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These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language financial statements and were approved and authorised for issue by the Board of Directors on 8 August 2019.

**1 General information**

The immediate and ultimate parent companies during the financial period were CPN Pattaya Company Limited and Central Pattana Public Company Limited. Both companies were incorporated in Thailand.

The principal activity of the Company and subsidiaries is real estate development in Thailand. Details of the Company’s subsidiaries, associate and joint venture as at 30 June 2019 and 31 December 2018 are disclosed in notes 8 and 9 to the interim financial statements.

**2** **Basis of preparation of the interim financial statements**

*(a) Statement of compliance*

The condensed interim financial statements are presented in the same format as the annual financial statements and prepared its notes to the interim financial statements on a condensed basis (“interim financial statements”) in accordance with Thai Accounting Standard (TAS) No. 34 *Interim Financial Reporting,* guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2018. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiaries for the year ended   
31 December 2018.

*(b) Use of judgements, estimates and accounting policies*

In preparing these interim financial statements, judgements and estimates are made by management in applying the Group’s accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2018, except for revenue recognition which requires additional judgement in determining the timing of the transfer of control - at a point in time or over time - according to the requirements of TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”) which the Group has initially adopted to replace TAS 18 *Revenue* (“TAS 18”), TAS 11 *Construction Contracts* (“TAS11”) and related interpretations.

Under TFRS 15, the Group recognises revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled to. In addition, judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Whereas, under TAS 18, the Group recognises revenue from sale of goods when the significant risks and rewards of ownership of the goods have been transferred to the buyer, and recognises revenue from rendering of services by reference to the stage of completion of the transaction at the end of the reporting period. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due. Such change in accounting policy has no material impacts on the financial statements.

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for current period in preparing these interim financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 22.

**3 Related parties**

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

Relationships with subsidiaries, associates and joint ventures are described in notes 8 and 9. Relationship with key management and other related parties were as follows:

| **Name of entities** | **Country of incorporation/ nationality** | **Nature of relationships** |
| --- | --- | --- |
| Central Pattana Public Company Limited | Thailand | Ultimate parent company |
| CPN Pattaya Company Limited | Thailand | Parent company (67.53% shareholding) |
| Central Pattana Nine Square Company Limited | Thailand | Common directors |
| Central Insurance Services Inc. | Thailand | Common directors |
| Robinson Public Company Limited | Thailand | Common directors |
| Central Department Store  Company Limited | Thailand | Common directors |
| Central Food Retail Co., Ltd. | Thailand | Common directors |
| Central FamilyMart Co., Ltd. | Thailand | Common directors |
| Thai Watts Company Limited | Thailand | Common directors |
| COL Public Company Limited | Thailand | Common directors |
| Italianthai Development Public | Thailand | Held by a subsidiary |
| Company Limited |  |  |
| I Tal Thai Trevi Company Limited | Thailand | Held by a subsidiary |
| Grand Fortune Company Limited | Thailand | Common directors |
| CKS Holding Company Limited | Thailand | Common directors |
| Super Assets Company Limited | Thailand | Common directors |
| Key management personnel | Thai | Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group. |

The pricing policies for transactions with related parties are explained further below:

| **Transactions** | **Pricing policies** |
| --- | --- |
| Project management income | Agreed prices |
| Selling management income | Agreed prices |
| Rental income | Agreed prices |
| Property management income | Agreed prices |
| Trust management income | Agreed prices |
| Sales of equipment | Cost plus margin |
| Interest income | MLR-0.5, 4.76% |
| Dividend income | The declared amount |
| Rental and service expenses | Agreed prices |
| Construction service expenses | Agreed prices |
| Insurance expenses | Agreed prices |
| Interest expense | MLR-1.0, fixed deposit rate 6 months + 0.25% |

Significant transactions for the three-month and six-month periods ended 30 June with related parties were as follows:

|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Three-month period ended 30 June*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| **Subsidiaries** |  |  |  |  |  |  |  |
| Project management income | - |  | - |  | 7,287 |  | 8,143 |
| Selling management income | - |  | - |  | 2,529 |  | 1,638 |
| Interest income | - |  | - |  | 60,195 |  | 79,175 |
| Interest expense | - |  | - |  | 36,068 |  | 33,782 |
| Sales of equipment | - |  | - |  | - |  | - |
|  |  |  |  |  |  |  |  |
| **Associates** |  |  |  |  |  |  |  |
| Rental income | 73,360 |  | 55,759 |  | 52,123 |  | 37,075 |
| Property management income | 6,258 |  | 8,357 |  | 3,685 |  | 6,087 |
| Trust management income | 5,699 |  | 4,072 |  | - |  | - |
| Dividend income | 13,246 |  | - |  | 13,246 |  | - |
| Rental and service expenses | 7,257 |  | 6,407 |  | 7,257 |  | 6,407 |
|  |  |  |  |  |  |  |  |
| **Joint ventures** |  |  |  |  |  |  |  |
| Interest income | 65,710 |  | 63,807 |  | - |  | - |
|  |  |  |  |  |  |  |  |
| **Other related parties** |  |  |  |  |  |  |  |
| Project management income | - |  | 5,309 |  | - |  | 5,309 |
| Selling management income | - |  | 1,067 |  | - |  | 1,067 |
| Insurance expenses | - |  | 564 |  | - |  | 564 |
| Construction service expenses | - |  | 20,385 |  | - |  | - |
|  |  |  |  |  |  |  |  |
| **Key management personnel** |  |  |  |  |  |  |  |
| Key management personnel compensation |  |  |  |  |  |  |  |
| Short-term employee benefit | 7,277 |  | 7,305 |  | 6,806 |  | 6,965 |

|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Six-month period ended 30 June*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| **Subsidiaries** |  |  |  |  |  |  |  |
| Project management income | - |  | - |  | 21,766 |  | 23,338 |
| Selling management income | - |  | - |  | 5,123 |  | 4,309 |
| Interest income | - |  | - |  | 130,862 |  | 156,597 |
| Interest expense | - |  | - |  | 72,374 |  | 67,217 |
| Sales of equipment | - |  | - |  | - |  | 31,722 |
|  |  |  |  |  |  |  |  |
| **Associates** |  |  |  |  |  |  |  |
| Rental income | 129,560 |  | 110,904 |  | 89,845 |  | 73,742 |
| Property management income | 14,337 |  | 16,908 |  | 9,214 |  | 11,616 |
| Trust management income | 9,910 |  | 8,081 |  | - |  | - |
| Dividend income | 26,155 |  | - |  | 26,155 |  | - |
| Rental and service expenses | 10,730 |  | 17,432 |  | 10,730 |  | 17,432 |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Joint ventures** |  |  |  |  |  |  |  |
| Interest income | 130,688 |  | 126,914 |  | - |  | - |
|  |  |  |  |  |  |  |  |
| **Other related parties** |  |  |  |  |  |  |  |
| Project management income | - |  | 10,645 |  | - |  | 10,645 |
| Selling management income | - |  | 1,067 |  | - |  | 1,067 |
| Insurance expenses | - |  | 1,134 |  | - |  | 1,134 |
| Construction service expenses | - |  | 55,667 |  | - |  | - |
|  |  |  |  |  |  |  |  |
| **Key management personnel** |  |  |  |  |  |  |  |
| Key management personnel compensation |  |  |  |  |  |  |  |
| Short-term employee benefit | 14,726 |  | 14,593 |  | 13,691 |  | 13,858 |

Balances as at 30 June 2019 and 31 December 2018 with related parties were as follows:

|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 30 June |  | 31 December |  | 30 June |  | 31 December |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| ***Trade accounts receivable*** |  | | | | | | |
| Subsidiaries | - |  | - |  | 79,763 |  | 33,979 |
| Associates | 13,176 |  | 11,546 |  | 6,869 |  | 5,746 |
| Joint venture | 10 |  | - |  | - |  | - |
| Other related parties | 28,805 |  | 18,976 |  | 23,937 |  | 18,338 |
| **Total** | **41,991** |  | **30,522** |  | **110,569** |  | **58,063** |
|  |  |  |  |  |  |  |  |
| ***Other receivables*** |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | 56,603 |  | 230,409 |
| Associates | 134,161 |  | 143,475 |  | 99,550 |  | 109,158 |
| **Total** | **134,161** |  | **143,475** |  | **156,153** |  | **339,567** |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| ***Land leasehold right*** |  |  |  |  |  |  |  |
| Other related parties | **101,584** |  | **105,905** |  | **-** |  | **-** |
|  |  |  |  |  |  |  |  |
| ***Rental and service retention (presents under other non-current assets)*** |  |  |  |  |  |  |  |
| Associates | **3,074** |  | **6,265** |  | **3,074** |  | **6,265** |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Consolidated** | | |
|  | **financial statements** | | |
|  | 30 June |  | 31 December |
|  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | |
| ***Accrued interest income*** |  | | |
| Joint ventures | **260,645** |  | **129,957** |

Movements during the six-month periods ended 30 June 2019 of loans to related parties were as follows:

|  | **Interest rate** | | |  | **Consolidated financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 31 December 2018 |  | 30 June  2019 |  | 31 December 2018 |  | Increase |  | Decrease |  | 30 June  2019 |
|  | *(% per annum)* | | |  | *(in thousand Baht)* | | | | | | |
| ***Long-term loans*** |  |  |  |  |  |  |  |  |  |  |  |
| Joint ventures | MLR - 0.5 |  | MLR - 0.5 |  | 4,583,000 |  | 1,504 |  | - |  | 4,584,504 |
| **Total** |  |  |  |  | **4,583,000** |  |  |  |  |  | **4,584,504** |
| *Less* The excess of accumulated share of  loss from investment in joint venture  over cost of investment | | | |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  | (409,765) |  | (3,819) |  | - |  | (413,584) |
| **Net** |  |  |  |  | **4,173,235** |  |  |  |  |  | **4,170,920** |
|  |  |  |  |  |  |  |  |  |  |  |  |

|  | **Interest rate** | | |  | **Separate financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 31 December 2018 |  | 30 June  2019 |  | 31 December 2018 |  | Increase |  | Decrease |  | 30 June  2019 |
|  | *(% per annum)* | | |  | *(in thousand Baht)* | | | | | | |
| ***Short-term loans*** |  |  |  |  |  |  |  |  |  |  |  |
| Subsidiaries | MLR - 0.5, |  |  |  |  |  |  |  |  |  |  |
|  | 5.25 |  | 4.76 |  | 1,280,000 |  | 126,814 |  | (543) |  | 1,406,271 |
| **Total** |  |  |  |  | **1,280,000** |  |  |  |  |  | **1,406,271** |
| ***Long-term loans*** |  |  |  |  |  |  |  |  |  |  |  |
| Subsidiaries | MLR - 0.75 |  | MLR - 0.5 |  | 4,583,000 |  | 252,739 |  | (1,376) |  | 4,834,363 |
| **Total** |  |  |  |  | **4,583,000** |  |  |  |  |  | **4,834,363** |
|  |  |  |  |  |  |  |  |  |  |  |  |

Movements during the six-month periods ended 30 June of loans from related parties were as follows:

|  | **Interest rate** | | |  | **Consolidated financial statements** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | 31 December 2018 |  | 30 June  2019 |  | 31 December 2018 |  | Increase |  | Decrease |  | 30 June  2019 |
|  | *(% per annum)* | | |  | *(in thousand Baht)* | | | | | | |
| ***Short-term loans*** |  |  |  |  |  |  |  |  |  |  |  |
| Subsidiaries | MLR - 0.5, |  | MLR - 1, |  |  |  |  |  |  |  |  |
|  | MLR - 1.0, 5 |  | Fixed Deposit Rate 6 months  + 0.25 |  | 2,860,000 |  | 428,506 |  | (439,367) |  | 2,849,139 |
| **Total** |  |  |  |  | **2,860,000** |  |  |  |  |  | **2,849,139** |

|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 30 June |  | 31 December |  | 30 June |  | 31 December |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| ***Trade accounts payable*** |  | | | | | | |
| Subsidiaries | - |  | - |  | 135,809 |  | 135,777 |
| Associates | 176 |  | - |  | 176 |  | - |
| Other related parties | 77 |  | 111,871 |  | 2 |  | - |
| **Total** | **253** |  | **111,871** |  | **135,987** |  | **135,777** |
|  |  |  |  |  |  |  |  |
| ***Other payables*** |  |  |  |  |  |  |  |
| Subsidiaries | - |  | - |  | - |  | 59,832 |
| Associates | 33,753 |  | 494 |  | - |  | 474 |
| Other related parties | 31,396 |  | - |  | 7,247 |  | - |
| **Total** | **65,149** |  | **494** |  | **7,247** |  | **60,306** |
|  |  |  |  |  |  |  |  |
| ***Retention payable*** |  |  |  |  |  |  |  |
| Other related parties | **42,302** |  | **42,448** |  | **467** |  | **-** |
|  |  |  |  |  |  |  |  |
| ***Advance rental and service income*** |  |  |  |  |  |  |  |
| Associates | 5,289,761 |  | 5,400,833 |  | 4,136,907 |  | 4,210,649 |
| Other related parties | 269 |  | 2,406 |  | - |  | - |
| **Total** | **5,290,030** |  | **5,403,239** |  | **4,136,907** |  | **4,210,649** |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| ***Rental and service retention*** |  |  |  |  |  |  |  |
| Subsidiaries | **-** |  | **-** |  | **130** |  | **130** |

**Commitments with related parties**

The subsidiary had commitments with Super Assets Company Limited and CKS Holding Company Limited totaling Baht 284 million under a land lease agreement and right of using area *(31 December 2018: Baht 286 million)*. These agreements expire in June 2050 and June 2029, respectively. The details are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Consolidated** | | |
|  | **financial statements** | | |
|  | 30 June |  | 31 December |
|  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | |
| ***Non-cancellable operating lease*** |  |  |  |
| ***commitments*** |  |  |  |
| Within one year | 4,380 |  | 4,094 |
| After one year but within five years | 18,840 |  | 18,510 |
| After five years | 261,195 |  | 263,715 |
| **Total** | **284,415** |  | **286,319** |

***Significant agreements with related parties***

As at 30 June 2019,

*Project management agreements*

The Company and subsidiaries have project management agreements which provide construction and operation management for 1 year. The Company charges construction management fee at 2% from progress from construction and operation management fee at 4% from operating income.

*Property management and trust manager agreements*

In April 2017, the Company and Sterling Equity Co., Ltd. were appointed to be property management company of GLAND Office Leasehold Real Estate Investment Trust (associate). According to the agreement, the Company and Sterling Equity Co., Ltd. will receive property management and GLAND REIT Management Co., Ltd. will receive trust management fee.

*Loan agreements*

The subsidiary and joint venture had loan agreements for the loan lines totalling Baht 4,583 million which interest rate at MLR-0.5% per annum and are repayable on demand.

# 4 Other long-term investments

Other long-term investments represent investment in ordinary shares of Central Pattana Nine Square Co., Ltd., in which Praram 9 Square Limited, a subsidiary, holds a 3.27% interest.

# 5 Trade accounts receivable

|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 30 June |  | 31 December |  | 30 June |  | 31 December |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| **Related parties** |  | | | | | | |
| Within credit terms | 9,466 |  | 10,823 |  | 53,742 |  | 16,574 |
| Overdue: |  |  |  |  |  |  |  |
| Less than 3 months | 8,594 |  | 8,775 |  | 5,414 |  | 14,469 |
| 3 - 6 months | 2,027 |  | 5,422 |  | 11,750 |  | 9,647 |
| 6 - 12 months | 13,859 |  | 5,502 |  | 21,811 |  | 14,028 |
| Over 12 months | 8,045 |  | - |  | 17,852 |  | 3,345 |
|  | **41,991** |  | **30,522** |  | **110,569** |  | **58,063** |
| **Other parties** |  |  |  |  |  |  |  |
| Within credit terms | 12,044 |  | 20,623 |  | 688 |  | 3,317 |
| Overdue: |  |  |  |  |  |  |  |
| Less than 3 months | 26,922 |  | 16,121 |  | 2,465 |  | 297 |
| 3 - 6 months | 1,435 |  | 1,568 |  | 351 |  | 4 |
| 6 - 12 months | 761 |  | 5,035 |  | 4 |  | 646 |
| Over 12 months | 63,648 |  | 59,810 |  | 59,751 |  | 59,208 |
|  | **104,810** |  | **103,157** |  | **63,259** |  | **63,472** |
| *Less* allowance for doubtful accounts | (58,953) |  | (59,646) |  | (58,234) |  | (58,234) |
|  | **45,857** |  | **43,511** |  | **5,025** |  | **5,238** |
| **Net** | **87,848** |  | **74,033** |  | **115,594** |  | **63,301** |

The normal credit terms granted by the Group ranges from 5 days to 30 days.

**6 Other receivables**

|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 30 June |  | 31 December |  | 30 June |  | 31 December |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Accrued income | 188,195 |  | 179,007 |  | 134,590 |  | 88,592 |
| Advance payment to contractors | 22,755 |  | 28,107 |  | 3,618 |  | 45 |
| Accrued interest | - |  | - |  | - |  | 196,459 |
| Prepaid expenses | 17,510 |  | 13,569 |  | 8,275 |  | 5,886 |
| Others | 12,741 |  | 48,307 |  | 45,760 |  | 80,207 |
|  | **241,201** |  | **268,990** |  | **192,243** |  | **371,189** |
| *Less* allowance for doubtful accounts | (13,235) |  | (13,235) |  | (13,235) |  | (13,235) |
| **Net** | **227,966** |  | **255,755** |  | **179,008** |  | **357,954** |

**7 Real estate projects under development**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | **Separate** | | |
|  | financial statements | | |  | **financial statements** | | |
|  | 30 June |  | 31 December |  | 30 June |  | 31 December |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| Land and construction under |  |  |  |  |  |  |  |
| development | 805,621 |  | 791,839 |  | 623,563 |  | 623,563 |
| Land and construction developed | 190,570 |  | 218,512 |  | - |  | - |
| **Total** | **996,191** |  | **1,010,351** |  | **623,563** |  | **623,563** |

The Group have mortgaged their land and construction thereon with banks to secure loans from the banks.

# 8 Investments in associate and joint venture

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | **Separate** | | |
|  | financial statements | | |  | **financial statements** | | |
| ***Six-month period ended 30 June*** | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| **Associate** |  |  |  |  |  |  |  |
| At 1 January | 773,442 |  | 735,957 |  | 683,774 |  | 736,909 |
| Capital reduction | - |  | (31,246) |  | - |  | (31,246) |
| Share of net profits in associate | 35,117 |  | 31,167 |  | - |  | - |
| Dividend income | (26,155) |  | - |  | - |  | - |
| **At 30 June** | **782,404** |  | **735,878** |  | **683,774** |  | **705,663** |
|  |  |  |  |  |  |  |  |

|  | Consolidated  financial statements | | |
| --- | --- | --- | --- |
| ***Six-month period ended 30 June*** | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | |
| **Joint venture** |  |  |  |
| At 1 January | - |  | - |
| Share of net losses in joint venture | 3,819 |  | 128,124 |
| Reversal of share of loss of investment in joint venture  over cost of investment | (3,819) |  | (128,124) |
| **At 30 June** | **-** |  | **-** |
|  |  |  |  |

During the period ended 30 June 2019 and 2018, there was no acquisitions or disposals of investments in associate and joint venture.

Investments in associate and joint venture as at 30 June 2019 and 31 December 2018, and dividend income from those investments for the six-month period ended 30 June were as follows:

|  |  |  |  |  | | |  |  | | |  | Consolidated financial statements | | | | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Type of business |  | Country of incorporation | Ownership  interest | | |  | Paid-up capital | | |  | Cost | | |  | Equity | | |  | Fair value of  listed securities | | |  | Dividend income for the  six-month  periods ended | | |
|  |  |  |  | 30  June 2019 |  | 31  December  2018 |  | 30  June 2019 |  | 31  December  2018 |  | 30  June 2019 |  | 31  December  2018 |  | 30  June 2019 |  | 31  December  2018 |  | 30  June 2019 |  | 31  December  2018 |  | 30  June 2019 |  | 30  June  2018 |
|  |  |  |  | *(%)* | | |  | *(in thousand Baht)* | | | | | | | | | | | | | | | | | | |
| ***Associate*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| GLAND Office Leasehold  Real Estate Investment  Trust\* | Investment  trust |  | Thailand | 15.00 |  | 15.00 |  | 4,558,489 |  | 4,558,489 |  | 683,774 |  | 683,774 |  | 782,404 |  | 773,442 |  | 1,057,011 |  | 884,591 |  | 26,155 |  | - |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Joint venture - indirect shareholding by a subsidiary*** | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Bayswater Co., Ltd.\*\* | Real estate development |  | Thailand | 50.00 |  | 50.00 |  | 10,000 |  | 10,000 |  | - |  | - |  | - |  | - |  | - |  | - |  | - |  | - |
| **Total** |  |  |  |  |  |  |  |  |  |  |  | **683,774** |  | **683,774** |  | **782,404** |  | **773,442** |  |  |  |  |  | **26,155** |  | **-** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

All associate and joint venture were incorporated in Thailand.

None of the Group’s and the Company’s joint venture are publicly listed and consequently do not have published price quotations.

On 8 May 2019, the Board of Directors meeting of the REIT manager which is a subsidiary of the Group held approved the distribution of benefit from the result of operation from 1 January 2019 to 31 March 2019 to the Trust unitholders of Baht 0.1767 per unit, amounting to Baht 88.31 million. The benefit will be paid to the Trust unitholders on 6 June 2019.

\* In February, May, August and October 2018, the Board of Directors meeting of the REIT Manager of GLAND Office Leasehold Real Estate Investment Trust (Trust) passed resolutions to approve capital reductions at rates of Baht 0.2109 per unit trust, Baht 0.2059 per unit trust, Baht 0.1320 per unit trust and Baht 0.1600 per unit trust, respectively, or a total of Baht 354.3 million. The Company received a total of Baht 53.1 million as a result of these capital reductions during 2018.

\*\* At 30 June 2019, the Group presented the excess of accumulated share of loss over cost of investment, amounting to Baht 413.6 million *(31 December 2018: Baht 409.8 million)* as a deduction from long-term loan to joint venture in the consolidated financial position.

In May 2019, the Board of Directors passed the resolution to approve Ratchada Asset Holding Company Limited (a subsidiary) to refuse the right to purchase ordinary shares from BTS Group Holding Public Company Limited holding in Bayswater Company Limited in a total amount of 50,000 shares or accounted for 50% of the total issued and paid-up shares, which is in accordance with the Right of First Refusal stated in the Shareholders’ Agreement. However, Central Pattana Public Company Limited, ultimate parent company, acquired the remaining shares. The share purchase agreement and all related liabilities will be completed when Central Pattana Public Company Limited will comply with the conditions according to share purchase agreement and related agreement.

# 9 Investments in subsidiaries

|  | Separate  financial statements | | |
| --- | --- | --- | --- |
| ***Six-month period ended 30 June*** | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | |
| At 1 January | 6,017,375 |  | 6,017,375 |
| **At 30 June** | **6,017,375** |  | **6,017,375** |

During the period ended 30 June 2019 and 2018, there was no acquisitions or disposals of investments in subsidiaries.

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Separate financial statements | | | | | | | | | | | | | |
|  | Type of business | Country of incorporation | Ownership interest | | | Paid-up capital | | |  | Cost method | | |  | Dividend income for the six-month period ended | | |
|  |  |  | 30 |  | 31 | 30 |  | 31 |  | 30 |  | 31 |  | 30 |  | 30 |
|  |  |  | June |  | December | June |  | December |  | June |  | December |  | June |  | June |
|  |  |  | 2019 |  | 2018 | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  |  | *(%)* | | | *(in thousand Baht)* | | | | | | | | | | |
| ***Subsidiaries*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Direct*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Belle Development Ltd. | Real estate development | Thailand | 79.57 |  | 79.57 | 2,064,261 |  | 2,064,261 |  | 1,920,104 |  | 1,920,104 |  | - |  | - |
| Praram 9 Square Ltd. | Real estate for rent and development | Thailand | 93.09 |  | 93.09 | 1,900,000 |  | 1,900,000 |  | 1,771,016 |  | 1,771,016 |  | - |  | - |
| Sterling Equity Co., Ltd. | Real estate development | Thailand | 100.00 |  | 100.00 | 1,800,000 |  | 1,800,000 |  | 1,765,464 |  | 1,765,464 |  | - |  | - |
| Belle Assets Co., Ltd. | Real estate development | Thailand | 100.00 |  | 100.00 | 11,000 |  | 11,000 |  | 11,000 |  | 11,000 |  | - |  | - |
| G Land Property Management Co., Ltd | Real estate development | Thailand | 100.00 |  | 100.00 | 500,000 |  | 500,000 |  | 533,791 |  | 533,791 |  | - |  | - |
| Ratchada Asset Holding Co., Ltd. | Investment | Thailand | 100.00 |  | 100.00 | 6,000 |  | 6,000 |  | 6,000 |  | 6,000 |  | - |  | - |
| GLAND REIT   Management Co., Ltd. | Trust manager | Thailand | 100.00 |  | 100.00 | 10,000 |  | 10,000 |  | 10,000 |  | 10,000 |  | - |  | - |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| ***Indirect*** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Praram 9 Square Hotel Ltd. | Hotel | Thailand | 100.00 |  | 100.00 | 16,000 |  | 16,000 |  | - |  | - |  | - |  | - |
| **Total** |  |  |  |  |  |  |  |  |  | **6,017,375** |  | **6,017,375** |  | **-** |  | **-** |

None of the Group’s subsidiaries are publicly listed and consequently do not have published price quotations.

**10 Investment properties**

Movements during the six-month periods ended 30 June 2019 and 2018 were as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated | | |  | **Separate** | | |
|  | financial statements | | |  | **financial statements** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| At 1 January | 21,445,905 |  | 20,901,348 |  | 10,267,448 |  | 10,027,334 |
| Additions | 4,122 |  | 203,208 |  | - |  | 5,488 |
| Disposals | (126) |  | - |  | - |  | - |
| Finance cost capitalised | 39,610 |  | 36,471 |  | - |  | - |
| Loss on fair value adjustment | (1,455) |  | (9,779) |  | (24,692) |  | (27,939) |
| **At 30 June** | **21,488,056** |  | **21,131,248** |  | **10,242,756** |  | **10,004,883** |

Investment properties as at 30 June 2019 amounting to Baht 12,996 million in consolidated financial statements *(31 December 2018: Baht 12,930 million)* andBaht 4,103 million in separate financial statements *(31 December 2018: Baht 4,103 million)* are used as collateral for credit facilities from banks.

**11 Land leasehold right from related parties**

Land leasehold right from related parties was advance rental fees that a subsidiary paid to two related companies under a land lease agreement with a term of 43 years, which matures on 30 June 2050. The outstanding balances can be summarised as follows:

|  | Consolidated  financial statements | | |
| --- | --- | --- | --- |
|  | 30 June |  | 31 December |
|  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | |
| Land leasehold right | 221,000 |  | 221,000 |
| Accumulated amortisation | (61,674) |  | (59,105) |
| Undue rental expenses | (57,742) |  | (55,990) |
| **Net book value** | **101,584** |  | **105,905** |

A subsidiary has pledged its land leasehold right to secure its credit facilities obtained from financial institution.

**12 Interest-bearing liabilities**

|  | Consolidated | | |  | **Separate** | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | financial statements | | |  | **financial statements** | | |
|  | 30 June |  | 31 December |  | 30 June |  | 31 December |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| ***Current*** |  |  |  |  |  |  |  |
| Short-term loans from financial   institutions | 920,000 |  | 520,000 |  | 920,000 |  | 520,000 |
| Short-term loans from subsidiaries | - |  | - |  | 2,849,139 |  | 2,860,000 |
| Current portion of long-term loans   from financial institutions | 270,000 |  | 522,869 |  | - |  | - |
| **Total current interest-bearing   liabilities** | **1,190,000** |  | **1,042,869** |  | **3,769,139** |  | **3,380,000** |
|  |  |  |  |  |  |  |  |
| ***Non-current*** |  |  |  |  |  |  |  |
| Long-term loans from financial   institutions | 3,061,906 |  | 3,322,044 |  | - |  | - |
| Long-term debentures | 3,843,732 |  | 3,842,061 |  | 3,843,732 |  | 3,842,061 |
| **Total non-current interest-  bearing liabilities** | **6,905,638** |  | **7,164,105** |  | **3,843,732** |  | **3,842,061** |
| **Total** | **8,095,638** |  | **8,206,974** |  | **7,612,871** |  | **7,222,061** |

Short-term loans from financial institutions represent promissory notes which are secured by the Group’s project development costs.

Long-term loans from financial institutions of subsidiaries are secured by the Company and by the mortgage of their land and premises, investment properties and residential condominium units and the pledge of their land leasehold right and deposit at bank of the subsidiaries.

***Long-term debentures***

The Group’s debentures as at 30 June 2019 and 31 December 2018, were registered, unsubordinated, unsecured, with no debenture holders’ representative (except for the second to fifth series, which have a debenture holders’ representative) and no early redemption provisions. These debentures have a face value of Baht 1,000. At shareholders’ meetings of the Company, the shareholders approved the issuance and offer for sale of debt securities as follows:

* In November 2015, the Group issued debentures with a maturity of 5 years amounting to Baht 100 million. Those debentures paid interest every quarter and due to maturity on 26 November 2020.
* In September 2017, the Group issued debentures with a maturity of 3 years amounting to Baht 1,100 million. Those debentures paid interest every 6 months and due to maturity on 7 September 2020.
* In November 2017, the Group issued debentures with a maturity of 3 years amounting to Baht 200 million. Those debentures paid interest every quarter and due to maturity on 9 November 2020.
* In November 2017, the Group issued debentures with a maturity of 3.5 years amounting to Baht 1,300 million. Those debentures paid interest every quarter and due to maturity on 9 May 2021.
* In April 2018, the Group issued debentures with a maturity of 4 years amounting to Baht 1,150 million. Those debentures paid interest every quarter and due to maturity on 9 May 2022.

The conditions regarding loan agreements and the rights and obligations of the debenture issuer stipulate certain covenants which, among other things, require the Group to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

At the annual general meeting of the shareholders of the Company held on 5 April 2019, the shareholders considered and approved the additional issuance of debenture in the amount not exceeding Bath 6,000 million. The debentures are secured and/or unsecured, unsubordinated and/or subordinated, callable and/or non-callable and convertible and/or non-convertible debentures with a fixed redemption date and/or without a fixed redemption date, in accordance with the Notification of the Securities and Exchange Commission or as to be amended and notified by the Securities and Exchange Commission.

As at 30 June 2019, the long-term credit facilities of the subsidiaries which have not yet been drawn down amounted to Baht 1,430 million *(31 December 2018: Baht 1,138 million)*.

**13 Non-current provisions for employee benefits**

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in the second quarter of 2019. As a result of this change, the provision for retirement benefits as at 30 June 2019 as well as past service cost recognised during the three-month and six-month periods then ended in the consolidated and separate financial statements increased by an amount of Baht 2.42 million and Baht 2.14 million, respectively.

**14 Segment information and disaggregation of revenue**

The Group’s operations and main revenue streams are described in the last annual financial statements The Group’s main revenue is derived from contracts with customers.

*Geographical segments*

The Group operates real estate for sale business and real estate for rental and service business principally in Thailand.

*Business segments*

The Group have two reportable segments, which are real estate for sale business, consisting of land and house development for sale projects and residential condominium projects, and real estate for rental and service business, consisting of office building for rent project.

Management considers that the Company operates in a single line of business, namely real estate for rental and service business, and has, therefore, only one reportable segment.

Management considers the Group’s timing of revenue recognition which is mainly recognised over time.

In the following table, revenue is disaggregated by business segments and timing of revenue recognition.

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***For the three-month***  ***period ended 30 June*** | Real estate  **for sale business** | | |  | **Real estate for rental and service business** | | |  | **Total** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | | | | | |
| ***Information about reportable segments*** |  | | | | | | | | | | |
| External revenue | 84,244 |  | 54,462 |  | 300,789 |  | 308,443 |  | 385,033 |  | 362,905 |
| Inter-segment revenue | - |  | - |  | 9,843 |  | 9,850 |  | 9,843 |  | 9,850 |
| **Total segment revenue** | **84,244** |  | **54,462** |  | **310,632** |  | **318,293** |  | **394,876** |  | **372,755** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Segment profit  before income tax | 58,948 |  | 38,856 |  | 218,847 |  | 208,270 |  | 277,795 |  | 247,126 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Timing of revenue**  **recognition** |  |  |  |  |  |  |  |  |  |  |  |
| At a point in time | 84,244 |  | 54,462 |  | - |  | - |  | 84,244 |  | 54,462 |
| Over time | - |  | - |  | 300,789 |  | 308,443 |  | 300,789 |  | 308,443 |
| **Total** | **84,244** |  | **54,462** |  | **300,789** |  | **308,443** |  | **385,033** |  | **362,905** |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***For the six-month***  ***period ended 30 June*** | Real estate  **for sale business** | | |  | **Real estate for rental and service business** | | |  | **Total** | | |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | | | | | |
| ***Information about reportable segments*** |  | | | | | | | | | | |
| External revenue | 170,723 |  | 143,471 |  | 601,162 |  | 593,277 |  | 771,885 |  | 736,748 |
| Inter-segment revenue | - |  | - |  | 26,943 |  | 27,784 |  | 26,943 |  | 27,784 |
| **Total segment revenue** | **170,723** |  | **143,471** |  | **628,105** |  | **621,061** |  | **798,828** |  | **764,532** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Segment profit  before income tax | 120,703 |  | 99,625 |  | 460,008 |  | 423,141 |  | 580,711 |  | 522,766 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Timing of revenue**  **recognition** |  |  |  |  |  |  |  |  |  |  |  |
| At a point in time | 170,723 |  | 143,471 |  | - |  | - |  | 170,723 |  | 143,471 |
| Over time | - |  | - |  | 601,162 |  | 593,277 |  | 601,162 |  | 593,277 |
| **Total** | **170,723** |  | **143,471** |  | **601,162** |  | **593,277** |  | **771,885** |  | **736,748** |

***Reconciliations of reportable segment profit or loss***

| ***For the three-month period ended 30 June*** | 2019 |  | 2018 |
| --- | --- | --- | --- |
|  | *(in thousand Baht)* | | |
| **Profit or loss** |  |  |  |
| Total profit before income tax for reportable segments | 277,795 |  | 247,126 |
| Other profit | 100,577 |  | 72,194 |
|  | 378,372 |  | 319,320 |
| Elimination of inter-segment profits | (9,843) |  | (9,850) |
| Unallocated amounts:  - Loss on changes in fair value of investment properties | (1,888) |  | (5,185) |
| - Other corporate expenses | (175,591) |  | (186,653) |
| - Share of profit (loss) of investments in associate and joint venture | 17,038 |  | (52,587) |
| Consolidated profit before income tax | **208,088** |  | **65,045** |

| ***For the six-month period ended 30 June*** | 2019 |  | 2018 |
| --- | --- | --- | --- |
|  | *(in thousand Baht)* | | |
| **Profit or loss** |  |  |  |
| Total profit before income tax for reportable segments | 580,711 |  | 522,766 |
| Other profit | 207,322 |  | 151,281 |
|  | 788,033 |  | 674,047 |
| Elimination of inter-segment profits | (26,943) |  | (27,784) |
| Unallocated amounts:  - Loss on changes in fair value of investment properties | (1,455) |  | (9,779) |
| - Other corporate expenses | (349,259) |  | (349,107) |
| - Share of profit (loss) of investments in associate and joint venture | 31,297 |  | (96,957) |
| Consolidated profit before income tax | **441,673** |  | **190,420** |

**15 Income tax expense**

Income tax expense is recognised based on management’s best estimate of the weighted average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period. The Group’s consolidated effective tax rate in respect of continuing operations for the six-month period ended 30 June 2019 was 20.45% (*30 June* *2018*: *33.97%)*, for the consolidated financial statements and 7.79% *(30 June 2018: 8.70%)*, for the separate financial statements. This change in effective tax rate was caused mainly by adjusting deferred tax assets for tax loss and temporary difference.

**16 Earnings (loss) per share**

***Basic earnings (loss) per share***

The calculations of basic earnings (loss) per share for the three-month and six-month periods ended 30 June 2019 and 2018 were based on the profit (loss) for the period attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the period as follows:

| ***For the three-month period ended***  ***30 June*** |  | Consolidated financial  statements | | |  | **Separate financial statements** | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(in thousand Baht / thousand shares)* | | | | | | |
| **Profit (loss) attributable to ordinary**  **shareholders of the Company (basic)** |  | **148,065** |  | **22,011** |  | **39,491** |  | **(27,926)** |
|  |  |  |  |  |  |  |  |  |
| **Number of ordinary shares  outstanding** |  | **6,499,830** |  | **5,951,449** |  | **6,499,830** |  | **5,951,449** |
|  |  |  |  |  |  |  |  |  |
| **Earnings (loss) per share (basic) *(in Baht)*** |  | **0.023** |  | **0.004** |  | **0.006** |  | **(0.005)** |

| ***For the six-month period ended***  ***30 June*** |  | Consolidated financial  statements | | |  | **Separate financial statements** | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  |  | *(in thousand Baht / thousand shares)* | | | | | | |
| **Profit (loss) attributable to ordinary**  **shareholders of the Company (basic)** |  | **314,788** |  | **94,832** |  | **47,600** |  | **(20,305)** |
|  |  |  |  |  |  |  |  |  |
| **Number of ordinary shares  outstanding** |  | **6,499,830** |  | **5,951,449** |  | **6,499,830** |  | **5,951,449** |
|  |  |  |  |  |  |  |  |  |
| **Earnings (loss) per share (basic) *(in Baht)*** |  | **0.048** |  | **0.016** |  | **0.007** |  | **(0.003)** |

***Diluted earnings (loss) per share***

The calculations of diluted earnings (loss) per share for the three-month and six-month periods ended 30 June 2018 were based on the profit (loss) for the period attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the period after adjusting for the effects of all dilutive potential ordinary shares as follows:

|  | Consolidated financial  statements |  | Separate financial statements |
| --- | --- | --- | --- |
| ***For the three-month period ended 30 June*** | 2018 |  | 2018 |
|  | *(in thousand Baht / thousand shares)* | | |
| **Profit (loss) attributable to ordinary shareholders of the Company (diluted)** | **22,011** |  | **(27,926)** |
|  |  |  |  |
| Weighted average number of ordinary shares outstanding (basic) | 5,951,449 |  | 5,951,449 |
| Effect of exercise of share options | 328,200 |  | 328,200 |
| **Weighted average number of ordinary shares outstanding (diluted)** | **6,279,649** |  | **6,279,649** |
| **Earnings (loss) per share (diluted) *(in Baht)*** | **0.004** |  | **(0.005)** |

|  | Consolidated financial  statements |  | Separate financial statements |
| --- | --- | --- | --- |
| ***For the six-month period ended 30 June*** | 2018 |  | 2018 |
|  | *(in thousand Baht / thousand shares)* | | |
| **Profit (loss) attributable to ordinary shareholders of the Company (diluted)** | **94,832** |  | **(20,305)** |
|  |  |  |  |
| Weighted average number of ordinary shares outstanding (basic) | 5,951,449 |  | 5,951,449 |
| Effect of exercise of share options | 283,859 |  | 283,859 |
| **Weighted average number of ordinary shares outstanding (diluted)** | **6,235,308** |  | **6,235,308** |
| **Earnings (loss) per share (diluted) *(in Baht)*** | **0.015** |  | **(0.003)** |

As at 30 June 2019 and 31 December 2018, there were no outstanding unexercised warrants.

In June 2018, 546,195,935 warrants (GLAND-W4) were exercised and the Company presents the proceeds totaling Baht 548,380,610 from the exercise of these warrants as share subscription received in advance in the statement of financial position. The Company registered the increase in its issued and fully paid share capital as a result of the exercise of these warrants on 12 July 2018.

# 17 Dividend

In 2018, the dividend paid by the Company to the shareholders is as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Approval date by annual general meeting of shareholder |  | Dividend rate per share |  | Amount |
|  |  |  | *(Baht)* |  | *(in thousand Baht)* |
| Annual dividend 2017 | 23 April 2018 |  | 0.10 |  | 595,140 |

# 18 Financial instruments

***Carrying amounts and fair values***

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

|  | **Consolidated financial statements/**  **Separate financial statements** | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Carrying amount |  | Fair value | | | | | | |
|  |  |  | Level 1 |  | Level 2 |  | Level 3 |  | Total |
|  | *(in thousand Baht)* | | | | | | | | |
| **30 June 2019** |  |  |  |  |  |  |  |  |  |
| ***Financial liability not measured at fair value*** |  |  |  |  |  |  |  |  |  |
| Debentures | 3,843,732 |  | - |  | 3,846,575 |  | - |  | 3,846,575 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **31 December 2018** |  |  |  |  |  |  |  |  |  |
| ***Financial liability not measured at fair value*** |  |  |  |  |  |  |  |  |  |
| Debentures | 3,842,061 |  | - |  | 3,839,233 |  | - |  | 3,839,233 |

**Measurement of fair values**

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

* *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
* *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
* *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

1. For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable and short-term loans to related parties, accounts payable and short-term loans from related parties, their carrying amounts in the statements of financial position approximate their fair value.
2. For fixed rate debentures, their fair value is determined by using the price as announced by the Thai Bond Market Association.
3. For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statements of financial position approximates their fair value.

# 19 Commitments with non-related parties

|  | Consolidated  financial statements | | |  | Separate  financial statements | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 30 June |  | 31 December |  | 30 June |  | 31 December |
|  | 2019 |  | 2018 |  | 2019 |  | 2018 |
|  | *(in thousand Baht)* | | | | | | |
| ***Capital commitments*** |  | | | | | | |
| *Contracted but not provided for:* |  |  |  |  |  |  |  |
| Buildings and other constructions | **243,999** |  | **240,928** |  | **42,603** |  | **71,850** |
|  |  |  |  |  |  |  |  |
| ***Future minimum lease payments under***  ***non-cancellable operating leases*** |  |  |  |  |  |  |  |
| Within one year | 1,859 |  | 1,860 |  | - |  | - |
| After one year but within five years | 7,810 |  | 7,810 |  | - |  | - |
| After five years | 10,032 |  | 10,033 |  | - |  | - |
| **Total** | **19,701** |  | **19,703** |  | **-** |  | **-** |
|  |  |  |  |  |  |  |  |
| ***Other commitments*** |  |  |  |  |  |  |  |
| Service agreements | **141,998** |  | **47,467** |  | **52,339** |  | **6,922** |

***Others***

As at 30 June 2019,

1. The Company has provided guarantees of Baht 1,910 million for the long-term loans and bank overdrafts obtained by a subsidiary.
2. The Group and the Company have outstanding bank guarantees issued by the banks of Baht 50 million and Baht 8 million, respectively in respect of certain performance as required in the normal course of businesses.

# 20 Litigations

1. In November 2015, the ownership of land under the Bangkok Dome project was transferred to Bayswater Co., Ltd. (Joint Venture) at a price of Baht 7,350 million, as the Joint Venture won the auction of assets owned by a debtor who filed for bankruptcy, which was held by the official receiver. However, the debtor in the bankruptcy case (Debtor) filed petitions with the court seeking an order to cease three cases of asset auctions. The Supreme Court dismissed the petitions for two of the cases and the other was a case in which the Debtor and two unsecured creditors (Creditors) filed petitions asking the Central Bankruptcy Court (the Court) to cease the auction of assets in which the Joint Venture was the winner, and to cease compulsory execution while a petition seeking the cessation of the asset auction was being considered, on the grounds that the official receiver approved the joint venture’s successful bid at a price significantly lower than the market price. The Court issued an order to temporarily dispose of the case to await the Supreme Court’s decision in a related case. Subsequently, the Supreme Court issued a judgement in the related case, and thus the case was reconsidered by the Court. On 8 November 2018, the Court dismissed the petitions of the Debtor and the Creditors. In March 2019, the Central Bankruptcy Court issued the certified letter to finalise the case.

In addition, in 2017 the joint venture was sued in civil cases by individuals petitioning the Civil Court to issue an order to have the joint venture register easement granting a right of way. In April 2018, the Civil Court dismissed the petitions. However, the individuals appealed the Civil Court judgement to the Appeal Court. In March 2019, the Appeal Court sentenced against this ruling with the Civil Court. However, the individuals filed petitions asking this ruling with the Supreme Court.

In addition, in 2017 the joint venture was sued in civil cases by individuals petitioning the Civil Court to issue an order to have the joint venture register an order declaring the disputed way a public way. In April 2018, the Civil Court dismissed the petitions. However, the individuals appealed the Civil Court judgement to the Appeal Court. In March 2019, the Appeal Court sentenced against this ruling with the Civil Court. At present, the case is crossing the appeal.

In addition, in 2017 the joint venture was sued in civil cases by individuals petitioning the criminal case of trespass, mischief and theft. During 2018, the Criminal Court dismissed the petitions. During 2019, the individuals extended the appeal period and the Criminal Court accepted the appeal. In April 2019, the Company filed petitions with of individuals to the Criminal Court.

1. The Company was being sued by a company seeking compensation of approximately Baht 193.2 million for losses resulting from a rental and service agreement. In 2018, the Appeal Court ruled that the Company was not liable for such losses, but order the Company to pay back to the plaintiff rental and service retention with interest, totalling approximately Baht 2.6 million. However, the Company and the plaintiff lodged appeals against this ruling with the Supreme Court. In April 2019, the Supreme Court sentenced against this ruling with the Appeal Court. The resolution had no any material effect on the financial statements as a whole. In July 2019, the Company paid rental and service retention with interest totalling Baht 2.6 million to the sue.
2. A subsidiary was being sued by a company seeking compensation of approximately Baht 201.8 million for losses resulting from a breach of construction contract. At present, the case is being considering by the Civil Court. Although the final outcome of this lawsuit cannot be determined at this stage, the Group’s management expected that its resolution will not have any material effect on the financial statements as a whole.

**21 Event after the reporting period**

On 7 August 2019, the Board of Directors meeting of the REIT manager which is a subsidiary of the Group held approved the distribution of benefit from the result of operation from 1 April 2019 to 30 June 2019 to the Trust unitholders of Baht 0.1780 per unit, amounting to Baht 88.96 million. The benefit will be paid to the Trust unitholders on 6 September 2019.

According to the Board of Directors’ Meeting of the Company held on 8 August 2019, the Board of Directors passed the resolution to approve the entering into the Service Agreement with Central Pattana Public Company Limited for business consulting, setting policies, as well as, advising on business operation. The agreement will be effective for two years.

**22 Thai Financial Reporting Standards (TFRS) not yet adopted**

A number of new and revised TFRS which are relevant to the Group’s operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS which become effective for annual financial reporting periods beginning on or after 1 January 2020 are as follows:

| **TFRS** | **Topic** |
| --- | --- |
| TFRS 7\* | Financial Instruments: Disclosures |
| TFRS 9\* | Financial Instruments |
| TFRS 16 | Leases |
| TAS 32\* | Financial Instruments: Presentation |

*\* TFRS - Financial instruments standards*

* 1. ***TFRS - Financial instruments standards***

These TFRSs establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRSs are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

* 1. ***TFRS 16 Leases***

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is presently considering the potential impact of adopting and initially applying those TFRSs on the financial statements.

# 23 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2018 and the statement of comprehensive income for the three-month and six-month periods ended 30 June 2018, which are included in the 2019 interim financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2019 interim financial statements.

|  | **2018** | | | | | | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated  **financial statements** | | | | |  | Separate  **financial statements** | | | | | |
|  | Before  reclass. |  | Reclass. |  | After  reclass. |  | Before  reclass. |  | Reclass. |  | After  reclass. |
|  | *(in thousand Baht)* | | | | | | | | | | | |
| ***Statement of financial***  ***position as at***  ***31 December 2018*** | | | |  |  |  |  |  |  |  |  |
| Trade and other accounts |  |  |  |  |  |  |  |  |  |  |  |
| receivable | 301,681 |  | (301,681) |  | - |  | 421,210 |  | (421,210) |  | - |
| Trade accounts receivable | - |  | 74,033 |  | 74,033 |  | - |  | 63,301 |  | 63,301 |
| Other receivables | - |  | 255,755 |  | 255,755 |  | - |  | 357,954 |  | 357,954 |
| Advance payment to contractors | 28,107 |  | (28,107) |  | - |  | 45 |  | (45) |  | - |
| Long-term loan related parties | 4,303,192 |  | (129,957) |  | 4,173,235 |  | - |  | - |  | - |
| Other non-current assets | 27,434 |  | 129,957 |  | 157,391 |  | - |  | - |  | - |
| Trade and other accounts payable | 1,332,177 |  | (1,332,177) |  | - |  | 437,552 |  | (437,552) |  | - |
| Trade accounts payables | - |  | 571,744 |  | 571,744 |  | - |  | 158,352 |  | 158,352 |
| Other payables | - |  | 415,534 |  | 415,534 |  | - |  | 258,843 |  | 258,843 |
| Current portion of advance rental and service income | 223,645 |  | 6,456 |  | 230,101 |  | 148,707 |  | 6,456 |  | 155,163 |
| Contractor payables | - |  | 341,227 |  | 341,227 |  | - |  | 16,472 |  | 16,472 |
| Other current liabilities | 25,133 |  | (2,784) |  | 22,349 |  | 16,332 |  | (2,571) |  | 13,761 |
|  |  |  | - |  |  |  |  |  | - |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Statement of comprehensive*** | | | |  |  |  |  |  |  |  |  |
| ***income*** | | | |  |  |  |  |  |  |  |  |
| * + - ***Three-month period ended*** | | | |  |  |  |  |  |  |  |  |
| ***30 June 2018*** | | | |  |  |  |  |  |  |  |  |
| Revenue from rental and   rendering service | 308,976 |  | (533) |  | 308,443 |  | 71,938 |  | (533) |  | 71,405 |
| Other income | 6,716 |  | 533 |  | 7,249 |  | 3,331 |  | 533 |  | 3,864 |
| Cost of rent and services | 138,045 |  | (28,022) |  | 110,023 |  | 45,307 |  | (35,295) |  | 10,012 |
| Administrative expenses | 53,843 |  | 28,022 |  | 81,865 |  | 31,592 |  | 35,295 |  | 66,887 |
|  |  |  | - |  |  |  |  |  | - |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| ***Statement of comprehensive*** | | | |  |  |  |  |  |  |  |  |
| ***income*** | | | |  |  |  |  |  |  |  |  |
| * + - ***Six-month period ended***   ***30 June 2018*** | | | |  |  |  |  |  |  |  |  |
| Revenue from rental and   rendering service | 591,543 |  | 1,734 |  | 593,277 |  | 153,783 |  | 1,734 |  | 155,517 |
| Other income | 24,955 |  | (1,734) |  | 23,221 |  | 22,554 |  | (1,734) |  | 20,820 |
| Cost of rent and services | 244,476 |  | (46,556) |  | 197,920 |  | 85,938 |  | (60,091) |  | 25,847 |
| Administrative expenses | 98,603 |  | 46,556 |  | 145,159 |  | 59,182 |  | 60,091 |  | 119,273 |
|  |  |  | - |  |  |  |  |  | - |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group’s business.