

N.C. HOUSING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**REVIEWED REPORT AND INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2019**

INDEPENDENT AUDITOR’S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To The Shareholders and Board of Directors of
N.C. Housing Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of N.C. Housing Public Company Limited and its subsidiaries as at March 31, 2019 and the related consolidated statements of comprehensive income for the three-month periods ended March 31, 2019, changes in shareholders’ equity and cash flows for the three-month period then ended and selected explanatory notes, and I have also reviewed the statement of financial position of N.C. Housing Public Company Limited as at March 31, 2019 and the related statement of comprehensive income for the three-month periods ended March 31, 2019, changes in shareholders’ equity and cash flows for the three-month period then ended and selected explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with the accounting standards No. 34 “Interim Financial Reporting”. My responsibility is to express a conclusion on this interim financial information based on my review.

SCOPE OF REVIEW

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

CONCLUSION

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

(Mr. Peradate Pongsathiansak)
Certified Public Accountant
Registration No. 4752

Dharmniti Auditing Company Limited
Bangkok, Thailand
May 13, 2019

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N.C. HOUSING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

THE STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2019

		<u>ASSETS</u>				
		In Thousand Baht				
		Consolidated Financial Statements		Separate Financial Statements		
		As at March	As at December	As at March	As at December	
Note		31, 2019	31, 2018	31, 2019	31, 2018	
CURRENT ASSETS						
	Cash and cash equivalents	71,839	29,219	69,449	26,623	
	Short-term investments	947	946	707	706	
	Trade accounts receivable	45	-	-	-	
	Short-term loan to related parties	4	-	-	-	
	Inventories	5	267,066	311,754	267,066	311,754
	Property development costs	6	1,487,181	1,597,714	1,487,181	1,597,714
	Land held for development	7	1,975,410	1,954,096	1,902,002	1,880,688
	Other current assets	4	7,037	11,816	6,942	11,861
	Total current assets		3,809,525	3,905,545	3,733,347	3,829,346
NON-CURRENT ASSETS						
	Deposit pledged as collateral	8	9,979	9,242	9,979	9,242
	Investment in subsidiaries	9	-	-	71,864	71,864
	Investment property	10	189,594	194,086	189,594	194,086
	Property, plant and equipment	11	104,702	106,705	104,697	106,698
	Intangible assets	12	4,583	4,764	4,583	4,764
	Withholding tax		11,106	11,178	10,989	10,989
	Deferred tax asstes	21	16,283	14,095	14,562	12,374
	Other non-current assets		3,505	4,012	3,305	4,012
	Total non-current assets		339,752	344,082	409,573	414,029
	TOTAL ASSETS		4,149,277	4,249,627	4,142,920	4,243,375

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

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N.C. HOUSING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

THE STATEMENTS OF FINANCIAL POSITION (CONT.)

AS AT MARCH 31, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY

		In Thousand Baht				
		Consolidated Financial Statements		Separate Financial Statements		
		As at March	As at December	As at March	As at December	
Note		31, 2019	31, 2018	31, 2019	31, 2018	
CURRENT LIABILITIES						
	Bank overdrafts and short-term loans					
	from the financial institutions	13	399,618	456,425	399,618	456,425
	Trade notes payable		22,153	24,301	22,153	24,301
	Trade accounts payable and other payable		75,791	59,114	75,791	59,108
	Payable to related parties	4	37,932	39,738	37,932	41,355
	Accrued expenses	4	17,274	36,349	17,062	35,372
	Accrued corporate income tax		14,367	9,014	14,367	9,014
	Current portion of liabilities under					
	the finance lease agreement	14	-	1	-	1
	Current portion of long-term loan from					
	the financial institutions	15	370,577	395,424	370,577	395,424
	Short-term loan from other company	16	35,654	48,162	35,654	48,162
	Short-term loan from related parties	4	229,000	230,000	229,000	229,000
	Short-term loan from the director	4	3,000	3,000	-	-
	Advance received from customers		3,365	3,077	3,365	3,077
	Retention from contractors		72,131	74,043	71,873	73,785
	Other current liabilities		10,296	3,005	10,230	2,914
	Total current liabilities		<u>1,291,158</u>	<u>1,381,653</u>	<u>1,287,622</u>	<u>1,377,938</u>
NON-CURRENT LIABILITIES						
	Liabilities under the finance lease					
	agreement	14	-	-	-	-
	Long-term loans from the financial					
	institutions	15	117,087	162,293	117,087	162,293
	Employee benefit obligations	17	57,189	55,789	55,447	54,112
	Provision for compensation for housing					
	estate juristic persons	18	20,114	19,527	20,114	19,527
	Liabilities from purchasing the real					
	estate project	19	42,741	42,741	39,198	39,198
	Other non-current liabilities		2,526	1,985	2,526	1,985
	Total non-current liabilities		<u>239,657</u>	<u>282,335</u>	<u>234,372</u>	<u>277,115</u>
	TOTAL LIABILITIES		<u>1,530,815</u>	<u>1,663,988</u>	<u>1,521,994</u>	<u>1,655,053</u>

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

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N.C. HOUSING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

THE STATEMENTS OF FINANCIAL POSITION (CONT.)

AS AT MARCH 31, 2019

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

		In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		As at March	As at December	As at March	As at December
Note		31, 2019	31, 2018	31, 2019	31, 2018
SHAREHOLDER'S EQUITY					
Share capital					
Authorized share capital					
	1,245,284,305 ordinary shares of Baht 1.00 each	1,245,284	1,245,284	1,245,284	1,245,284
Issued and paid-up share capital					
	1,245,283,691 ordinary shares of Baht 1.00 each	1,245,284	1,245,284	1,245,284	1,245,284
	Premium on share capital	577,530	577,530	577,530	577,530
Retained earnings					
	Appropriated - legal reserve	74,150	74,150	74,150	74,150
	Unappropriated	721,498	688,675	723,962	691,358
	Other components of equity	-	-	-	-
	Total equity attributable to company's shareholders	2,618,462	2,585,639	2,620,926	2,588,322
	Non-controlling interests	-	-	-	-
TOTAL SHAREHOLDER'S EQUITY		2,618,462	2,585,639	2,620,926	2,588,322
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		4,149,277	4,249,627	4,142,920	4,243,375

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

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N.C. HOUSING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

		In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
Note		2019	2018	2019	2018
REVENUES					
	Sales	401,559	395,944	401,559	395,944
	Rental income and service	5,459	5,391	4,169	4,152
	Other income	1,450	1,442	1,462	2,230
	Total Revenues	<u>408,468</u>	<u>402,777</u>	<u>407,190</u>	<u>402,326</u>
EXPENSES					
	Cost of sales	255,724	261,314	255,724	261,314
	Cost for rent and service	5,070	5,366	4,126	4,293
	Selling expenses	49,254	58,805	49,254	58,805
	Administrative expenses	38,393	39,495	38,338	39,050
	Management benefit expenses	8,698	8,565	8,698	8,565
	Finance cost	11,278	19,952	11,218	19,945
	Total Expenses	<u>368,417</u>	<u>393,497</u>	<u>367,358</u>	<u>391,972</u>
	Income (loss) before tax expenses	40,051	9,280	39,832	10,354
	Tax expenses (income)	7,228	2,552	7,228	2,552
	Profit (loss) for the period	<u>32,823</u>	<u>6,728</u>	<u>32,604</u>	<u>7,802</u>
	Other comprehensive income				
	Items that will not be reclassified to profit or loss	-	-	-	-
	Items that may be reclassified subsequently to profit or loss	-	-	-	-
	Total comprehensive income for the period	<u>32,823</u>	<u>6,728</u>	<u>32,604</u>	<u>7,802</u>
	Profit (loss) attributable to				
	Shareholders' equity of the parent company	32,823	6,728	32,604	7,802
	Non-controlling interests	-	-	-	-
		<u>32,823</u>	<u>6,728</u>	<u>32,604</u>	<u>7,802</u>
	Total comprehensive income attributable to				
	Shareholders' equity of the parent company	32,823	6,728	32,604	7,802
	Non-controlling interests	-	-	-	-
		<u>32,823</u>	<u>6,728</u>	<u>32,604</u>	<u>7,802</u>
BASIC EARNINGS PER SHARE OF					
THE PARENT COMPANY					
	Basic earning (loss) per share (Baht per share)	0.026	0.005	0.026	0.006

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

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N.C. HOUSING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
THE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

In Thousand Baht

		Consolidated Financial Statements							
		Shareholders' equity of the parent company					Non-controlling	Total	
		Share capital	Premium on	Retained earnings		Other	Total	interests	Total
		issued and	share capital	Appropriated	Unappropriated	components			
		paid-up		legal reserve		of equity			
Note	Beginning balance as at January 1, 2019	1,245,284	577,530	74,150	688,675	-	2,585,639	-	2,585,639
	Comprehensive income								
	Profit for the period	-	-	-	32,823	-	32,823	-	32,823
	Other comprehensive income for the period	-	-	-	-	-	-	-	-
	Total comprehensive income for the period	-	-	-	32,823	-	32,823	-	32,823
	Ending balance as at March 31, 2019	1,245,284	577,530	74,150	721,498	-	2,618,462	-	2,618,462
	Beginning balance as at January 1, 2018	1,245,284	577,530	69,150	597,374	-	2,489,338	-	2,489,338
	Comprehensive income								
	Profit for the period	-	-	-	6,728	-	6,728	-	6,728
	Other comprehensive income for the period	-	-	-	-	-	-	-	-
	Total comprehensive income for the period	-	-	-	6,728	-	6,728	-	6,728
	Ending balance as at March 31, 2018	1,245,284	577,530	69,150	604,102	-	2,496,066	-	2,496,066

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

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N.C. HOUSING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
THE STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

		In ThousandBaht					
		Separate Financial Statements					
		Share capital	Premium on	Retained earnings		Other	Total
		issued and	share capital	Appropriated	Unappropriated	components	
Note		paid-up		legal reserve		of equity	
	Beginning balance as at January 1, 2019	1,245,284	577,530	74,150	691,358	-	2,588,322
	Comprehensive income						
	Profit for the period	-	-	-	32,604	-	32,604
	Other comprehensive income for the period	-	-	-	-	-	-
	Total comprehensive income for the period	-	-	-	32,604	-	32,604
	Ending balance as at March 31, 2019	1,245,284	577,530	74,150	723,962	-	2,620,926
	Beginning balance as at January 1, 2018	1,245,284	577,530	69,150	597,193	-	2,489,157
	Comprehensive income						
	Profit for the period	-	-	-	7,802	-	7,802
	Other comprehensive income for the period	-	-	-	-	-	-
	Total comprehensive income for the period	-	-	-	7,802	-	7,802
	Ending balance as at March 31, 2018	1,245,284	577,530	69,150	604,995	-	2,496,959

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

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N.C. HOUSING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

THE STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) for the period	32,823	6,728	32,604	7,802
<u>Add (less) Adjustments to reconcile profit (loss) for the period</u>				
to net cash provided by (used in) operating activities :				
Depreciation and amortization	5,344	6,019	5,342	6,002
Unrealized gain from trading securities	(1)	(1)	(1)	(1)
Doubtful account	980	-	980	-
(Gain) loss from sale and amortization of fixed assets	-	(30)	-	(30)
(Gain) loss from sale and amortization of investment property	2,962	-	2,962	-
Provision for compensation for housing estate				
juristic persons	587	521	587	521
Employee benefit expenses	1,109	841	1,055	806
Interest income	(25)	(783)	(24)	(782)
Finance cost	11,278	19,952	11,218	19,945
Tax expenses (income)	7,228	2,552	7,228	2,552
Income from operating activities before changes in				
operating assets and liabilities	62,285	35,799	61,951	36,815
Decrease (increase) in operating assets				
Trade account receivable	(45)	-	-	-
Inventories	44,688	50,986	44,688	50,986
Property development costs	92,136	73,733	92,136	73,733
Land held for development	5,649	(26,714)	5,649	(26,714)
Other current assets	3,737	1,029	3,876	472
Other non-current assets	507	58	707	58

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

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N.C. HOUSING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

THE STATEMENTS OF CASH FLOWS (CONT.)

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Increase (decrease) in operating liabilities				
Trade notes payable	(2,148)	(4,675)	(2,148)	(4,675)
Trade accounts payable and other payable	16,677	92	16,683	77
Payable to related parties	(1,806)	(1,029)	(3,423)	(986)
Accrued expenses	(17,418)	4,717	(16,613)	4,684
Advance received from customers	288	(1,353)	288	(1,353)
Retention from contractors	(1,912)	1,943	(1,912)	1,943
Other current liabilities	7,291	(7)	7,316	(18)
Other non-current liabilities	541	-	541	-
Cash receivable (paid) from the operations	210,470	134,579	209,739	135,022
Cash received from interest income	88	67	87	66
Withholding taxes refunded from Revenue Department	95	125	-	-
Income tax expenses paid	(4,085)	(4,032)	(4,062)	(4,013)
Net cash provided by (used in) operating activities	206,568	130,739	205,764	131,075
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash received from short-term loan to related parties	-	-	-	900
Increase in temporary investment	(1)	-	(1)	-
Increase in short-term investments	(737)	-	(737)	-
Proceeds from sales of fixed assets	-	80	-	80
Cash paid for purchase of fixed assets	(658)	(843)	(658)	(843)
Cash paid for purchase of investment property	(973)	-	(973)	-
Cash paid for purchase of intangible assets	-	(21)	-	(21)
Net cash provided by (used in) investing activities	(2,369)	(784)	(2,369)	116

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

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N.C. HOUSING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

THE STATEMENTS OF CASH FLOWS (CONT.)

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in bank overdrafts and short-term loans from the financial institutions	(56,807)	55,202	(56,807)	55,202
Cash paid for liabilities under finance lease agreement	(1)	(209)	(1)	(209)
Cash paid for short-term loan from other company	(12,508)	(40,000)	(12,508)	(40,000)
Cash received from short-term loan a related party	(1,000)	-	-	-
Cash received from short-term loan from the directors	-	1,500	-	1,500
Cash paid for short-term loan from the directors	-	(1,000)	-	(1,000)
Cash received from long-term loans	35,705	109,960	35,705	109,960
Cash paid for long-term loans	(105,758)	(188,478)	(105,758)	(188,478)
Interest paid	(21,210)	(28,039)	(21,200)	(28,039)
Net cash provided by (used in) financing activities	(161,579)	(91,064)	(160,569)	(91,064)
Net increase (decrease) in cash and cash equivalents	42,620	38,891	42,826	40,127
Cash and cash equivalents, beginning of period	29,219	21,952	26,623	19,753
Cash and cash equivalents, end of period	71,839	60,843	69,449	59,880
Supplemental disclosures of cash flows information				
1) Cash and cash equivalents consisted of :				
Cash on hand	597	837	597	837
Cash at bank	71,242	60,006	68,852	59,043
Total	71,839	60,843	69,449	59,880

- 2) In quarter 1 of 2019 and 2018, the Company has transferred the land development cost of Baht 26.96 million and Baht 27.80 million into part of land pending development.

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

N.C. HOUSING PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
MARCH 31, 2019

1. GENERAL INFORMATION

(a) Legal status and address of the Company

The Company was registered to be a limited company on February 2, 1994 and converted to be a public company limited under the Limited Public Company Act with the Ministry of Commerce on November 27, 2003, and the Company name was changed to N.C. Housing Public Company Limited.

The address of its registered office is as follows:

1/765 Moo 17, Soi Amporn Paholyotin Rd. K.M. 26, Tambol Kukod, Aumpur Lumlookka, Patumtanee, 12130, Thailand.

(b) Nature of the Company’s business

The Company and subsidiaries operate its principal business as a real estate developer for trade in various areas such as house for sale including land development, providing construction services, condominium for sale, service apartment, providing rental space in club house, etc.

(c) Parent company

The major shareholder company is NCH 2555 Holding Company Limited which has 51% shareholding.

2. BASIS OF INTERIM CONSOLIDATED FINANCIAL STATEMENT AND OPERATIONS

2.1 The accompanying interim consolidated financial statements include the accounts of N.C. Housing Public Company Limited and the following subsidiaries which are owned directly and indirectly by the Company :-

Subsidiaries	Percentage of		Nature of Business
	direct and indirect holding		
	As at March	As at December	
	31, 2019	31, 2018	
N.C. Property Management Co., Ltd.	100.00	100.00	Contractor and project management
Quality Living Management Co., Ltd.	100.00	100.00	Property management service

- 2.2 These consolidated interim financial statements included the financial statements of N.C. Housing Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended December 31, 2018. There has been no change in the composition of its subsidiaries during the period.
- 2.3 The acquisition of subsidiaries are recorded by Purchase Method.
- 2.4 Significant inter company transactions between the Company and subsidiaries have been eliminated.
- 2.5 The consolidated financial statements are prepared by using uniform accounting policies for transaction alike and other events in similar circumstances.
- 2.6 Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- 2.7 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.

3. PRINCIPLES OF PREPARATION AND PRESENTATIONS OF INTERIM FINANCIAL STATEMENT

2.1 Basis for the preparation of interim financial statements

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

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

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

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

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

TFRS 15 Revenue from Contracts with Customers

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

2.3 Financial reporting standards that will become effective in the future

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

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

1. The recognition of transaction and valuation of financial instrument which is developed closely to the accounting standards No.105 (revised 2016) regarding accounting for investment in debt securities and equity securities and financial reporting standards No.9 financial instrument.
2. Impairment of financial asset which has content close to the financial reporting standard No.9 re: financial instruments
3. Accounting to prevent risk with content close to the financial reporting standard No.9 regarding financial instrument.
4. Information disclosure of financial instrument with content similar to the financial reporting standard No.7 disclosure of financial instrument information.

TFRS 16 Leases

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

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

3.4 Significant accounting polices

The Company and its subsidiaries prepared the interim financial statements with same accounting policies used in the preparation of annual financial statements for the year ended December 31, 2019.

4. TRANSACTIONS WITH RELATED PARTIES AND COMPANIES

The Company has certain transactions with its related parties and companies. A portion of the Company’s assets, liabilities, revenues, cost and expenses arose from the transactions with the related parties and companies which are related through common shareholdings and/or directors. The effects of these transactions, which are in the normal course of business, were reflected in the accompanying interim financial statements on the basis determined by the related parties and companies.

Detail of relation between the Company and its related parties and companies are summarized as follows :

<u>Company’s name</u>	<u>Country of incorporation</u>	<u>Type of relation</u>
NCH 2555 Holding Co., Ltd.	Thailand	Parent company
N.C. Property Management Co., Ltd.	Thailand	Subsidiary
Quality Living Management Co., Ltd.	Thailand	Subsidiary
S.C. Construction And Decoration Co., Ltd.	Thailand	Co-shareholder and director
Sathaporn Wattana Trading Co., Ltd.	Thailand	Co-shareholder and director
Sathaporn Homemart (1999) Co., Ltd.	Thailand	Co-shareholder and director
Sap Namchai Pattana Co., Ltd.	Thailand	Co-shareholder and director
Namchai Golf Management Co., Ltd.	Thailand	Co-shareholder and director
Namchai Property Development Co., Ltd.	Thailand	Co-shareholder and director
Tanyacart Management Co., Ltd.	Thailand	Co-shareholder and director
Sathaporn Wattana Transport Partnership	Thailand	Co-shareholder and director
Precast station Co., Ltd.	Thailand	Director’s relative
Mr. Somchao Tanthathoedtham	Thailand	Director
Mrs. Patcharin Tanthathoedtham	Thailand	Director’s relative
Mrs. Onusa Tanthathoedtham	Thailand	Director’s relative

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The significant transactions between the Company and its related parties and companies for the three-month and nine-month periods ended March 31, 2019 and 2018 are summarized as follows.

		In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		For the three-month periods ended March 31,		For the three-month periods ended March 31,	
	Pricing basis	2019	2018	2019	2018
<u>Transaction during the period</u>					
<u>Subsidiaries</u>					
Other income - office rental					
Quality Living Management Co., Ltd.	Baht 5,000 per month	-	-	15	15
Other income - utility charges					
Quality Living Management Co., Ltd.	Baht 1,401.87 per month	-	-	4	4
Other income-interest income					
N.C. Property Management Co., Ltd.	At the rate of 5.75 % p.a.	-	-	-	730
Quality Living Management Co., Ltd.	At the rate of 5.75 % p.a.	-	-	-	43
Management fee					
Quality Living Management Co., Ltd.	Minimum Baht 25,000 per project	-	-	555	400
<u>Related parties</u>					
Sale income					
Mr. Somchao Tanthathoedtham	Market price	1,348	-	1,348	-
Other income - office rental					
Precast station Co., Ltd.	Baht 20,000 per month and Baht 40,000 per month	180	180	180	180
Construction cost					
Precast station Co., Ltd.	At per agreement	18,057	16,619	18,057	16,619
Purchase construction materials					
Sathaporn Wattana Trading Co., Ltd.	Market price	2,972	4,292	2,972	4,292
S.C. Construction And Decoration Co., Ltd.	Market price	24	1	24	1
Land rental expense					
Namchai Asset Development Co., Ltd	Baht 55,000 per month	165	165	165	165
Golf club membership					
Namchai Golf Management Co., Ltd.	Market price	180	118	180	118
Interest expenses					
Mr. Somchao Tanthathoedtham	At the rate of 5.75% p.a.	42	255	-	255
N.C.H. 2555 Holding Co., Ltd	At the rate of 5.75% p.a.	3,253	3,913	3,247	3,913

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The significant outstanding balance as at March 31, 2019 and December 31, 2018 are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
Short-term loan to related parties				
- N.C. Property Management Co., Ltd.				
Balance, at the beginning of the period	-	-	-	52,000
Addition during the period	-	-	-	-
Deduction during the period	-	-	-	(52,000)
Balance, at the end of the period	-	-	-	-
- Quality Living Management Co., Ltd.				
Balance, at the beginning of the period	-	-	-	3,000
Addition during the period	-	-	-	-
Deduction during the period	-	-	-	(3,000)
Balance, at the end of the period	-	-	-	-
Accrued rental				
- Quality Living Management Co., Ltd.	-	-	19	-
Accrued interest				
- Quality Living Management Co., Ltd.	-	-	-	83
- N.C. Property Management Co., Ltd.	-	-	-	-
	-	-	-	83
Account payable to related parties				
- Quality living Management Co., Ltd.	-	-	-	-
- N.C. Property Management Co., Ltd.	-	-	-	1,617
- S.C. Construction And Decoration Co., Ltd.	24	2	24	2
- Sathaporn Wattana Trading Co., Ltd.	2,532	3,220	2,532	3,220
- Precast station Co., Ltd.	35,083	35,756	35,083	35,756
- Namchai Golf management Co., Ltd.	128	100	128	100
- Sap Namchai Pattana Co., Ltd	165	660	165	660
	37,932	39,738	37,932	41,355
Short-term loan from related parties				
- N.C.H. 2555 Holding Co., Ltd.				
Balance, at the beginning of the period	230,000	276,000	229,000	276,000
Addition during the period	-	52,100	-	51,100
Deduction during the period	(1,000)	(98,100)	-	(98,100)
Balance, at the end of the period	229,000	230,000	229,000	229,000

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	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at March	As at December	As at March	As at December
	31, 2019	31, 2018	31, 2019	31, 2018
Short-term loan from director				
- Mr. Somchao Tanthathoedtham				
Balance, at the beginning of the period	3,000	16,900	-	16,900
Addition during the period	-	55,600	-	1,500
Deduction during the period	-	(69,500)	-	(18,400)
Balance, at the end of the period	3,000	3,000	-	-
Accrued interest				
- Mr. Somchao Tanthathoedtham	-	-	-	-
- N.C.H. 2555 Holding Co., Ltd.	5,542	7,145	5,542	7,142
	5,542	7,145	5,542	7,142

COLLATERAL WITH RELATED COMPANIES

As at March 31, 2019, the Company had contingent liability from letters of guarantee issued by a bank on behalf of the subsidiary for electricity usage amounting to Baht 0.40 million.

MANAGEMENT BENEFIT EXPENSES

Management benefit expense represent the benefits paid to the Company's management, such as salaries and related benefit including the benefit paid by other means. The Company's management is the persons who are defined under the Securities and Exchange Act. The management is comprised of the managing director, deputy managing directors and senior managers.

Management benefit expenses for the three-month periods ended March 31, 2019 and 2018 are as follows:

	In Thousand Baht	
	Consolidated/Separate Financial Statements	
	For the three-month periods ended	
	March 31, 2019,	
	2019	2018
<u>Management</u>		
Management benefit expenses		
Short-term employee benefits	8,383	8,321
Post-employment benefits	315	244
Total	8,698	8,565

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5. INVENTORIES

Inventories consist of

	In Thousand Baht	
	Consolidated/Separate Financial Statements	
	As at March 31, 2019	As at December 31, 2018
Cost of houses and condominiums for sales	271,458	316,146
<u>Less</u> allowance for declining value of inventories	<u>(4,392)</u>	<u>(4,392)</u>
Inventories - net	<u>267,066</u>	<u>311,754</u>

Changes in the allowance for declining value of inventories during the periods are as follows :

	In Thousand Baht	
	Consolidated/Separate Financial Statements	
	As at March 31, 2019 (For the three-month)	As at December 31, 2018 (For the year)
Beginning balance	4,392	3,721
Increase	-	671
Decrease	-	-
Ending balance	<u>4,392</u>	<u>4,392</u>

The Company has commitment under the signed purchase and sale contract as follows:-

	Consolidated/Separate Financial Statements			
	As at March 31, 2019		As at December 31, 2018	
	Unit	In Million Baht	Unit	In Million Baht
House and condominiums for sales	133	271.46	163	316.15
House and condominiums for sales - under signed purchase and sale contract	<u>(18)</u>	<u>(31.59)</u>	<u>(25)</u>	<u>(51.42)</u>
House and condominium for sales - balance carry forward not under signed purchase and sale contract	<u>115</u>	<u>239.87</u>	<u>138</u>	<u>264.73</u>

As at March 31, 2019 and December 31, 2018, some inventories of the Company in the amount of Baht 158.39 million and Baht 219.01 million, respectively, are mortgaged as a part of collateral for long-term loans with local commercial bank, as discussed in Note 15.

6. PROPERTY DEVELOPMENT COSTS

6.1 Actual property development costs consist of :

	In Thousand Baht	
	Consolidated/Separate Financial Statements	
	As at March 31, 2019	As at December 31, 2018
Land and land development costs	2,740,174	2,962,707
Utilities development costs	1,023,833	1,140,775
Construction in progress	4,919,249	5,705,995
Interest capitalization	482,899	491,777
Total	9,166,155	10,301,254
<u>Less</u> Transfer to inventory	(267,066)	(311,754)
Transfer to accumulated cost of sale	(7,411,908)	(8,391,786)
Property development costs - net	<u>1,487,181</u>	<u>1,597,714</u>

As at March 31, 2019 and December 31, 2018, most of Company’s land and construction in the projects are mortgaged as collateral against credit facilities for loans with local commercial bank, as discussed in Note 13 and Note 15.

For the three-month periods ended March 31, 2019 and 2018, the Company recorded the related interest expense amounting approximately to Baht 8.57 million and Baht 10.89 million, respectively, as part of property development costs. The capitalization rate for calculation of interest is 6.75% and 7.19%, respectively

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6.2 OBLIGATION AND COMMITMENT UNDER REAL ESTATE PROJECTS

	Consolidated/Separate Financial Statements	
	As at March	As at December
	31, 2019	31, 2018
	(For the three-month)	(For the year)
Number of operating projects, at the beginning of the period	21	20
Number of closing projects	(2)	(1)
Number of newly open projects	-	2
Number of project, transfer to land held for development	-	-
Number of operating projects, at the end of the period	19	21
Total current projects value (In million Baht)	13,857.55	13,933.31
Contracted sales value (In million Baht)	11,110.11	10,660.44
As percentage of total current projects value	80.17	76.51

As at March 31, 2019 and December 31, 2018, the Company has the obligation to complete the public utility development project for operating projects in the amount of Baht 37.36 million and Baht 38.88 million, respectively.

7. LAND HELD FOR DEVELOPMENT

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at March	As at December	As at March	As at December
	31, 2019	31, 2018	31, 2019	31, 2018
Beginning balance	1,954,096	1,793,635	1,880,688	1,720,227
<u>Add</u> during the period	-	153,625	-	153,625
- Liabilities from purchasing the real estate project	-	15,844	-	15,844
- Transfer from property development costs	26,963	45,547	26,963	45,547
Total	1,981,059	2,008,651	1,907,651	1,935,243
<u>Less</u> during the period	(5,649)	(36,227)	(5,649)	(36,227)
- Transfer to property development costs	-	(18,328)	-	(18,328)
Land held for development	1,975,410	1,954,096	1,902,002	1,880,688

As at March 31, 2019 and December 31, 2018, most of the Company's land held for development are mortgaged as collateral against the credit facilities for long-term loans with local commercial banks, as discussed in Note 15.

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8. DEPOSIT PLEDGED AS COLLATERAL

As at March 31, 2019 and December 31, 2018, the Company had fixed deposit amounting to Baht 9.98 million and Baht 9.24 million, respectively. which are pledged as collateral for maintenance of public utilities, customer’s loan and gasoline, as discussed in Note 24.

Bank deposits carried interest at the floating rate specified by the bank.

9. INVESTMENTS IN SUBSIDIARIES

	Paid up shares (In Thousand Baht)		Ownership (%)		Amount (In Thousand Baht)		Dividend (In Thousand Baht)	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018	For the three-month period ended March 31,	
							2019	2018
AT COST								
Subsidiaries								
N.C. Property								
Management Co., Ltd.	70,000	70,000	100	100	71,864	71,864	-	-
Quality Living								
Management Co., Ltd.	1,000	1,000	100	100	-	-	-	-
					<u>71,864</u>	<u>71,864</u>	<u>-</u>	<u>-</u>

10. INVESTMENT PROPERTY

Movements of the investment property in residential building for lease account for the three-month period ended March 31, 2019 are summarized as follows:

	In Thousand Baht
	Consolidated/Separate Financial Statements
At cost	
Balance as at December 31, 2018	234,681
Acquisitions during the period	973
Disposals and write-off during the period	(5,153)
Balance as at March 31, 2019	<u>230,501</u>
Accumulated depreciation	
Balance as at December 31, 2018	(40,595)
Depreciation for the period	(2,502)
Accumulated depreciation on disposals and write-off	2,190
Balance as at March 31, 2019	<u>(40,907)</u>
Net book value	
Balance as at December 31, 2018	<u>194,086</u>
Balance as at March 31, 2019	<u>189,594</u>

As at March 31, 2019, total amount of the Company’s investment property is mortgaged as collateral against facilities for long-term loans with a local commercial bank, as discussed in Note 15.

11. PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment account for the three-month period ended March 31, 2019 are summarized as follows:

	In Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
At cost		
Balance as at December 31, 2018	309,460	301,823
Acquisitions during the period	658	658
Transfer assets in, during the period	-	-
Disposals and write-off during the period	-	-
Transfer assets out, during the period	-	-
Balance as at March 31, 2019	<u>310,118</u>	<u>302,481</u>
Accumulated depreciation		
Balance as at December 31, 2018	(199,271)	(191,921)
Depreciation for the period	(2,661)	(2,659)
Accumulated depreciation on disposals and write-off	-	-
Accumulated depreciation, transfer - out	-	-
Balance as at March 31, 2019	<u>(201,932)</u>	<u>(194,580)</u>
Allowance for declining value		
Balance as at December 31, 2018	(3,484)	(3,204)
Allowance for declining value for the period	-	-
Balance as at March 31, 2019	<u>(3,484)</u>	<u>(3,204)</u>
Net book value		
Balance as at December 31, 2018	<u>106,705</u>	<u>106,698</u>
Balance as at March 31, 2019	<u>104,702</u>	<u>104,697</u>

As at March 31, 2019 and December 31, 2018, some part of land and the clubhouse building in the total amount of Baht 100.52 million (net book value amount of Baht 40.55 million and Baht 41.53 million, respectively) are mortgaged as collateral against the overdrafts from a commercial bank in the credit limit amount of Baht 25 million, as discussed in Note 13.

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12. INTANGIBLE ASSETS

Movements of the intangible assets account for the three-month period ended March 31, 2019 are summarized as follows:

	<u>In Thousand Baht</u>
	<u>Consolidated/ Separate financial statements</u>
At cost	
Balance as at December 31, 2018	12,032
Acquisitions during the period	-
Disposals and write-off during the period	-
Balance as at March 31, 2019	<u>12,032</u>
Accumulated amortization	
Balance as at December 31, 2018	(7,268)
Amortization for the period	(181)
Accumulated amortization on disposals and write-off	-
Balance as at March 31, 2019	<u>(7,449)</u>
Net book value	
Balance as at December 31, 2018	<u>4,764</u>
Balance as at March 31, 2019	<u>4,583</u>

13. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM THE FINANCIAL INSTITUTIONS

This account consists of :

	<u>In Thousand Baht</u>	
	<u>Consolidated/Separate Financial Statements</u>	
	<u>As at March 31, 2019</u>	<u>As at December 31, 2018</u>
Bank overdrafts from the financial institutions	-	37,256
Short-term loans from the financial institutions	399,618	419,169
Total	<u>399,618</u>	<u>456,425</u>

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	Credit line (Million Baht)		Rate	Due Date	Guarantee
	As at March 31, 2019	As at December 31, 2018			
Bank Overdraft					
The parent company					
- The first bank	25.00	25.00	MOR per annum	At call	- By the mortgage of the Company's land and the clubhouse building.
- The second bank	20.00	20.00	MOR less 1.00% per annum	At call	- Mortgage by project's land
- The third bank	15.00	15.00	MOR less 0.50% per annum	At call	- By the mortgage of the director's relatives land.
- The fourth bank	5.00	5.00	MOR per annum	1 year (revised annually)	- By the mortgage of the project's land.
Total credit line	<u>65.00</u>	<u>65.00</u>			
Short-term loans					
The parent company					
- The first bank	35.00	35.00	MLR per annum	June 25, 2019	- By the mortgage of the director's land and construction thereon.
- The second bank	10.43	10.43	MLR less 0.50% per annum	April 30, 2019	- By the mortgage of the project's land and construction thereon and construction in the future.
- The third bank	25.00	25.00	MLR less 1.62% per annum	May 28, 2019	- By the mortgage of the Company's land.
- The fourth bank	120.00	120.00	MLR less 0.25% per annum	May 15, 2019	- By the mortgage of the director's relatives land.
- The fifth bank	90.00	90.00	MLR per annum	April 10, 2019 and April 19, 2019	- By the mortgage of the project's land and construction thereon and construction in the future.
- The sixth bank	50.00	50.00	MLR per annum	April 26, 2019	- By the mortgage of the Company's land.
- The seven bank	50.00	50.00	10% per annum	June 15, 2019	- By the mortgage of the project's land and construction thereon and construction in the future.
- The eight bank	55.59	55.59	MLR less 1.00% per annum	September 20, 2019	- By the mortgage of the project's land and construction thereon and construction in the future.
- The ninth bank	33.15	33.15	MLR per annum	May 4, 2019	- By the mortgage of the project's land and construction thereon and construction in the future.
	<u>469.17</u>	<u>469.17</u>			
Total credit line	<u>534.17</u>	<u>534.17</u>			

14. LIABILITIES UNDER FINANCE LEASE AGREEMENT

Liabilities under finance lease agreement consists of :

	Consolidated / Separate Financial Statements (In Thousand Baht)					
	As at March 31, 2019			As at December 31, 2018		
	Principal	Deferred interest	Payment	Principal	Deferred interest	Payment
Current portion due within one year	-	-	-	1	-	1
Current portion due after one year not over three years	-	-	-	-	-	-
Total	-	-	-	1	-	1

As at March 31, 2019 and December 31, 2018, the Company has finance leasing office equipment with the local leasing company to purchase office equipment in the amount of Baht 2,503,800 (Included VAT), with a term of repayment of 36 months at Baht 70,560 per month (Included VAT).

Under the term of lease agreement referred to above, the Company shall have to comply with certain conditions and restrictions as specified in the lease agreement.

Liabilities under finance lease agreement are guaranteed by the director of the Company.

Liabilities under finance lease agreement for the portion due within one year are presented under “current liabilities” in the statement of financial position.

15. LONG-TERM LOANS FROM THE FINANCIAL INSTITUTIONS

This account consists of :

	In Thousand Baht	
	Consolidated/Separate Financial Statements	
	As at March 31, 2019	As at December 31, 2018
Long-term loans from local banks		
The first bank	420,617	451,370
The second bank	55,547	91,667
The third bank	11,500	14,680
Total	487,664	557,717
Less Current portion due within one year	(370,577)	(395,424)
Long-term loans from the financial institutions - net	117,087	162,293

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Movements in the long-term loans account during the three-month period ended March 31, 2019 are summarized below.

	<u>In Thousand Baht</u>
	<u>Consolidated/ Separate financial Statements</u>
Balance as at December 31, 2018	557,717
Less: Repayment during the period	(105,758)
Add: Additional borrowings during the period	35,705
Balance as at March 31, 2019	<u>487,664</u>

	<u>Credit line (Million Baht)</u>		<u>Interest rate</u>	<u>Guarantee</u>
	<u>As at March 31, 2019</u>	<u>As at December 31, 2018</u>		
<u>Long-term loans</u>				
<u>The Company</u>				
<u>The first bank</u>				
- The first credit line	264.00	264.00	MLR less 0.50% per annum	By the mortgage of some of the project's land and construction thereon and by the land of relatives of director.
- The second credit line	278.48	278.48	MLR less 0.50% per annum	
- The third credit line	260.00	260.00	MLR less 0.50% per annum	
- The fourth credit line	278.50	278.50	MLR less 0.50% per annum	
- The fifth credit line	145.00	145.00	MLR less 0.50% per annum	
- The sixth credit line	313.40	313.40	MLR less 0.50% per annum	
	<u>1,539.38</u>	<u>1,539.38</u>		
<u>The second bank</u>				
- The first credit line	80.00	80.00	MLR plus 0.50% per annum	By the mortgage of some of the project's land and construction thereon and investment property and by the land of relatives of director.
- The second credit line	-	144.68	MLR per annum	
- The third credit line	-	83.00	MLR per annum	
- The fourth credit line	-	20.40	MLR per annum	
- The fifth credit line	-	144.45	MLR per annum	
	<u>80.00</u>	<u>472.53</u>		
<u>The third bank</u>				
- The first credit line	38.00	38.00	MLR per annum	By the mortgage of some of the project's land and construction thereon
	<u>1,657.38</u>	<u>2,049.91</u>		

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As at March 31, 2019 and December 31, 2018, The Company has the credit limits that have not been withdrawn amounting to Baht 234.10 million.

In addition, the Company has to comply with the terms and conditions as specified in the loan agreement, such as (1) not to sell, dispose, transfer, give rent, pledge, or mortgage the Company's loan collaterals, (2) not to commit any obligation that would result in letting other persons have control or rights in the Company's assets, (3) to maintain debt-to-equity ratio, (4) not to pay dividend except the lender has assessed that payment does not affect loan repayment ability, (5) not to decrease registered capital and (6) to grant beneficiary of the asset protection of the insurance policy to the lender, etc.

16. SHORT-TERM LOAN FROM OTHER COMPANY

As at March 31, 2019, the Company has credit line of short-term loan from another company in the amount of Baht 50 million. The principal is due in June, 2019. The interest is 10% per annum. The loan is guaranteed by land with existing construction and future construction on the Company's project land.

The change of short-term loan form other company for the three-month period ended March 31, 2019 is described as follows:

	<u>In Thousand Baht</u>
	<u>Consolidated/ Separate financial Statements</u>
Balance as at December 31, 2018	48,162
Add: Additional loan during the period	-
Less: Loan repayment	<u>(12,508)</u>
Balance as at March 31, 2019	<u><u>35,654</u></u>

17. EMPLOYEE BENEFIT OBLIGATIONS

Movement of employee benefit obligations for the three-month period ended March 31, 2019 is shown as follows :

The statements of financial position

	<u>In Thousand Baht</u>	
	<u>Consolidated Financial Statements</u>	<u>Separate Financial Statements</u>
Employee benefit obligations, at the beginning of the period	55,789	54,112
<u>Plus</u> Current service costs and interest cost	1,400	1,335
<u>Less</u> Actual paid of employee benefit obligations	<u>-</u>	<u>-</u>
Employee benefit obligations, at the end of the period	<u><u>57,189</u></u>	<u><u>55,447</u></u>

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The statements of comprehensive income

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	For the three-month periods		For the three-month periods	
	ended March 31,		ended March 31,	
	2019	2018	2019	2018
Recognized in profit or loss				
Current service costs	1,109	841	1,055	806
Interest on obligation	291	219	280	212
Total	1,400	1,060	1,335	1,018
Current service costs				
Cost of service	25	16	-	-
Selling expenses	351	271	351	271
Administrative expenses	417	310	388	291
Management benefit expenses	316	244	316	244
Finance costs	291	219	280	212
Total	1,400	1,060	1,335	1,018

18. PROVISION FOR COMPENSATION FOR HOUSING ESTATE JUSISTIC PERSONS

	In Thousand Baht
	Consolidated/ Separate Financial Statements
Balance as at December 31, 2018	19,527
<u>Add</u> increase during the period	587
<u>Less</u> decrease during the period	-
Balance as at March 31, 2019	<u>20,114</u>

19. LIABILITIES FROM PURCHASING THE REAL ESTATE PROJECT

The Company had an obligation under the contract to buy and sell land of a real estate project with a company under the buy and sale agreement dated December 16, 2004, and its subsidiary had an obligation under the contract to buy and sell land of a real estate project with a company under the buy and sale agreement dated March 3, 2014. The contract to buy and to sell land requires the Company and its subsidiary to pay for the land, including the debt burden owing to the existing customers of the project.

Movements in the liabilities from purchasing the real estate project account during the three-month periods ended March 31, 2019 and December 31, 2018 are summarized below.

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at March	As at December	As at March	As at December
	31, 2019	31, 2018	31, 2019	31, 2018
	(For the three-month)	(For the year)	(For the three-month)	(For the year)
Beginning balance	42,741	32,147	39,198	28,604
Add increase during the period	-	15,844	-	15,844
Less decrease during the period	-	(5,250)	-	(5,250)
Liabilities from purchasing the real estate project	42,741	42,741	39,198	39,198

20. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit (loss) for the period by weighted average number of ordinary shares that are issued and paid during the period.

		Consolidated Financial Statements		Separate Financial Statements	
		For the three-month periods		For the three-month periods	
		ended March 31,		ended March 31,	
		2019	2018	2019	2018
Profit (loss) for the period	(Thousand Baht)	32,823	6,728	32,604	7,802
Weighted average number of ordinary shares	(Thousand Shares)	1,245,284	1,245,284	1,245,284	1,245,284
Basic earnings (loss) per share	(Baht per share)	0.026	0.005	0.026	0.006

21. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at March	As at December	As at March	As at December
	31, 2019	31, 2018	31, 2019	31, 2018
Deferred tax assets	15,949	15,368	15,949	15,368
Deferred tax liabilities	334	(1,273)	(1,387)	(2,994)
	16,283	14,095	14,562	12,374

21.1 Changes in deferred tax assets and deferred tax liabilities for the three-month period ended March 31, 2019 are summarized as follows:

	In Thousand Baht			
	Consolidated Financial Statements			
	Balance as at December 31, 2018	Revenue (expenses) during the period		
	In profit or loss	In other comprehensive income		
Deferred tax assets:				
Allowance for doubtful account	-	196	-	196
Allowance for declining value-clubhouse	641	-	-	641
Provisions for employee benefits	10,822	267	-	11,089
Provisions for compensation for housing estate juristic persons	3,905	118	-	4,023
Total	15,368	581	-	15,949
Deferred tax liabilities:				
Unrealized gain on remeasuring available-for-sale Investments	(16)	-	-	(16)
Property development costs and inventories	(1,257)	1,607	-	350
Total	(1,273)	1,607	-	334
Net	14,095	2,188	-	16,283

	In Thousand Baht			
	Separate Financial Statements			
	Balance as at December 31, 2018	Revenue (expenses) during the period		
	In profit or loss	In other comprehensive income		
Deferred tax assets:				
Allowance for doubtful account	-	196	-	196
Allowance for declining value-clubhouse	641	-	-	641
Provisions for employee benefits	10,822	267	-	11,089
Provisions for compensation for housing estate juristic persons	3,905	118	-	4,023
Total	15,368	581	-	15,949
Deferred tax liabilities:				
Unrealized gain on remeasuring available-for-sale Investments	(16)	-	-	(16)
Property development costs and inventories	(2,978)	1,607	-	(1,371)
Total	(2,994)	1,607	-	(1,387)
Net	12,374	2,188	-	14,562

21.2 Tax expense (income)

21.2.1 Major components of tax expense (income)

For the three-month periods ended March 31, 2019 and 2018 consisted of:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Income tax expense (income) shown in profit or loss :				
Current tax expense:				
Income tax expense for the period	9,416	3,156	9,416	3,156
Deferred tax expense (income):				
Changes in temporary differences relating to the original recognition and reversal	(2,188)	(604)	(2,188)	(604)
Total	<u>7,228</u>	<u>2,552</u>	<u>7,228</u>	<u>2,552</u>

21.2.2 A numerical reconciliation between account expense (income) and the product of accounting profit multiplied by the applicable tax rate

For the three-month periods ended March 31, 2019 and 2018 which are summarized as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2019	2018	2019	2018
Accounting profit (loss) for the period	40,052	9,280	39,831	10,354
The applicable tax rate (%)	20%	20%	20%	20%
Tax expense (income) at the applicable tax rate	8,010	1,856	7,966	2,071
Reconciliation items:				
Tax effect of expenses that are not deductible in determining tax profit:				
- Expenses not allowed as expenses in determining taxable profit	(782)	696	(738)	481
Total reconciliation items	(782)	696	(738)	481
Total tax expense (income)	<u>7,228</u>	<u>2,552</u>	<u>7,228</u>	<u>2,552</u>

21.2.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate

For the three-month periods ended March 31, 2019 and 2018 are summarized as follows:

	Consolidated Financial Statements			
	2019		2018	
	Tax amount (Thousand Baht)	Tax rate (%)	Tax amount (Thousand Baht)	Tax rate (%)
Accounting profit (loss) before tax expense for the period	40,052		9,280	
Tax expense (income) at the applicable tax rate	8,010	20.00	1,856	20.00
Reconciliation items	(782)	(1.95)	696	7.50
Tax expense (income) at the average effective tax rate	<u>7,228</u>	<u>18.05</u>	<u>2,552</u>	<u>27.50</u>

	Separate Financial Statements			
	2019		2018	
	Tax amount (Thousand Baht)	Tax rate (%)	Tax amount (Thousand Baht)	Tax rate (%)
Accounting profit (loss) before tax expense for the period	39,831		10,354	
Tax expense (income) at the applicable tax rate	7,966	20.00	2,071	20.00
Reconciliation items	(738)	(1.85)	481	4.65
Tax expense (income) at the average effective tax rate	<u>7,228</u>	<u>18.15</u>	<u>2,552</u>	<u>24.65</u>

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company uses the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

Level 1 - Use of quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Use of inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (e.g. prices) or indirectly (e.g. derived from prices).

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

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As at March 31, 2019, the Company had the following assets and liabilities that were measured at fair value using different levels of inputs as follows :

	In Thousand Baht				
	Consolidated financial statements / Separate financial statements				
	Net book value	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Current investments					
- Unit trust	498	-	579	-	579
Total	498	-	579	-	579

During the current period, there were no transfers within the fair value hierarchy.

Valuation techniques and inputs to level 2

The fair value of investments in unit trusts that are not listed on the Stock Exchange of Thailand has been determined by using the net assets value per unit as announced by the fund manager.

23. SEGMENT INFORMATION

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The business operation of the Company and its subsidiaries mainly involve real estate, rental and services, contractor and property management services, which has main geographical operation in Thailand. Segment performance is considered by revenue and profit in each unit, and is also measured based on the group operating profit or loss, on a basis consistent, with that used to measure operating profit or loss in the financial statements. The Company and its subsidiaries' information for the three-month and three-month periods ended March 31, 2019 and 2018 by segments are as follows:

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For the three-month period ended March 31, 2019 (In Thousand Baht)

	Real Estate		Rental and services	Contractor	Property management services	Total	Elimination		Consolidated
	Low - rise segment	High - rise segment					DR.	CR.	
Revenues									
Sales	355,916	45,643	-	-	-	401,559	-	-	401,559
Rental income and service	-	-	4,169	-	1,845	6,014	(555)	-	5,459
Other income	1,296	157	9	1	6	1,469	(19)	-	1,450
Total revenues	<u>357,212</u>	<u>45,800</u>	<u>4,178</u>	<u>1</u>	<u>1,851</u>	<u>409,042</u>			<u>408,468</u>
Expenses									
Cost of sales	228,043	27,681	-	-	-	255,724	-	-	255,724
Cost for rent and service	-	-	4,126	-	944	5,070	-	-	5,070
Selling expenses	45,082	4,172	-	-	-	49,254	-	-	49,254
Administrative expenses	29,025	9,036	277	10	619	38,967	-	(574)	38,393
Management benefit expenses	7,631	978	89	-	-	8,698	-	-	8,698
Finance cost	10,131	7	1,080	7	53	11,278	-	-	11,278
Total expenses	<u>319,912</u>	<u>41,874</u>	<u>5,572</u>	<u>17</u>	<u>1,616</u>	<u>368,991</u>			<u>368,417</u>
Income (loss) by segments	<u>37,300</u>	<u>3,926</u>	<u>(1,394)</u>	<u>(16)</u>	<u>235</u>	<u>40,051</u>			<u>40,051</u>
Tax expenses (income)									<u>7,228</u>
Profit (loss) for the period									<u>32,823</u>
As at March 31, 2019									
Investment property	<u>-</u>	<u>-</u>	<u>189,594</u>	<u>-</u>	<u>-</u>	<u>189,594</u>			<u>189,594</u>
Property, plant and equipment	<u>103,655</u>	<u>562</u>	<u>480</u>	<u>-</u>	<u>5</u>	<u>104,702</u>			<u>104,702</u>

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For the three-month period ended March 31, 2018 (In Thousand Baht)

	Real Estate		Rental and services	Contractor	Property management services	Total	Elimination		Consolidated
	Low - rise segment	High - rise segment					DR.	CR.	
Revenues									
Sales	320,874	75,070	-	-	-	395,944	-	-	395,944
Rental income and service	-	-	4,152	-	1,639	5,791	(400)	-	5,391
Other income	2,045	181	5	1	2	2,234	(792)	-	1,442
Total revenues	322,919	75,251	4,157	1	1,641	403,969			402,777
Expenses									
Cost of sales	215,452	45,862	-	-	-	261,314	-	-	261,314
Cost for rent and service	-	-	4,293	-	1,073	5,366	-	-	5,366
Selling expenses	47,593	11,212	-	-	-	58,805	-	-	58,805
Administrative expenses	24,107	13,546	1,398	34	829	39,914	-	(419)	39,495
Management benefit expenses	6,874	1,602	89	-	-	8,565	-	-	8,565
Finance cost	11,461	3,269	5,215	731	49	20,725	-	(773)	19,952
Total expenses	305,487	75,491	10,995	765	1,951	394,689			393,497
Income (loss) by segments	17,432	(240)	(6,838)	(764)	(310)	9,280			9,280
Tax expenses (income)									1,713
Profit (loss) for the period									5,315
As at March 31, 2018									
Investment property	-	-	201,600	-	-	201,600			201,600
Property, plant and equipment	113,171	1,357	762	2	12	115,304			115,304

24. COMMITMENT AND CONTINGENT LIABILITIES

24.1 The Company has entered into lease for the commercial buildings, sale office building, land and other services.

As at ended March 31, 2019, the Company is obligated to pay the rent and service as follows:

<u>Payable within:</u>	<u>Million Baht</u>
1 year	2.90
More than 1 year to 3 years	3.30

24.2 As at ended March 31, 2019, the Company and its subsidiaries had contingent liabilities from letters of guarantees issued by three banks to government agency and third parties (see Note 8) as follows:

	<u>In Thousand Baht</u>	
	<u>Consolidated</u>	<u>Separate</u>
	<u>Financial Statements</u>	<u>Financial Statements</u>
- Guarantee for electricity, water and others	160.67	160.67
- Guarantee fund for maintenance of public utilities	12.93	12.53

24.3 As at ended March 31, 2019, the Company had contingent liabilities to a bank from the guarantee on the customer’s loan amounting to Baht 0.65 million and gasoline amounting to Baht 0.22 million (see Note 8).

24.4 As at ended March 31, 2019, the Company had a civil court case lawsuit in Pattaya with the black court case number Por.564/2560 between the juristic person of Bayview Resort “Plaintiff”. The plaintiff sued the Company on the charge of servitude on car transport and public utilities such as land of the plaintiff. The case is under consideration by the court of first instance.

25. EVENT AFTER THE REPORTING DATE

On February 26, 2019, the Company has entered into a land to buy/to sell agreement with another person by agreeing to sell a land plot totaling 68.00 million with the land ownership on August 26, 2019. On the agreement signing date, the Company has already received partial deposit in the amount of Baht 6.80 million.

26. AUTHORIZATION FOR ISSUE OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorized for issue by the Company’s directors on May 13, 2019.