					
<i>Other comprehensive income not to be reclassified to profit and loss in subsequent periods</i>					
Actuarial gain and loss		-	(154,831)	-	931,915
Less: income tax effect		-	30,966	-	(186,383)
Other comprehensive income not to be reclassified to profit and loss in subsequent periods - net of income tax		-	(123,865)	-	745,532
Other comprehensive income for the year		-	(123,865)	-	745,532
Total comprehensive income for the year		112,917,415	404,616,222	124,376,543	406,669,935
Profit attributable to:					
Equity holders of the Company		115,449,032	406,045,764	124,376,543	405,924,403
Non-controlling interests of the subsidiaries		(2,531,617)	(1,305,677)	-	-
		112,917,415	404,740,087	124,376,543	405,924,403

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 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Total comprehensive income attributable to:					
Equity holders of the Company		115,449,032	405,921,899	124,376,543	406,669,935
Non-controlling interests of the subsidiaries		(2,531,617)	(1,305,677)	-	-
		<u>112,917,415</u>	<u>404,616,222</u>	<u>124,376,543</u>	<u>406,669,935</u>
Earnings per share	29				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.023	0.081	0.025	0.081

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 2018

	Consolidated financial statements										(Unit: Baht)	
	Equity attributable to the parent's shareholders											
	Issued and paid-up share capital	Share discount	Capital reserve for share-based payment transactions	Retained earnings		Other comprehensive of equity			Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries		Total shareholders' equity
				Appropriated	Unappropriated (deficit)	Surplus from change in the ownership interests in subsidiaries	Total other attributable to owners of the Company					
Balance as at 1 January 2017	5,022,246,185	(429,264,886)	978,875	38,528,204	(95,391,125)	74,131,479	74,131,479	4,610,229,732	116,624,363	4,726,854,285		
Profit for the year	-	-	-	-	406,045,764	-	-	406,045,764	(1,305,677)	404,740,087		
Other comprehensive income for the year	-	-	-	-	(123,865)	-	-	(123,865)	-	(123,865)		
Total comprehensive income for the year	-	-	-	-	406,045,764	-	-	406,045,764	(1,305,677)	404,740,087		
Dividend paid (Note 31)	-	-	-	-	(200,840,123)	-	-	(200,840,123)	-	(200,840,123)		
Transfer unappropriated retained earnings to statutory reserve (Note 26)	-	-	-	20,406,193	(20,406,193)	-	-	-	-	-		
Balance as at 31 December 2017	5,022,246,185	(429,264,886)	978,875	58,935,397	86,284,458	74,131,479	74,131,479	4,815,311,508	115,318,876	4,930,630,384		
Balance as at 1 January 2018	5,022,246,185	(429,264,886)	978,875	58,935,397	86,284,458	74,131,479	74,131,479	4,815,311,508	115,318,876	4,930,630,384		
- as previously reported												
Cumulative effects of changes in accounting policy due to the adoption of new financial reporting standard, TFRS 15 Revenue from Contracts with Customers (Note 4)	-	-	-	-	3,093,314	-	-	3,093,314	-	3,093,314		
Balance as at 1 January 2018 - as restated	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	-	-	-	-	115,448,032	-	-	115,448,032	(2,531,617)	112,917,415		
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-		
Total comprehensive income for the year	-	-	-	-	115,448,032	-	-	115,448,032	(2,531,617)	112,917,415		
Dividend paid (Note 31)	-	-	-	-	(276,152,393)	-	-	(276,152,393)	-	(276,152,393)		
Transfer unappropriated retained earnings to statutory reserve (Note 26)	-	-	-	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	4,857,701,461	112,787,259	4,770,488,720		

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 2018

(Unit: Baht)

	Separate financial statements					
	Issued and paid-up share capital	Share discount	Capital reserve for share-based payment transactions	Retained earnings		Total shareholders' equity
				Appropriated	Unappropriated	
Balance as at 1 January 2017	5,022,246,185	(429,264,886)	978,875	38,529,204	232,299,658	4,864,789,038
Profit for the year	-	-	-	-	405,924,403	405,924,403
Other comprehensive income for the year	-	-	-	-	745,532	745,532
Total comprehensive income for the year	-	-	-	-	406,669,935	406,669,935
Dividend paid (Note 31)	-	-	-	-	(200,840,123)	(200,840,123)
Transfer unappropriated retained earnings to statutory reserve (Note 26)	-	-	-	20,406,193	(20,406,193)	-
Balance as at 31 December 2017	5,022,246,185	(429,264,886)	978,875	58,935,397	417,723,277	5,070,618,848
Balance as at 1 January 2018						
- as previously reported	5,022,246,185	(429,264,886)	978,875	58,935,397	417,723,277	5,070,618,848
Cumulative effects of changes in accounting policy due to the adoption of new financial reporting standard, TFRS 15 Revenue from Contracts with Customers (Note 4)	-	-	-	-	3,093,314	3,093,314
Balance as at 1 January 2018 - as restated	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 31)	-	-	-	-	(276,152,393)	(276,152,393)
Transfer unappropriated retained earnings to statutory reserve (Note 26)	-	-	-	6,218,827	(6,218,827)	-
Balance as at 31 December 2018	5,022,246,185	(429,264,886)	978,875	85,154,224	282,821,914	4,921,936,312

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 2018

			(Unit: Baht)	
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before income tax expenses	144,720,581	367,714,697	154,549,307	368,927,583
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	1,098,709,277	1,768,104,809	1,098,709,277	1,768,104,809
Reversal of loss on diminution in value of project	(163,925)	(1,016,100)	(163,925)	(1,016,100)
Reversal of allowance for doubtful accounts	(79,776)	(137,179)	-	-
Depreciation and amortisation	33,233,612	27,801,182	26,324,340	20,328,320
Provision for long-term employee benefits	4,417,127	3,117,530	3,407,720	2,388,005
Recognised income from finance lease	(1,406,587)	(1,321,761)	(1,406,587)	(1,321,761)
Gain on sales of unit trust	(1,847,755)	(348,482)	(1,847,755)	(333,919)
Unrealised loss (gain) on changes in value of unit trust	424,173	(174,014)	424,173	(174,014)
Loss on diminution in value of assets	695,193	-	9,856,614	11,053,057
Reversal of loss on diminution in value of Investments in subsidia	-	-	(6,973,808)	-
Reversal of loss on diminution in value of assets	(2,150,680)	(847,745)	(2,150,680)	(647,745)
Loss (gain) on sales and written off of investment properties	-	43,345	(66,215)	(1,383)
Loss (gain) on disposal and written off of equipment	64,008	(182,527)	64,473	(170,356)
Loss (gain) on written off of intangible assets	(66,215)	615	-	615
Finance cost	3,852,803	1,706,530	3,852,803	1,706,530
Profit from operating activities before changes in operating assets and liabilities	1,280,401,836	2,164,659,900	1,284,579,737	2,168,843,639
Decrease (increase) in operating assets				
Trade and other receivables	(4,416,365)	3,881,147	(8,357,931)	(507,467)
Real estate development costs and inventories	(646,053,648)	(1,278,764,216)	(644,836,583)	(1,277,030,719)
Advance for construction work	(10,476,210)	-	(10,476,210)	-
Other current assets	(4,549,931)	580,427	(3,754,677)	1,041,556
Finance lease receivables and advance received from land lease	2,904,000	2,640,000	2,904,000	2,640,000
Commission paid to obtain a contract	(69,002,810)	-	(69,002,810)	-
Other non-current assets	(2,003,052)	1,881,228	(1,599,998)	1,569,461
Increase (decrease) in operating liabilities				
Trade and other payables	16,311,213	(45,110,392)	18,346,212	(44,939,703)
Accrued expenses	(9,684,707)	27,148,798	(9,086,946)	29,848,872
Advance received from customers	227,017,195	(341,629,621)	226,277,113	(341,238,811)
Other current liabilities	2,995,287	18,419,437	2,023,652	18,266,707
Retention guarantees	5,316,809	(28,679,317)	5,316,809	(28,679,317)
Provision for long-term employee benefits	(515,840)	-	(515,840)	-
Other non-current liabilities	3,782,881	1,811,627	3,843,147	1,693,226
Cash flows from operating activities	772,026,658	528,639,019	775,679,475	531,297,646
Cash paid for interest expenses	(33,444,184)	(18,323,208)	(33,444,184)	(18,323,208)
Cash paid for income tax	(18,216,007)	(30,847,989)	(17,273,778)	(30,722,090)
Tax refund	-	807,571	-	807,571
Net cash flows from operating activities	720,366,467	478,275,393	724,961,513	483,059,919

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Increase in fixed deposits	(470)	(465)	(470)	(465)
Acquisition of unit trust	(522,010,000)	(275,000,000)	(522,010,000)	(275,000,000)
Paid loans to subsidiary	-	-	(19,000,000)	(5,600,000)
Cash receipt from loans to subsidiary	-	-	39,000,000	200,000
Cash receipt from the business transfer	-	-	-	26,578,427
Proceed from disposal of equipment	49,532	265,182	49,065	252,706
Proceed from sales of unit trust	596,030,133	172,414,664	596,030,133	160,000,000
Proceed from disposal of investment properties	141,122	4,673	141,122	4,873
Acquisition of investment properties	(31,100,396)	(46,570,344)	(31,100,396)	(46,111,782)
Acquisition of building and equipment and intangible assets	(58,303,912)	(13,779,359)	(121,901,873)	(12,466,914)
Acquisition of land and improvement awaiting development	(382,506,228)	(385,396,573)	(382,506,228)	(385,396,573)
Increase in deposits for purchase of land	(5,000,000)	-	(5,000,000)	-
Repayment to non-controlling interest of the subsidiary	-	-	-	(3,532,200)
Net cash flows used in investing activities	(402,700,219)	(548,062,222)	(446,298,647)	(540,072,128)
Cash flows from financing activities				
Cash receipt from short-term loans	133,483,000	1,172,695,337	133,483,000	1,172,695,337
Repayment of short-term loans	(687,749,500)	(635,945,835)	(687,749,500)	(635,945,835)
Cash receipt from long-term loans	1,156,610,000	740,000,000	1,156,610,000	740,000,000
Repayment of long-term loans	(581,752,960)	(950,000,000)	(581,752,960)	(950,000,000)
Dividend paid	(277,313,604)	(199,292,959)	(277,313,604)	(199,292,959)
Net cash flow from (used in) financing activities	(258,723,064)	127,456,543	(258,723,064)	127,456,543
Net increase in cash and cash equivalents	60,943,184	57,669,714	21,939,802	70,444,334
Cash and cash equivalents at beginning of year	137,769,753	80,100,039	131,237,541	60,793,207
Cash and cash equivalents at end of year	198,712,937	137,769,753	153,177,343	131,237,541

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 2018

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Supplemental cash flows information				
Non-cash transactions				
Transfer advance for construction work to real estate development costs	8,720,148	22,698,850	8,720,148	22,698,850
Transfer interest expenses to real estate development costs	30,920,965	15,947,713	30,920,965	15,947,713
Transfer real estate to development costs to land awaiting development	-	142,261,326	-	142,261,326
Transfer real estate development cost to equipment	-	1,928,068	-	1,928,068
Transfer real estate development cost to other current assets	1,201,058	-	1,201,058	-
Transfer building and equipment to investment properties	-	953,241	-	953,241
Transfer building and equipment to other current assets	7,447	-	7,447	-
Transfer building and equipment to other non-current assets	160,180	1,607,675	160,180	1,607,675
Transfer equipment to real estate development cost	209,720	-	209,720	-
Transfer investment properties to real estate development costs	-	192,764,531	-	192,764,531
Transfer investment properties to advance for construction work	14,474	-	14,474	-
Transfer investment properties to other non-current assets	5,341,553	16,306	5,341,553	16,281
Transfer land awaiting development to real estate development costs	273,215,596	379,533,241	273,215,596	379,533,241
Transfer land awaiting development to investment properties	-	800,002	-	800,002
Transfer other current assets to other non-current assets	-	19,784,237	-	19,784,237
Transfer other non-current assets to intangible assets	-	1,607,675	-	1,607,675
Transfer other non-current assets to equipment	420,561	-	-	-
Accounts payable for purchase of equipment	684,628	6,503,775	626,878	2,887,653
Accounts payable for purchase of investment properties	509,155	6,894,813	509,155	6,894,813
Net assets from the business transfer	-	-	-	405,973,422
Dividend payable	581,126	1,742,339	581,126	1,742,339

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 2018

1. General information

1.1 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 9 May 2018*)
1. Bangkok Broadcasting & Television Co., Ltd.	43.65
2. BBTV Equity Co., Ltd.	10.21
3. Sunrise Equity Co., Ltd.	5.56
4. GL Assets Co., Ltd.	0.11
5. Person	2.61

*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.

1.2 Transfer of all business of a subsidiary

A meeting of the Board of Directors of the Company No. 7/2016 approved the transfer of the entire business of Seastar Properties Co., Ltd. ("subsidiary"). The Company entered into an agreement to transfer the entire business on 9 January 2017. Such transfer of business includes the transfer of all assets, employees and liabilities as at 1 February 2017. The Company executed the transfer during the year 2017, ceased all operations and registered the dissolution of the subsidiary on 10 February 2017. Currently, the Company has already finalised legal registration regarding the transfer of ownership of real estate and other assets from the subsidiary. The subsidiary registered the liquidation with the Ministry of Commerce on 20 June 2017.

Details of the fair value and book value of the net assets of Seastar Properties Co., Ltd. as at the transfer date, are as follows:

	(Unit: Thousand Baht)	
	Fair value	Book value
Assets		
Cash and cash equivalents	26,578	26,578
Trade and other receivables - net	825	825
Loans to related party	14,600	14,600
Investment properties - net	397,760	346,454
Equipment - net	1,180	1,180
Intangible assets - net	11	11
Other current assets	3,962	3,962
Total assets	<u>444,916</u>	<u>393,610</u>
Liabilities		
Trade and other payables	4,872	4,872
Security deposits	4,592	4,592
Deposit for land - parent company	20,000	20,000
Other current liabilities	484	484
Provision for long-term employee benefits	587	587
Total liabilities	<u>30,535</u>	<u>30,535</u>
Net asset value from the business transfer	<u>414,381</u>	<u>363,075</u>
Non-controlling interest of the subsidiary (0.87%)	<u>(3,605)</u>	
Net asset value attributable to the Company	410,776	
Estimated transfer expenses	<u>(4,776)</u>	
Transfer price per agreement	<u>406,000</u>	

The Company issued a promissory note with no interest rate for the payable from business transfer of Baht 406 million to the subsidiary. Payment of the promissory note was due at call. During the year 2017, the Company paid for the payable from business transfer and received of the capital return from the liquidation of the subsidiary.

The total revenues from the transfer date to 31 December 2017 of Baht 30 million and loss of Bath 3 million from the business of this subsidiary are included in the Company's separate financial statements. The business transfer thus has no effect to the consolidated financial statements.

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>2018</u>	<u>2017</u>
			%	%
Eastern Star Resort Co., Ltd.	Golf course	Thailand	81.30	81.30
Seastar Properties Co., Ltd. (registered the liquidation on 20 June 2017)	Rental and real estate	Thailand	-	-
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 Company and its subsidiaries 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

(a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. 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.

(b) Adoption of the new financial reporting standard during the year

In 2018, the Company and its subsidiaries 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.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue – Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

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.

The Company and its subsidiaries adopted TFRS 15 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2018, and the comparative information was not restated. The Company and its subsidiaries elect to apply the following practical expedients and not restate completed contracts as at 1 January 2018 for which the entity has transferred all of the goods or services identified in accordance with the previous accounting policy.

The cumulative effect of the change is described in Note 4 to the financial statements.

(c) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

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

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which 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 Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard

As described in Note 3 to the financial statements, during the current year, the Company and its subsidiaries have early adopted TFRS 15 *Revenue from Contracts with Customers*. The cumulative effect of initially applying TFRS 15 is recognised as an adjustment to retained earnings as at 1 January 2018. (The comparative information has not restated). As a result, the beginning balance of retained earnings for 2018 of the Company and its subsidiaries increased by approximately Baht 3 million (Separate financial statements: Baht 3 million).

The amounts of adjustments affecting the statements of financial position as at 31 December 2018 and the statements of comprehensive income for the year ended 31 December 2018 are summarised below.

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	Previous accounting policy	Increase	TFRS 15
Statement of financial position			
Assets			
Cost to obtain a contract	-	92,869	92,869
Deferred tax assets	36,599	1,008	37,607
Liabilities			
Advance received from customers	286,822	5,038	291,860
Deferred tax liabilities	5,824	18,574	24,398
Shareholders' equity			
Retained earnings (Deficits)	(145,809)	70,265	(75,544)

(Unit: Thousand Baht)

Consolidated financial statements

	Previous accounting policy	Increase (decrease)	TFRS 15
Statement of comprehensive income			
Profit or loss:			
Revenues			
Revenue from sales of real estate	1,625,650	(5,238)	1,620,412
Cost of real estate sold	1,075,753	21,598	1,097,351
Selling and distribution expenses	274,142	(110,800)	163,342
Income tax expenses	15,010	16,793	31,803
Profit for the year	45,745	67,172	112,917
Profit attributable to:			
Equity holders of the Company	48,277	67,172	115,449
Earnings per share (Baht)			
Basic earnings per share	0.010	0.013	0.023

(Unit: Thousand Baht)

Separate financial statements

	Previous accounting policy	Increase	TFRS 15
Statement of financial position			
Assets			
Cost to obtain a contract	-	- 92,869	92,869
Deferred tax assets	37,268	1,008	38,276
Liabilities			
Advance received from customers	283,337	5,038	288,375
Deferred tax liabilities	5,824	18,574	24,398
Shareholders' equity			
Retained earnings	192,557	70,265	262,822

(Unit: Thousand Baht)

	Separate financial statements		
	Previous accounting policy	Increase (decrease)	TFRS 15
Statement of comprehensive income			
Profit or loss:			
Revenues			
Revenue from sales of real estate	1,625,650	(5,238)	1,620,412
Cost of real estate sold	1,076,947	21,598	1,098,545
Selling and distribution expenses	272,558	(110,800)	161,758
Income tax expenses	13,380	16,793	30,173
Profit for the year	57,205	67,172	124,377
Earnings per share (Baht)			
Basic earnings per share	0.011	0.014	0.025

The nature of these adjustments are described below:

- Allocation of revenue from real estate sales contracts - The Company has determined that the components of real estate sales contracts consist of sales of real estate and sales of related furnishings, and allocates revenues from the contracts to the real estate and related furnishings in proportion to the relationship of the standalone selling prices. Revenue is recognised when the business has transferred the ownership of the real estate and delivered the related furnishings to the customer, whereas revenue was previously recorded in full when ownership of the real estate was transferred. In addition, cost related to the furnishings provided to customers must be reclassified and recorded as part of the cost of real estate sold, whereas they were previously recorded as selling expenses when the transactions occurred.
- Commission paid to obtain a contract - The Company has determined that commission paid to obtain a customer contract should be recorded as an asset and amortised to expenses on a systematic basis that is consistent with the pattern of revenue recognition. Under the previous accounting policy, the Company and its subsidiaries immediately recorded commission as selling expenses when the transaction occurred.

5. Significant accounting policies

5.1 Revenue recognition

a) Sales of land, sales of land with houses and sales of residential condominium units

Sales of land, sales of land with houses and sales of residential condominium units are recognised as revenue when the significant risks and rewards of ownership of

the goods have passed to the customer, whereby construction works are completed and the ownerships have been transferred to customers after all payments received from the customers.

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.

Commission paid to obtain a contract

The Company recognises commission paid to obtain a customer contract as an asset and amortised to expenses on a systematic basis that is 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.

5.2 Cost of land, cost of land with houses sold and cost of residential condominium units sold

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 sold, and residential condominium units sold on the basis of the salable area and then recognised as costs in the income statement concurrently with revenue from sales.

Development costs are stated at cost, consisting of cost of land, design fees, utilities, and construction.

5.3 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.

5.4 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.

5.5 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.

5.6 Real estate development costs and inventories

Real estate development costs are stated at cost less provision for loss on diminution in value of projects. 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.

5.7 Investments

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

5.8 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.

5.9 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	-	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.

5.10 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	-	3 - 10 years
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5.11 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.

5.12 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.

5.13 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.

5.14 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries 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 Company and its subsidiaries 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.

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

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries 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 recognizes restructuring-related costs.

5.16 Provisions

Provisions are recognised when the Company and its subsidiaries 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.

5.17 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 Company and its subsidiaries 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 Company and its subsidiaries 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 Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.18 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 Company and its subsidiaries 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 Company and its subsidiaries 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 Company and its subsidiaries 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.

6. 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.

7. Related party transactions

During the years, the Company and its subsidiaries 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		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Transactions with subsidiary companies</u>				
(eliminated from the consolidated financial statements)				
Income of central service management	-	-	1	1
Other income	-	-	4	5
Purchase of assets (Note 15)	-	-	92	-
Business transfer (Note 1.2)	-	-	-	406
<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
Seastar Properties Co., Ltd. (registered the liquidation on 20 June 2017)	Subsidiary company	Direct shareholding and common directors
Eastern Star-Lai San New World Co., Ltd. Related person of Bangkok Broadcasting & Television Co., Ltd.	Subsidiary company Related person	Direct shareholding and common directors Direct and indirect shareholding

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

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2018	2017	2018	2017
Other receivables (Note 10)				
Subsidiaries	-	-	10,196	6,165
Loan to subsidiary				
A subsidiary	-	-	-	20,000
Accrued interest income				
A subsidiary	-	-	-	785
Other payables (Note 19)				
Subsidiaries	-	-	6,703	710
Related parties	42	-	42	-
Total	42	-	6,745	710
Accrued interest expense				
A subsidiary	-	-	63	63
Retentions				
Related party	1,393	1,393	1,393	1,393
Advance received				
Related parties	340	1,828	340	1,828

During the current year, the Company has received the loan to subsidiary in full amount. (31 December 2017: loan to subsidiary of Baht 20 million is loan to be used in golf course business of the subsidiary which carries interest at a rate of 7% per annum. Payment of the loan is due at call.)

As at 31 December 2018 and 2017, the balance of loans between the Company and the subsidiary and the movement are as follow:

(Unit: Thousand Baht)				
	Balance as at 31 December 2017	Increase during the year	Decrease during the year	Balance as at 31 December 2018
Loans to				
Eastern Star Resort Co., Ltd.	20,000	19,000	(39,000)	-
	20,000	19,000	(39,000)	-

Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term employee benefits	46,061	39,773	43,097	36,421
Post-employment benefits	5,449	6,101	5,281	5,965
Total	51,510	45,874	48,378	42,386

8. Cash and cash equivalents

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash	1,934	1,198	373	213
Bank deposits	196,779	136,572	152,804	131,025
Total	198,713	137,770	153,177	131,238

As at 31 December 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 (2017: between 0.10% and 1.00% per annum).

9. Current investments

	(Unit: Thousand Baht)			
	Consolidated and separate financial statements			
	2018		2017	
	Amount	Interest rate (% per annum)	Amount	Interest rate (% per annum)
Fixed deposits 12 months	43	1.10	43	1.10
Investments in unit trust of mutual fund	68,351		140,349	
Add: Unrealised gain (loss) on changes in value of unit trust	(424)		174	
Total	67,970		140,566	

As at 31 December 2018 and 2017, 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.

10. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Trade accounts receivable - third parties</u>				
Not yet due	801	498	505	454
Past due not over 3 months	797	449	655	214
Past due 3 - 6 months	258	44	214	-
Total trade accounts receivable	1,856	991	1,374	668
<u>Other receivables</u>				
Other receivables - related parties (Note 7)	-	-	10,196	6,165
Other receivables - third parties	1,668	985	1,668	905
Accrued income	9,812	9,573	9,812	9,573
Advanced payment	3,750	1,120	3,699	1,080
Interest receivable	1	1	1	1
Total other receivables	15,231	11,679	25,376	17,724
Less: Allowance for doubtful debts	(8,780)	(8,860)	(8,780)	(8,780)
Total other receivables - net	6,451	2,819	16,596	8,944
Total trade and other receivables - net	8,307	3,810	17,970	9,612

11. Real estate development costs and inventories

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Land	1,728,358	1,506,412	1,726,628	1,505,602
Construction under development	864,576	1,227,609	864,576	1,227,609
Total	2,592,934	2,734,021	2,591,204	2,733,211
Less: Provision for loss on diminution in value of projects	(6,064)	(6,228)	(6,064)	(6,228)
Real estate development costs - net	2,586,870	2,727,793	2,585,140	2,726,983
Other inventories	945	649	-	-
Total	2,587,815	2,728,442	2,585,140	2,726,983

The Company has mortgaged certain plots of land and structures thereon with a net book value as at 31 December 2018 of Baht 1,935 million (2017: Baht 1,942 million) as collateral for credit facilities granted by a bank.

During the year ended 31 December 2018, the Company included borrowing costs in the cost of real estate development amounting to Baht 31 million (2017: Baht 16 million).

Additional information of the Company's projects.

	(Unit: Million Baht)	
	Consolidated and separate	
	financial statements	
	2018	2017
Total estimated sales value of projects on hand		
of which contracts have been signed	10,922	10,266
Total value of contracts signed of land and		
structures thereon	9,420	7,781
Percentage of total estimated sales value of projects on hand	86.24	75.79
Total value of contracts signed of land and structures		
thereon not yet recognised as revenue*	1,883	588

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

12. 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 1st 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 2nd - 5th 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:-

- 12.1 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 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

(Unit: Thousand Baht)

Consolidated and separate financial statements
as at 31 December 2017

	Less than		Over	
	1 year	1-5 years	5 years	Total
Original investment in lease agreement	1,917	7,666	22,137	31,720
Unearned financial income	(93)	(316)	(369)	(778)
Present value of the minimum payment debtor has to pay under lease agreement	1,824	7,350	21,768	30,942

12.2 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	
		2018	2017
Total minimum amount which the debtor has to pay under the outstanding operating lease			
Within 1 year		987	987
1 - 5 years		4,048	3,950
Over 5 years		10,318	11,404
Total		15,353	16,341
Add: Advance received for land lease (net from recognised income)		4,501	4,827
Land lease income to be recognised in future		19,854	21,168

13. Investments in subsidiaries

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

(Unit: Thousand Baht)										
Separate financial statements										
Company's name	Paid-up capital		Shareholding percentage		Cost		Impairment loss on investments		Net	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
			(%)	(%)						
Eastern Star Resort Co., Ltd.	500,000	500,000	81.30	81.30	409,374	409,374	-	(6,974)	409,374	402,400
Eastern Star-Lai San New World Co., Ltd.	160,000	160,000	60.00	60.00	96,000	96,000	-	-	96,000	96,000
					505,374	505,374	-	(6,974)	505,374	498,400

On 6 February 2017, the Extraordinary General Meeting of shareholders of Seastar Properties Co., Ltd. No. 2/2017 passed a resolution to approve the dissolution of the subsidiary. The subsidiary registered its dissolution with the Ministry of Commerce on 10 February 2017 and registered its liquidation with the Ministry of Commerce on 20 June 2017.

As at 31 December 2018, the Company possessed 326 remaining golf-membership rights (2017: 326 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.

14. Investment properties

The net book value of investment properties as at 31 December 2018 and 2017 is presented below.

(Unit: Thousand Baht)			
Consolidated financial statements			
	Land	Building and improvements	Total
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	930,458	227,729	1,158,187
31 December 2017:			
Cost	1,003,047	702,758	1,705,805
Less: Accumulated depreciation	-	(483,120)	(483,120)
Less: Allowance for impairment	(72,160)	-	(72,160)
Net book value	930,887	219,638	1,150,525

(Unit: Thousand Baht)			
Separate financial statements			
	Land	Building and improvements	Total
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	930,458	268,693	1,199,151
31 December 2017:			
Cost	1,003,047	745,683	1,748,730
Less: Accumulated depreciation	-	(484,057)	(484,057)
Less: Allowance for impairment	(72,160)	-	(72,160)
Net book value	930,887	261,626	1,192,513

A reconciliation of the net book value of investment properties for the years 2018 and 2017 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	1,150,525	1,298,319	1,192,513	952,383
Addition - at cost	24,714	55,139	24,714	53,814
Business transfer - net book value				
At transfer date (Note 1.2)	-	-	-	389,379
Transfer out - net book value at transfer date	(5,356)	(865)	(5,356)	(865)
Transfer out to real estate development costs and inventories - net book value at transfer date	-	(192,765)	-	(192,765)
Disposal and written off - net book value at disposal and written off date	(75)	(48)	(75)	(4)
Impairment loss	(695)	-	(695)	-
Reversal of impairment loss	2,150	648	2,150	648
Depreciation	(13,076)	(9,903)	(14,100)	(10,077)
Net book value at end of year	<u>1,158,187</u>	<u>1,150,525</u>	<u>1,199,151</u>	<u>1,192,513</u>
Rental income arising from investment properties	34,095	32,083	34,095	29,265

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

	(Unit: Thousand Baht)	
	Consolidated and	
	Separate financial statements	
	2018	2017
In up to 1 year	35,095	16,907
In over 1 and up to 3 years	13,778	4,297

The fair value of the investment properties as at 31 December 2018 and 2017 stated below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Land	1,293,678	1,251,138	1,293,678	1,251,138
Building and improvement	208,046	235,160	208,046	235,160

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 2018, the Company reversed 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 and recognised impairment loss of the Company's building for rent Baht 1 million. In addition, the Company 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 the year as described in Note 15 to the consolidated financial statements.

The Company has mortgaged certain plots of land with a net book value as at 31 December 2018 of Baht 82 million (2017: Baht 85 million) as collateral for credit facilities granted by a bank.

15. 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
Cost								
1 January 2017	156,168	429,559	44,781	12,411	21,050	32,330	2,451	698,750
Additions	-	1,085	754	1,464	2,752	2,841	9,436	19,432
Disposals and written off	-	(19)	(1,445)	(1,487)	(777)	(601)	-	(4,329)
Transfer in (out)	-	3,430	38	1,272	250	-	(6,244)	(1,254)
31 December 2017	156,168	434,055	44,128	13,660	23,275	34,670	5,643	711,599
Additions	731	14,820	1,521	2,568	3,898	575	26,132	50,241
Disposals and written off	-	-	(314)	(434)	(1,265)	(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	35,868	26,257	785,168

(Unit: Thousand Baht)

Consolidated financial statements

	Land and land improvement	Buildings and construction	Machines and equipment	Furniture and fixtures	Office equipment	Vehicles	Construction in progress	Total
Accumulated depreciation								
1 January 2017	737	244,448	37,911	11,124	16,797	16,073	-	327,088
Depreciation for the year	-	7,102	2,196	1,403	1,739	4,650	-	17,090
Accumulated depreciation on disposals and written off	-	(17)	(1,407)	(1,466)	(759)	(597)	-	(4,246)
Accumulated depreciation on transfer in	-	-	-	-	3	-	-	3
31 December 2017	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
Allowance for impairment								
1 January 2017	-	3,680	-	-	-	-	-	3,680
31 December 2017	-	3,680	-	-	-	-	-	3,680
31 December 2018	-	3,680	-	-	-	-	-	3,680
Net book value								
31 December 2017	155,431	178,844	5,428	2,599	5,495	14,544	5,843	367,984
31 December 2018	158,742	193,404	3,972	4,098	7,282	10,702	26,267	404,437
Depreciation for the year								
2017 (Baht 3 million included in cost of real estate sold and services, and the balance in administrative expenses)								17,090
2018 (Baht 3 million included in cost of real estate sold and services, and the balance in administrative expenses)								19,151

(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
Cost								
1 January 2017	4,320	105,664	2,684	11,874	13,317	17,007	2,093	166,959
Additions	-	443	389	1,484	2,488	68	9,132	13,984
Business transfer (Note 1.2)	-	-	2,210	-	388	1,574	598	4,770
Disposals and written off	-	(19)	(234)	(1,487)	(776)	(601)	-	(3,117)
Transfer in (out)	-	3,430	44	1,272	1,741	-	(6,244)	243
31 December 2017	4,320	109,518	5,093	13,123	17,158	18,048	5,579	172,839
Additions	54,051	50,885	1,029	2,568	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	19,048	6,818	293,145

(Unit: Thousand Baht)

	Consolidated financial statements							
	Land and land improvement	Buildings and construction	Machines and equipment	Furniture and fixtures	Office equipment	Vehicles	Construction in progress	Total
<u>Accumulated depreciation</u>								
1 January 2017	737	34,190	1,882	10,651	10,133	8,596	-	66,189
Depreciation for the year	-	4,231	393	1,403	1,370	2,213	-	9,610
Business transfer (Note 1.2)	-	-	1,878	-	177	1,535	-	3,590
<u>Accumulated depreciation on disposals and written off</u>	-	(17)	(198)	(1,466)	(759)	(596)	-	(3,034)
<u>Accumulated depreciation on transfer in</u>	-	-	6	-	1,494	-	-	1,500
31 December 2017	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
<u>Accumulated depreciation on disposals and written off</u>	-	-	(301)	(337)	(1,281)	(325)	-	(2,244)
<u>Accumulated depreciation on transfer in (out)</u>	-	213	(10)	-	(2)	9	-	210
31 December 2018	737	44,405	4,063	11,396	12,936	13,644	-	87,181
<u>Allowance for impairment</u>								
31 December 2017	-	-	-	-	-	-	-	-
Increase	-	9,161	-	-	-	-	-	9,161
31 December 2018	-	9,161	-	-	-	-	-	9,161
<u>Net book value</u>								
31 December 2017	3,583	71,114	1,130	2,535	4,743	6,300	5,579	94,984
31 December 2018	60,214	113,087	996	4,034	6,252	5,402	8,818	196,803
<u>Depreciation for the year</u>								
2017 (Included in administrative expenses)								9,610
2018 (Included in administrative expenses)								11,360

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 7 to consolidated financial statements.

However, during the current year, 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 2018, certain plant and equipment items of the Company and its subsidiaries 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 156 million (Separate financial statements: Baht 47 million) (2017: 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 2018 of Baht 3 million (2017: Baht 3 million) as collateral for credit facilities granted by a bank.

16. Intangible assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Computer software - cost	11,976	9,732	10,938	8,694
Less: Accumulated amortisation	(6,974)	(5,968)	(6,077)	(5,212)
Net book value	5,002	3,764	4,861	3,482

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Net book value at beginning year	3,764	1,417	3,482	1,314
Additions	2,244	1,547	2,244	1,191
Business transfer - net book value at transfer date (Note 1.2)	-	-	-	11
Transfer in - net book value at transfer date	-	1,608	-	1,608
Written off - net book value at written off date	-	(1)	-	(1)
Amortisation	(1,006)	(807)	(865)	(641)
Net book value at end of year	5,002	3,764	4,861	3,482

17. Land and improvement awaiting development

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Land	1,354,169	1,245,349	1,204,603	1,095,783
Development costs	37,000	36,529	37,000	36,529
Total	<u>1,391,169</u>	<u>1,281,878</u>	<u>1,241,603</u>	<u>1,132,312</u>

A reconciliation of the net book value of land and improvement awaiting development for the years 2018 and 2017 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	1,281,878	1,134,554	1,132,312	984,988
Addition - at cost	382,506	385,396	382,506	385,396
Transfer in - at cost	-	142,261	-	142,261
Transfer out - at cost	(273,215)	(380,333)	(273,215)	(380,333)
Net book value at end of year	<u>1,391,169</u>	<u>1,281,878</u>	<u>1,241,603</u>	<u>1,132,312</u>

As at 31 December 2018, land awaiting development of Baht 0.5 million (separate financial statements: Baht 0.2 million) (2017: 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 2018, the Company mortgaged certain plots of land and improvement awaiting development with a net book value of Baht 643 million (2017: 636 million) as collateral for credit facilities granted by a bank.

18. Short-term loans from financial institutions

(Unit: Thousand Baht)			
	Interest rate (Percent per annum)	Consolidated and Separate financial statements	
		2018	2017
Short-term loans from a financial institution	MLR - 1.75	-	372,200
Short-term loans from a financial institution	MLR - 2.25	-	315,550
Short-term loans from a financial institution	MLR - 2.70	133,483	-
Total		133,483	687,750

Short-term loan from financial institutions is secured by the mortgages of the Company's land and structures thereon as described in Note 11, 14, 15 and 17 to consolidated financial statements.

19. Trade and other payables

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade accounts payable				
- unrelated parties	32,384	45,487	30,966	44,289
Other payables - related parties (Note 7)	42	-	6,745	710
Other payables - unrelated parties	33,360	16,192	32,547	15,559
Total	65,786	61,679	70,258	60,558

20. Long-term loans

(Unit: Thousand Baht)		
	Consolidated and Separate financial statements	
	2018	2017
Long-term loans from banks	574,857	-
Less: Current portion	(111,045)	-
Long-term loans - net of current portion	463,812	-

Movements in the long-term loans account during the year ended 31 December 2018 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
Balance as at 1 January 2018	-
Add: Additional borrowings	1,156,610
Less: Repayments	(581,753)
Balance as at 31 December 2018	574,857

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

Total facilities	: Baht 2,445 million
Interest rate	: MLR - 1.75%, MLR - 2.50% and MLR - 3.05%
Interest period	: Monthly
Principal repayment schedules	: Payments of principal are to be made at 70% of the value of secured condominium units of each contract which transferred to customers, with full repayment to be made within 48 - 60 months after the date of the first draw down of principal.

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 2018, the long-term credit facilities of the Company which have not yet been drawn down totaling Baht 1,288 million (2017: Baht 860 million).

The loans and credit facilities are secured by mortgages of land with structures thereon as described in Note 11 to the consolidated financial statements.

21. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Retention payable	31,148	40,820	31,148	40,820
Other current liabilities	19,999	7,331	18,108	6,413
Total	51,147	48,151	49,256	47,233

22. 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	
	2018	2017	2018	2017
Provision for long-term employee				
benefits at beginning of year	20,100	16,828	15,296	13,254
Business transfer (Note 1.2)	-	-	-	587
Included in profit or loss:				
Current service cost	3,928	2,768	3,046	2,103
Interest cost	490	349	362	284
Included in other comprehensive income:				
Actuarial gain and loss arising from				
Demographic assumptions changes	-	3,261	-	1,757
Financial assumptions changes	-	(281)	-	(386)
Experience adjustments	-	(2,825)	-	(2,303)
Benefits paid during the year	(516)	-	(516)	-
Provision for long-term employee				
benefits at end of year	24,002	20,100	18,188	15,296

Long-term employee benefit expenses included in the profit or loss were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Current service cost	3,928	2,768	3,046	2,103
Interest cost	490	349	362	284
Total expenses recognised in profit				
or loss	4,418	3,117	3,408	2,387

Such expenses are included administrative expenses in profit or loss.

The Company and its subsidiary expect to pay Baht 0.46 million of long-term employee benefits during the next year (Separate financial statements: Baht 0.09 million) (2017: Baht 2.71 million, separate financial statements: Baht 2.71 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 10 - 11 years (Separate financial statements: 11 years) (2017: 10 - 11 years, separate financial statements: 11 years).

Significant actuarial assumptions are summarised below:

	Consolidated and separate financial statements	
	2018	2017
	(% per annum)	(% 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 2018 are summarised below:

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

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 4 million (The Company only: Baht 3 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

23. Cost to obtain a contract

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
Balance as at 1 January 2018 - as previously reported	-
Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard for TFRS 15 Revenue from Contracts with Customers (Note 4)	3,867
Increase during the year	106,145
Recognised as expenses during the year	(17,143)
Balance as at 31 December 2018	92,869

24. Advance received from customers

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Advance received for real estate	286,822	64,843	283,337	62,098
Deferred revenue for fixtures	5,038	-	5,038	-
Total	291,860	64,843	288,375	62,098

Movements in the deferred revenue for fixtures account during the year ended 31 December 2018 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
Balance as at 1 January 2018 - as previously reported	-
Increase during the year	34,092
Recognised as revenues during the year	(29,054)
Balance as at 31 December 2018	5,038

25. 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 2018, the Company has capital reserves for share-based payment of Baht 1 million (2017: Baht 1 million).

26. 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 2018, the Company transferred unappropriated retained earnings to statutory reserve amounting to Baht 6 million (2017: Baht 20 million).

27. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Payment of land and construction during the year	803,354	1,723,427	803,354	1,723,427
Changes in real estate development costs and inventories	274,881	43,783	275,117	43,978
Salaries and wages and other employee benefits	160,957	157,991	132,927	128,868
Depreciation and amortisation	33,009	27,801	26,100	20,328
Marketing expenses	163,342	186,349	161,758	184,600
Cost of other goods incurred and recognised during the year	6,218	6,285	-	-

28. Income tax

Income tax expenses (revenues) for the years ended 31 December 2018 and 2017 are made up as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2018	2017	2018	2017
Current income tax:				
Current income tax charge	-	-	-	-
Adjustment in respect of income tax of previous year	-	(32)	-	(32)
Deferred tax:				
Relating to origination and reversal of temporary differences	31,803	(36,993)	30,173	(36,965)
Income tax expenses (revenues) reported in the statement of comprehensive income	31,803	(37,025)	30,173	(36,997)

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2018	2017	2018	2017
Deferred tax relating to the actuarial gain or loss	-	(31)	-	186

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

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2018	2017	2018	2017
Accounting profit before tax	144,721	367,715	154,549	368,928
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	28,944	73,543	30,910	73,786
Adjustment in respect of income tax of previous year	-	(32)	-	(32)

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Tax effects of:				
Non-deductible expenses	702	1,183	498	3,246
Additional taxable revenues	389	-	389	-
Additional capital expenditure deductions allowed	(192)	(192)	(192)	(192)
Additional expense deductions allowed	(1,934)	(108,710)	(192)	(106,655)
Tax exempted revenue	85	(35)	85	(35)
Tax losses	5,134	4,122	-	-
Others	(1,325)	(6,904)	(1,325)	(7,115)
Income tax expenses (revenues) reported in the statement of comprehensive income	<u>31,803</u>	<u>(37,025)</u>	<u>30,173</u>	<u>(36,997)</u>

The components of deferred tax assets and deferred tax liabilities as at 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax assets				
Allowance for doubtful accounts	1,487	1,487	1,487	1,487
Allowance for diminution in value of inventories	1,213	1,246	1,213	1,246
Allowance for diminution in value of assets	14,141	14,432	15,973	14,432
Deferred revenue for fixtures	1,008	-	1,008	-
Advance received for land rental income	914	979	914	979
Provision for long-term employee benefits	4,801	4,020	3,638	3,059
Tax loss carried forward	12,967	29,053	12,967	29,053
Others	1,076	757	1,076	757
Total	<u>37,607</u>	<u>51,974</u>	<u>38,276</u>	<u>51,013</u>

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax liabilities				
Finance lease contract receivables	5,824	6,188	5,824	6,188
Cost to obtain a contract	18,574	-	18,574	-
Total	24,398	6,188	24,398	6,188

As at 31 December 2018 the subsidiaries has unused tax losses totaling Baht 42 million (2017: Baht 78 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	
	2018	2017	2018	2017
31 December 2019	3	20	-	-
31 December 2020	4	4	-	-
31 December 2021	16	16	-	-
31 December 2022	19	19	-	-
	42	59	-	-

29. 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	
	2018	2017	2018	2017
Profit attributable to equity holders of the Company (Thousand Baht)	115,449	406,046	124,377	405,924
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)	0.023	0.081	0.025	0.081

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

30. 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 Company and its subsidiaries 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 7 to the consolidated financial statements.

Below is the revenue and gross profit of the Company and its subsidiaries for the year ended 31 December 2018 and 2017 by segments.

(Unit: Million Baht)

For the year ended 31 December										
Revenue from Contracts with Customers										
	Real estate business		Golf course business		Rental business		Adjustments and eliminations		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenues										
External customers	1,821	2,516	51	48	34	32	-	-	1,706	2,596
Inter- segment	-	-	1	2	-	-	(1)	(2)	-	-
Total revenues	1,821	2,516	52	50	34	32	(1)	(2)	1,706	2,596
Operating results										
Gross profit of segments	523	750	18	14	4	9	-	-	543	773
Other income									14	27
Selling and distribution expenses									(163)	(186)
Administrative expenses									(246)	(245)
Loss on diminution in value of assets									(1)	-
Reversal of loss on diminution in value of assets									2	1
Finance cost									(4)	(2)
Income tax revenues (expenses)									(32)	37
Non-controlling interests of the subsidiaries									2	1
Profit for the year attributable to equity holders of the Company									115	406

The following table presents segment assets of the Company and its subsidiaries as at 31 December 2018 and 2017.

(Unit: Million Baht)

Consolidated financial statements as at 31 December								
	Real estate business		Golf course business		Rental business		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Real estate development cost and inventories	2,587	2,727	1	1	-	-	2,588	2,728
Investment properties	831	838	-	-	327	313	1,158	1,151
Property, plant and equipment	114	94	289	273	1	1	404	368
Land and improvement awaiting development	1,391	1,282	-	-	-	-	1,391	1,282
Unallocated assets							541	438
Total segment assets							6,082	5,967
Additions to non-current assets other than financial instruments, deferred tax assets and other non-current assets	410	407	24	5	25	45	459	457

Geographic information

The Company and its subsidiaries 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 2018 and 2017, the Company and its subsidiaries have no major customer, with revenue of 10% or more of an entity's revenue.

31. Dividend payment

Dividend	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
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		<u>276</u>	
Dividend announced from operating result for the year 2016	Annual General Meeting of the shareholders on 28 April 2017	201	0.040
Total dividend for 2017		<u>201</u>	

32. Provident fund

The Company and its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees, and the Company and its subsidiaries 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 2018 amounting to approximately Baht 3 million were recognised as expenses (Separate financial statements: Baht 3 million) (2017: Baht 2 million (Separate financial statements: Baht 2 million)).

33. Commitments and contingent liabilities

As at 31 December 2018, the Company and its subsidiaries have the following outstanding commitments and contingent liabilities:

- 33.1 The Company had the outstanding commitments in respect of agreements to construction including project and interior design of projects amounting to Baht 142 million (2017: Baht 160 million).

33.2 The Company had the outstanding commitments in respect of land purchase agreements to develop project for sale amounting to Baht 589 million (2017: 2.2 million).

33.3 The Company had capital commitments of Baht 0.6 million (2017: 0.2 million) in respect of the acquisition of software for the Company's operations.

33.4 The Company and its subsidiaries 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	
	2018	2017	2018	2017
In up to 1 year	18	11	16	11
In over 1 and up to 3 years	11	-	11	-

33.5 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	
	2018	2017
Letters of guarantee for arrangement and maintenance of public utilities	152	39
Letters of guarantee for electricity usage	6	7
Letters of guarantee for elevators	-	7
Total	158	53

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

33.6 Litigation

On 6 October 2017, the Company and a Condominium Corporation of the Company's project entered into a compromised agreement for civil lawsuit. The Company agreed to pay a certain amount of compensation, which already provided the provision, to the plaintiff. The case becomes final.

As at 31 December 2018, civil lawsuits were filed against the Company by customers with and amount in disputes totaling Baht 17 million (2017: Baht 2 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.

34. Fair value hierarchy

As at 31 December 2018, the Company and its subsidiaries had the assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)				
Consolidated Financial Statements / Separate				
Financial Statements				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Current investments	68	-	-	68
Assets for which fair value are disclosed				
Investment properties	-	1,189	313	1,502

35. Financial instruments

35.1 Financial risk management

The Company and its subsidiaries' 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 Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries 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 Company and its subsidiaries 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)

As at 31 December 2018							
	Fixed interest rates						
	Within	1-5	Over	Floating	Non-interest		
	1 year	years	5 years	interest rate	bearing	Total	Interest rate
							(% p.a.)
<u>Financial assets</u>							
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
<u>Financial liabilities</u>							
Short-term loans from							
a financial institution	-	-	-	133	-	133	MLR - 2.70
Long-term loans							
	-	-	-	575	-	575	MLR - 1.75, MLR - 2.50, MLR - 3.05

(Unit: Million Baht)

As at 31 December 2018

	Fixed interest rates					Total	Interest rate (% p.a.)
	Within	1-5	Over	Floating	Non-interest		
	1 year	years	5 years	interest rate	bearing		
Trade and other payables	-	-	-	-	66	66	-

(Unit: Million Baht)

As at 31 December 2017

	Fixed interest rates					Total	Interest rate (% p.a.)
	Within	1-5	Over	Floating	Non-interest		
	1 year	years	5 years	interest rate	bearing		

Financial assets

Cash and cash equivalents	-	-	-	138	-	138	0.10 - 1.00
Current investments	-	-	-	-	141	141	-
Trade and other receivables	-	-	-	-	3	3	-
Finance lease contract receivables	2	7	22	-	-	31	0.30

Financial liabilities

Short-term loans from a financial institution	-	-	-	688	-	688	MLR - 1.75, MLR - 2.25
Trade and other payables	-	-	-	-	62	62	-

35.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' 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.

36. 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 2018, the Group's total debt-to-equity ratio was 0.28:1 (2017: 0.21:1).

37. Event after the reporting period

Dividend payment

At the Company's Board of Directors' meeting held on 28 February 2019, the Board passed a resolution proposing the payment of a dividend of Baht 0.020 per share, or a total sum of approximately Baht 100 million, from the Company's operating result for the year 2018. The dividend will be paid to the shareholders within 27 May 2019. The dividend payment is subject to approval of the Annual General Meeting of the Company's shareholders.

38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2019.